UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 001-36550

PAR PACIFIC HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**84-1060803**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
800 Gessner Road, Suite 875	
Houston, Texas	**77024**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (281) 899-4800

Securities registered under Section 12(b) of the Act:

Title of each class	**Name of Exchange on which registered**
Common stock, par value $0.01 per share	**NYSE MKT LLC**

Securities registered under to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐		Accelerated filer	☒
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all document and reports required to be filed by Sections 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

The aggregate market value of voting common equity held by non-affiliates of the registrant was approximately $297,357,803 based on the closing sales price of the common stock on the NYSE MKT as of June 30, 2015 . As of February 26, 2016 , 41,078,097 shares of registrant's Common Stock, $0.01 par value, were issued and outstanding.

Documents Incorporated By Reference

Certain information required to be disclosed in Part III of this report is incorporated by reference from the registrant's definitive proxy statement or an amendment to this report, which will be filed with the SEC not later than 120 days after the end of the fiscal year covered by this report.

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Glossary of Selected Industry Terms

Unless otherwise noted or indicated by context, the following terms used in this Annual Report on Form 10- K have the following meanings:

"Alaska North Slope" or **"ANS"** refers to a medium sour Alaskan crude oil characterized by an API gravity of 32 degrees and a sulfur content of approximately 0.9% by weight.

"barrel" or **"bbl"** refers to a common unit of measure in the oil industry, which equates to 42 gallons.

"blendstocks" refers to various compounds that are combined with gasoline or diesel from the crude oil refining process to make finished gasoline and diesel; these may include natural gasoline, FCC unit gasoline, ethanol, reformate or butane, among others.

" **bpd** " refers to an abbreviation for barrels per day.

"Brent" refers to a light, sweet North Sea crude oil, characterized by an API gravity of 38 degrees and a sulfur content of approximately 0.4 percent by weight that is used as a benchmark for other crude oils.

"cardlock" refers to automated unattended fueling sites that are open all day and are designed for commercial fleet vehicles.

"catalyst" refers to a substance that alters, accelerates or instigates chemical changes, but is not produced as a product of the refining process.

"CO_2" refers to carbon dioxide.

"condensate" refers to light hydrocarbons which are in gas form underground, but are a liquid at normal temperatures and pressure.

"crack spread" refers to a simplified calculation that measures the difference between the price for light products and crude oil. For example, we reference the 4-1-2-1 crack spread, which is a general industry standard that approximates the per barrel refining margin resulting from processing four barrels of crude oil to produce one barrel of gasoline, two barrels of distillate (diesel and jet fuel) and one barrel of fuel oil.

"distillates" refers primarily to diesel, heating oil, kerosene and jet fuel.

"ethanol" refers to a clear, colorless, flammable oxygenated liquid. Ethanol is typically produced chemically from ethylene or biologically from fermentation of various sugars from carbohydrates found in agricultural crops and cellulosic residues from crops or wood. It is used in the United States as a gasoline octane enhancer and oxygenate.

"feedstocks" refers to crude oil and partially refined petroleum products that are processed and blended into refined products.

"GHG" refers to greenhouse gas.

"jobber" refers to a petroleum marketer.

"LSFO" refers to low sulfur fuel oil.

"MBbls" refers to thousand barrels.

"Mbpd" refers to thousand barrels per day.

"MMcf" refers to million cubic feet of natural gas.

"MMCFD" refers to million cubic feet per day.

"MMcfe" refers to million cubic feet equivalent which is determined by using the ratio of six Mcf of natural gas to one Bbl of crude oil.

"MMBTU" refers to million British thermal units.

"MW" refers to megawatt.

"NGL" refers to natural gas liquid.

"NOx" refers to nitrogen oxides.

"refined products" refers to petroleum products, such as gasoline, diesel and jet fuel, that are produced by a refinery.

"throughput" refers to the volume processed through a unit or refinery.

"turnaround" refers to a periodically required standard procedure to inspect, refurbish, repair and maintain a refinery. This process involves the shutdown and inspection of major processing units and typically occurs every four to five years.

"single-point mooring" - also known as a single buoy mooring, refers to a loading buoy that is anchored offshore and serves as an interconnect for tankers loading or offloading crude oil and refined products.

"SO_2" refers to sulfur dioxide

"WTI" refers to West Texas Intermediate crude oil, a light, sweet crude oil, typically characterized by an API gravity between 38 degrees and 40 degrees and a sulfur content of approximately 0.3% by weight that is used as a benchmark for other crude oils.

"yield" refers to the percentage of refined products that is produced from crude oil and other feedstocks.

PART I

Item 1. BUSINESS

OVERVIEW

We are a growth-oriented company based in Houston, Texas that manages and maintains interests in energy and infrastructure businesses. We were created through the successful reorganization of Delta Petroleum Corporation ("Delta") in August 2012. The reorganization converted approximately $ 265 million of unsecured debt to equity and allowed us to preserve significant tax attributes. We changed our name from Par Petroleum Corporation to Par Pacific Holdings, Inc. effective October 20, 2015.

Our business is organized into three primary operating segments:

1) **Refining** - Our refinery in Kapolei, Hawaii produces ultra-low sulfur diesel, gasoline, jet fuel, marine fuel and other associated refined products primarily for consumption in Hawaii.

2) **Retail** - Our retail outlets sell gasoline, diesel and retail merchandise throughout the island of Oahu as well as the neighboring islands of Maui, Hawaii and Kauai. Our retail network includes Tesoro and "76" branded retail sites, company-operated convenience stores, sites operated in cooperation with 7-Eleven and other sites operated by third parties.

3) **Logistics** - We own and operate terminals, pipelines, a single-point mooring and trucking operations to distribute refined products throughout the island of Oahu as well as the neighboring islands of Maui, Hawaii, Molokai and Kauai.

We also own an equity investment in Laramie Energy, LLC (" Laramie Energy ," formerly known as Piceance Energy, LLC), a joint venture entity focused on producing natural gas in Garfield, Mesa and Rio Blanco Counties, Colorado. On December 17, 2015, we entered into an equity commitment letter with Laramie Energy, pursuant to which we agreed to purchase certain membership interests of Laramie Energy for an aggregate cash purchase price of $55 million , subject to certain financing commitments by various lenders and additional equity investors, in connection with the closing of a purchase and sale agreement whereby Laramie Energy agreed to acquire certain properties in the Piceance Basin for $157.5 million , subject to customary purchase price adjustments. The transaction closed on March 1, 2016 and, upon the closing of the transaction, Laramie Energy assumed ownership and operatorship of the purchased properties and our ownership interest in Laramie Energy increased from 32.4% to 42.3% .

The refining, retail and logistics segments were established through the acquisition of Par Hawaii Refining, LLC ("PHR," formerly Hawaii Independent Energy, LLC) from Tesoro Corporation ("Tesoro") on September 25, 2013 for approximately $75 million in cash, plus net working capital and inventories, certain contingent earn-out payments of up to $40 million and the funding of certain start-up expenses and overhaul costs prior to closing. During 2014, we successfully completed the integration of PHR , terminated a transition services agreement with Tesoro and greatly reduced our reliance on third-party service providers in operating our business.

On April 1, 2015, we completed the acquisition of Par Hawaii, Inc. (" PHI ," formerly Koko'oha Investments, Inc.), a Hawaii corporation that owns 100% of the outstanding membership interests of Mid Pac Petroleum, LLC ("Mid Pac"), for cash consideration of approximately $74.4 million and the assumption of $45.3 million of debt. The results of operations of Mid Pac are included in our refining, retail and logistics segments effective April 1, 2015. Mid Pac distributes gasoline and diesel through over 80 locations across the State of Hawaii and owns four terminals. In conjunction with the acquisition, we also obtained the exclusive rights to the "76" brand in Hawaii through 2024.

In addition to the three operating segments described above, we have two additional reportable segments: (i) Texadian (formerly the "Commodity Marketing and Logistics segment") and (ii) Corporate and Other. Texadian focuses on sourcing, marketing, transporting and distributing crude oil and refined products in the U.S. and Canada. Corporate and Other includes administrative costs and several small non-operated oil and gas interests that were owned by our predecessor.

Recent developments

On December 17, 2015 , we entered into a credit agreement (the "KeyBank Credit Agreement") in the form of a revolving credit facility up to $5 million (" KeyBank Revolving Credit Facility "), which provides for revolving loans and for the issuance of letters of credit and a term loan agreement (" KeyBank Term Loans "), which provided term loans totaling $110 million . As of December 31, 2015 , we had not made any borrowings under the KeyBank Revolving Credit Facility .

During 2015, we changed our reportable segments to separate our retail and logistics operations from our refining operations due to a change in senior leadership, organizational structure, the acquisition of Mid Pac and to reflect how we currently make financial decisions and allocate resources. We have five reportable segments: (i) Refining , (ii) Retail , (iii) Logistics , (iv) Texadian and (v) Corporate and Other. We previously reported results for the following three business segments: (i) Refining, Distribution and Marketing, (ii) Natural Gas and Oil Production, and (iii) Commodity Marketing and Logistics. Additionally, beginning in 2015 we have included all general and administrative costs in our Corporate and Other segment because we manage those costs on a consolidated basis. We have recast the segment information for the years ended December 31, 2014 and 2013 to conform to the current period presentation. Please read Note 19—Segment Information to our consolidated financial statements included in this Annual Report on Form 10-K for detailed information on our operating results by segment.

Corporate Information

Our common stock is listed and trades on the NYSE MKT under the ticker symbol "PARR." Our principal executive office is located at 800 Gessner Road, Suite 875, Houston, Texas 77024 and our telephone number is (281) 899-4800. Throughout this Annual Report on Form 10-K, the terms "Par," "we," "our," and "us" refer to Par Pacific Holdings, Inc. and its consolidated subsidiaries unless the context suggests otherwise.

Available Information

Our website address is www.parpacific.com. Information contained on our website is not part of this Annual Report on Form 10-K. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any other materials filed with (or furnished to) the U.S. Securities and Exchange Commission ("SEC") by us are available on our website (under "Investors") free of charge, as soon as reasonably practicable after such reports are filed with or furnished to, the SEC. Alternatively, you may access these reports at the SEC's website at *http://www.sec.gov* .

HAWAII OPERATIONS

Refining

Our refinery is located in Kapolei, Hawaii on the Island of Oahu on approximately 130 fee-owned acres about 20 miles west of Honolulu and is rated at 94 thousand barrels per day throughput. We source our crude oil from North America, South America, Southeast Asia, the Middle East, Russia and other sources. The refinery's major processing units include crude distillation, vacuum distillation, visbreaking, hydrocracking, naphtha hydrotreating and reforming units, which produce ultra-low sulfur diesel, gasoline, jet fuel, marine fuel, LSFO and other associated refined products. We believe the configuration of our refinery uniquely meets the demands of the Hawaii market.

Crude oil is transported to Hawaii in tankers, which discharge through our single-point mooring. Our three underwater pipelines from the single-point mooring allow crude oil and refined products to be transferred to and from the refinery.

Crude oil is received into the refinery tank farm, which consists of 2.4 million barrels of total crude oil storage. Following crude oil receipt, we process the crude oil through the various refining units into products and store them in the refinery's 2.5 million barrels of product tankage. The refinery storage capacity allows us to manage the various product requirements of the State of Hawaii.

We have a Supply and Offtake Agreement with J. Aron & Company ("J. Aron") that allows us to finance our hydrocarbon inventories. Under the Supply and Offtake Agreement, J. Aron holds title to all crude oil and refined product stored in tankage at the refinery. We purchase crude oil from J. Aron on a daily basis at market prices and sell refined products to J. Aron as they are produced. We repurchase these refined products from J. Aron prior to selling them to third parties.

Set forth below is a summary of the capacity of our refinery:

Refining Unit	Capacity (MBPD)
Crude Unit	94
Vacuum Distillation Unit	40
Hydrocracker	18
Catalytic Reformer	13
Visbreaker	11
Hydrogen Plant (MMCFD)	18
Naphtha Hydrotreater	13
Co-generation Turbine Unit (MW)	20

The refinery operated at an average throughput of 77 thousand barrels per day, or 82% utilization, for the year ended December 31, 2015 . Below is a summary of our throughput percentage by type of crude oil and the product yield percentage for the years ended December 31, 2015 , 2014 and 2013 :

	Year Ended December 31,		
	2015	2014	2013
Total crude oil throughput (Mbpd)	77.3	68.2	64.2
Source of crude oil:			
North America	47.7%	48.8%	—%
Asia	33.0%	1.3%	35.9%
Africa	8.3%	3.7%	15.8%
Latin America	8.0%	23.4%	7.1%
Middle East	2.1%	22.8%	41.2%
Europe	0.9%	—%	—%
Total	100.0%	100.0%	100.0%
Yield (% of total throughput):			
Gasoline and gasoline blendstocks	26.2%	24.5%	26.6%
Distillates	44.1%	38.9%	49.0%
Fuel oils	22.0%	30.7%	21.3%
Other products	4.7%	2.9%	0.2%
Total yield	97.0%	97.0%	97.1%

Our refining business sells refined products through our logistics network to wholesale and bulk customers and to our retail business. Wholesale customers include jobbers and other non-end users, as well as 37 fueling stations where operations and consumer pricing are controlled by third parties. Bulk customers include utilities, military bases, marine vessels, industrial end-users and exports.

The profitability of our refining business is heavily influenced by crack spreads in both the Singapore and U.S. West Coast markets. These markets reflect the closest, liquid market alternatives to source refined products for Hawaii. We believe the Singapore 4-1-2-1 and Mid Pacific 4-1-2-1 crack spreads (or four barrels of Brent converted into one barrel of gasoline, two barrels of distillate (jet fuel and diesel) and one barrel of fuel oil) best reflect a market indicator for our operations. During the course of 2015 , both markets exhibited significant volatility with lows reached during the late second and early third quarters. The Singapore 4-1-2-1 crack spread averaged $6.88 per barrel during 2015 with a low of $5.44 per barrel in the fourth quarter and a high of $8.24 per barrel in the second quarter. The Mid Pacific 4-1-2-1 crack spread averaged $8.31 per barrel during 2015 with a low of $6.50 per barrel in the fourth quarter and a high of $9.76 per barrel in the second quarter.

Below is a summary of average crack spreads for the years ended December 31, 2015 , 2014 and 2013 :

	Year Ended December 31,		
	2015	2014	2013
4-1-2-1 Mid Pacific Crack Spread [1]	$ 8.31	$ 7.16	$ 7.33
4-1-2-1 Singapore Crack Spread	$ 6.88	$ 6.25	$ 5.59

[1] Calculated using a ratio of 80% Singapore and 20% San Francisco indexes.

During a declining crude oil market, we tend to benefit from expanding crack spreads as our product portfolio pricing terms tend to lag our crude oil pricing terms ("pricing lag effect"). A good portion of our contracts typically price at least one week in arrears and some of our utility customer contracts have at least a one month lag in the pricing terms. Our overall crack spreads benefited from the pricing lag effect as the crude oil market experienced a decline in prices throughout the year. During the fourth quarter of 2015, we began economically hedging the pricing lag effect.

Competition

All facets of the energy industry are highly competitive. Our competitors include major integrated, national and independent energy companies. Many of these competitors have greater financial and technical resources and staffs which may allow them to better withstand and react to changing and adverse market conditions.

Our refining business sources and obtains all of our crude oil from third-party sources and competes globally for crude oil and feedstocks. Our refinery, through our facility with J. Aron, has access to a large variety of markets for crude oil imports and product exports. Please read “ Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations — Commitments and Contingencies — Supply and Offtake Agreements ”.

Our refined product sales, outside the Hawaii market, typically target the Eastern Asia and U.S. West Coast markets.

Retail

The retail segment includes 91 locations where the Company sets the price to the retail consumer. Of these 91 locations, 39 are outlets operated by our personnel and include various sizes of kiosks, snack shops or convenience stores. The remaining 52 locations are unmanned cardlocks stations or sites operated by third parties where we retain ownership of the fuel and set retail pricing.

The Company holds exclusive licenses within the state of Hawaii to utilize both the Tesoro and the “76” brands for retail locations. All of the manned locations (and one cardlock) are currently operated under one of those brands (see chart below). The initial term of the Tesoro license expires in September 2017 and we have two one-year extension options. The “76” license agreement expires September 24, 2024, unless extended by mutual agreement.

The following table shows our owned and leased retail outlets by location and type:

Location and Channel of Trade	"76" Brand	Tesoro Brand	Unbranded	Total
Oahu				
Company operated	4	18	—	22
7-Eleven alliance	26	2	—	28
Fee operated	7	—	—	7
Cardlock	—	1	3	4
Oahu total	37	21	3	61
Big Island				
Company operated	5	4	—	9
Fee operated	3	—	—	3
Big Island total	8	4	—	12
Maui				
Company operated	2	3	—	5
Fee operated	2	—	—	2
Maui total	4	3	—	7
Kauai				
Company operated	3	—	—	3
Cardlock	—	—	8	8
Kauai total	3	—	8	11
Total for all locations	52	28	11	91

Competition

Competitive factors that affect our retail performance include product price, station appearance, location and brand awareness and our competitors include an increasing number of national retailers.

Logistics

Our logistics network extends throughout the state of Hawaii. On Oahu, the system begins with our single-point mooring ("SPM") located 1.7 miles offshore of our refinery. This SPM allows for the safe, reliable and efficient receipt of crude shipments to the refinery, as well as both the receipt and export of finished products. Connecting the SPM to the refinery are three undersea pipelines: a 30-inch line for crude oil and a 20-inch line and a 16-inch line, both for the import or export of refined products. From the refinery gate, we distribute refined products through our logistics network throughout the Island of Oahu as well as the neighboring islands of Maui, Hawaii, Molokai and Kauai.

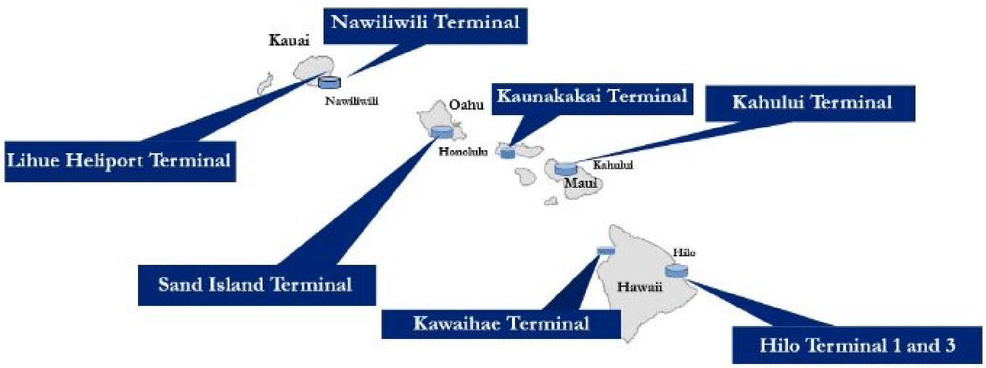
The Oahu logistics network also includes a 27-mile wholly-owned and operated pipeline network that transports refined products from our refinery to delivery locations. The majority of our Oahu refined product volumes are distributed through the Honolulu Products Pipeline to (i) our leased and operated Sand Island terminal, (ii) the Honolulu International Airport, (iii) interconnections to Navy and Air Force fuel facilities and (iv) a third-party terminal in Honolulu Harbor. In addition to the Honolulu Products Pipeline, we own four proprietary pipelines connecting our refinery to Kalaeloa Barbers Point Harbor, approximately three miles from the refinery. The four pipelines deliver refined products to barges for distribution to the neighboring islands or export, as well as interconnecting with the other local refinery, the local utility pipeline and storage network and another third-party terminal on the west side of Oahu. The Oahu pipeline network is generally configured to be bidirectional, allowing for both delivery and receipt of products.

Our terminal facilities on Oahu include our Sand Island facility that comprises two tanks with a total capacity of 30,000 barrels, as well as contractual rights to utilize strategically located third-party facilities both near the refinery and at Honolulu Harbor near downtown.

We also operate a proprietary trucking business on Oahu to distribute gasoline and road diesel to the final point of sale.

Our logistics network for the neighboring islands consists of leased barge equipment and refined product tankage and proprietary trucking operations on the islands of Maui, Hawaii, Molokai and Kauai. Specifically, we charter two barges to serve our neighbor island markets. This includes the Nale with 86,000 barrels of capacity and the Ne’ena with 50,000 barrels of capacity. In addition to neighbor island deliveries, the Ne’ena is utilized to service our bunker fuel customers, such as passenger cruise ships and container vessels.

The barges deliver to and product is dispensed from a neighbor island network of seven petroleum terminals, with the approximate locations depicted below:



Competition

Currently, substantially all of our revenues from our logistics segment represent intercompany transactions that are eliminated in consolidation.

Hawaii Market

The Hawaii economy continues to grow. The Hawaii State Department of Business, Economic Development and Tourism (“DBEDT”) reported a population increase of 3% from 2013 to 2015. Real personal income growth is projected by DEBDT to be 3% for 2016. The number of visitors arriving by air also increased. During 2015 , visitor arrivals increased 4.1% and continued growth is forecasted.

Demand for jet fuel is somewhat higher in Hawaii during the winter months than during the summer months as tourism increases. Refining margins remain volatile and our results of operations may not reflect these historical seasonal trends.

OTHER OPERATIONS

Laramie Energy

We currently own an equity investment in Laramie Energy as a result of the contribution of certain natural gas and oil interests to a partnership with Laramie Energy II, LLC ("Laramie Energy II") in conjunction with our corporate reorganization in August 2012 and cash contributions made in 2015.

On December 17, 2015, we entered into an equity commitment letter with Laramie Energy, pursuant to which we agreed to purchase certain membership interests of Laramie Energy for an aggregate cash purchase price of $55 million, subject to certain financing commitments by various lenders and additional equity investors, in connection with the closing of a purchase and sale agreement whereby Laramie Energy agreed to acquire certain properties in the Piceance Basin for $157.5 million, subject to customary purchase price adjustments. The transaction closed on March 1, 2016 and, upon the closing of the transaction, Laramie Energy assumed ownership and operatorship of the purchased properties and our ownership interest in Laramie Energy increased from 32.4% to 42.3% . Laramie Energy 's assets are located in Garfield, Mesa and Rio Blanco Counties, Colorado. These properties produce primarily from the Mesaverde Formation and, to a lesser extent, the Mancos Formation. The majority of the acreage that will be acquired is adjacent to Laramie Energy's existing assets.

As of December 31, 2015 , the estimated proved reserves of Laramie Energy and the estimated proved reserves we own indirectly through Laramie Energy are the following:

	Natural Gas (MMcf)	Oil (MBbls)	NGLs (MBbls)	Total (MMcfe) [(1)]
Laramie Energy:				
Proved developed	202,164	765	5,961	242,520
Proved undeveloped	210,042	786	6,524	253,902
Total	412,206	1,551	12,485	496,422
Company's share of Laramie Energy;				
Proved developed	65,499	248	1,931	78,573
Proved undeveloped	68,054	255	2,114	82,268
Total	133,553	503	4,045	160,841

(1) MMcfe is computed using a ratio of 6 Mcf to 1 barrel of oil or NGL.

For more information regarding our proved undeveloped reserves, please read "Item 2 — Properties — Reserves — Proved Undeveloped Reserves".

The following table presents the estimated future net cash flows related to proved developed producing, proved developed non-producing and proved undeveloped reserves that we own indirectly through Laramie Energy as of December 31, 2015 (unaudited, in thousands):

	Proved Developed Producing	Proved Developed Non-producing	Proved Undeveloped	Total [(1)]
Estimated future undiscounted net cash flows	$ 29,809	$ 31,221	$ 42,273	$ 103,303
Standardized measure of discounted future net cash flows	19,233	15,166	5,602	40,001

(1)Prices are based on the historical first of the month twelve-month average posted price depending on the area. These prices are adjusted for quality, energy content, regional price differentials and transportation fees. All prices are held constant throughout the lives of the properties. The average adjusted product prices are $42.01 per barrel of oil, $14.47 per barrel of natural gas liquids and $2.59 per Mcf of natural gas.

Reconciliation of PV-10 to Standardized Measure

PV-10 is the estimated present value of the future net revenues calculated based on our estimated proved reserves before income taxes discounted using a 10% discount rate. PV-10 is considered a non-GAAP financial measure under SEC regulations because it does not include the effects of future income taxes, as is required in computing the standardized measure of discounted future net cash flows. This measure should not be considered a substitute for, or superior to, measures prepared in accordance with U.S. generally accepted accounting principles ("GAAP") . We believe that PV-10 is an important measure that can be used to evaluate the relative significance of our natural gas and oil properties to other companies and that PV-10 is widely used by securities analysts and investors when evaluating oil and gas companies. Because many factors that are unique to each individual company impact the amount of future income taxes to be paid, the use of a pre-tax measure provides greater comparability of assets when evaluating companies. PV-10 is computed on the same basis as the standardized measure of discounted future net cash flows but without deducting income taxes.

The following table provides a reconciliation of PV-10 to the standardized measure of discounted future net cash flows at December 31, 2015 (in thousands):

	Company's Share of Laramie Energy
PV-10	$ 40,001
Present value of future income taxes discounted at 10% [1]	—
Standardized measure of discounted future net cash flows	$ 40,001

[1] There is no present value of future income taxes as we believe we have sufficient net operating loss carryforwards to offset any income. Please read Note 18—Income Taxes to our consolidated financial statements for further information.

For more information on our natural gas and oil operations, please read " Item 2. — Properties ."

Other non-operated oil and gas interests

We also own other non-operated positions in producing and non-producing natural gas and oil interests, undeveloped leasehold interests and related assets in Colorado and New Mexico and interests in a producing federal unit offshore California. As of December 31, 2015, our estimated proved reserves related to other non-operated natural gas and oil interests of 224 MMcfe represented less than 1% of our total proved reserves owned directly and indirectly through Laramie Energy of 161,065 MMcfe. Please read Note 22—Supplemental Oil and Gas Disclosures (Unaudited) to our consolidated financial statements for further information on our proved reserves related to other non-operated natural gas and oil interests.

Through our non-operated working interests, we have natural gas and oil leases with governmental entities and other third parties who enter into natural gas and oil leases or assignments with us in the regular course of our business.

Competition

The principal markets for natural gas and oil are refineries and transmission companies that have facilities near our producing properties. Natural gas and oil produced from our wells is normally sold to various purchasers. Natural gas wells are connected to pipelines generally owned by the natural gas purchasers. A variety of pipeline transportation charges are usually included in the calculation of the price paid for the natural gas. Crude oil is picked up and transported by the purchaser from the wellhead. In some instances, we are charged a fee for the cost of transporting the crude oil, which is deducted from or accounted for in the price paid for the crude oil.

The natural gas and oil business is highly competitive in the acquisition of natural gas and oil leases, exploration and production capabilities and equipment and personnel required to find and produce reserves. Our competitors may be able to pay more for desirable leases than our financial or personnel resources permit. Because we are a non-operator, our competitors are in a much stronger position than we are to evaluate, bid for and purchase properties and to explore for and produce natural gas and oil.

Texadian

We operate an integrated sourcing, marketing, transportation and distribution business focused on energy commodities, principally crude oil. We use a variety of transportation modes, which are generally leased, to transport products, including pipelines. We also lease a fleet of approximately 150 railcars. We purchase and resell crude oil primarily from the Western U.S. and Canada to customers in the Midwest, U.S. Gulf Coast and East Coast regions of the U.S. The principal asset of the Texadian business is its historical shipper status on lines moving Canadian crude oil to the U.S.

Texadian is a commodity-driven business with numerous industry participants. Our competitors include terminal companies, major integrated oil and gas companies and their affiliates, wholesalers and independent marketers. Our success is dependent on pricing and margins dictated by the global supply and demand of commodities.

BANKRUPTCY AND PLAN OF REORGANIZATION

Background and Plan Approval

In 2011 and 2012, Delta and its subsidiaries ("Debtors") filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). In March 2012, the Debtors obtained approval from the Bankruptcy Court to proceed with Laramie as the sponsor of a plan of reorganization ("Plan"). In June 2012, Delta entered into a contribution agreement ("Contribution Agreement") with a new joint venture formed by Delta, Laramie and Laramie Energy, to effect the transactions contemplated by the Plan. On August 31, 2012 ("Emergence Date"), Delta emerged from bankruptcy, amended and restated its certificate of incorporation and bylaws, changed its name to Par Petroleum Corporation and contributed the majority of its natural gas and oil properties to Laramie Energy.

General Recovery Trust

On the Emergence Date, the Delta Petroleum General Recovery Trust ("General Trust") was formed to pursue certain litigation against third parties or causes of action under the U.S. Bankruptcy Code and other claims and potential claims that the Debtors hold against third parties. The General Trust was funded with $1.0 million pursuant to the Plan.

The General Trust is pursuing all bankruptcy causes of action, claim objections and resolutions and is responsible for winding up the bankruptcy. The General Trust is overseen by a three-person General Trust Oversight Board and our General Counsel is currently the trustee ("Recovery Trustee"). Costs, expenses and obligations incurred by the General Trust are charged against assets of the General Trust. To conduct its operations and fulfill its responsibilities under the Plan and the trust agreements, the Recovery Trustee may request additional funding from us. Any litigation pending at the time we emerged from Chapter 11 was transferred to the General Trust for resolution and settlement in accordance with the Plan and the order confirming the Plan. We are the beneficiary of the General Trust, subject to the terms of the trust agreement and the Plan. Since the Emergence Date, the General Trust has filed various claims and causes of action against third parties before the Bankruptcy Court, which actions are ongoing. Upon liquidation of the various claims and causes of action held by the General Trust, the proceeds, less certain administrative reserves and expenses, will be transferred to us. It is unknown at this time what proceeds, if any, we will realize from the General Trust's litigation efforts.

Through December 31, 2013, the General Trust released approximately $5.2 million to us, which was available for our general use, due to a negotiated reduction in certain fees and claims associated with the bankruptcy, as well as a favorable variance in actual expenses versus budgeted expenses. No funds were released during the years ended December 31, 2015 and 2014.

Shares Reserved for Unsecured Claims

The Plan provides that certain allowed general unsecured claims be paid with shares of our common stock. On the Emergence Date, 112 claims totaling approximately $73.7 million had been filed in the bankruptcy. Pursuant to the Plan, between the Emergence Date and December 31, 2013, the Recovery Trustee settled 84 claims with an aggregate face amount of $33.5 million for approximately $5.7 million in cash and 228,735 shares of common stock. Pursuant to the Plan, during the year ended December 31, 2014, the Recovery Trustee settled one additional claim with an aggregate face amount of $3.7 million for approximately 146 thousand shares of common stock. Pursuant to the Plan, during the year ended December 31, 2015, the Recovery Trustee settled one additional claim with an aggregate face amount of approximately $31 thousand for 1,674 shares of common stock.

As of December 31, 2015 , a total of twelve claims totaling approximately $23.1 million remain to be resolved by the Recovery Trustee. We have agreed to settle six of these claims for aggregate consideration of approximately $666 thousand , subject to final documentation and payment, and have filed or will file notices of objection with respect to liability for the other claims.

The largest remaining proof of claim was filed by the U.S. Government for approximately $22.4 million relating to ongoing litigation concerning a plugging and abandonment obligation in Pacific Outer Continental Shelf Lease OCS-P 0320, comprising part of the Sword Unit in the Santa Barbara Channel, California. We believe the probability of issuing stock to satisfy the full claim amount is remote, as the obligations upon which such proof of claim is asserted are joint and several among all working interest owners and Delta, our predecessor, owned an approximate 2.4% working interest in the unit.

The settlement of claims is subject to ongoing litigation and we are unable to predict with certainty how many shares will be required to satisfy all claims. Pursuant to the Plan, allowed claims are settled at a ratio of 54.4 shares per $1,000 of claim. At December 31, 2015 , we have reserved approximately $1.1 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end. Please read "Item 7. – Management's Discussion and Analysis of Financial Condition and Results of Operations – Commitments and Contingencies – Bankruptcy Matters".

ENVIRONMENTAL REGULATIONS

General

Our activities are subject to existing federal, state and local laws and regulations governing environmental quality and pollution control. Although no assurances can be made, we believe that, absent the occurrence of an extraordinary event, compliance with existing federal, state and local laws, regulations and rules regulating the release of materials in the environment or otherwise relating to the protection of human health, safety and the environment will not have a material effect upon our capital expenditures, earnings or competitive position with respect to our existing assets and operations. We cannot predict what effect additional regulation or legislation, enforcement policies and claims for damages to property, employees, other persons and the environment resulting from our operations could have on our activities.

Periodically, we receive communications from various federal, state and local governmental authorities asserting violations of environmental laws and/or regulations. These governmental entities may also propose or assess fines or require corrective actions for these asserted violations. We intend to respond in a timely manner to all such communications and to take appropriate corrective action. We do not anticipate that any such matters currently asserted will have a material impact on our financial condition, results of operations or cash flows.

Refining activities

Like other petroleum refiners, our operations are subject to extensive and periodically changing federal and state environmental regulations governing air emissions, wastewater discharges and solid and hazardous waste management activities. Many of these regulations are becoming increasingly stringent and the cost of compliance can be expected to increase over time. Our policy is to accrue environmental and clean-up related costs of a non-capital nature when it is probable that a liability has been incurred and the amount can be reasonably estimated. Such estimates may be subject to revision in the future as regulations and other conditions change.

Natural gas and oil production

Our activities with respect to exploration and production of natural gas and oil, including the drilling of wells and the operation and construction of pipelines, plants and other facilities for extracting, transporting, processing, treating or storing natural gas, crude oil and other petroleum products, are subject to stringent environmental regulation by state and federal authorities, including the U.S. Environmental Protection Agency ("EPA"). Such regulation can increase the costs of planning, designing, installing and operating such facilities. Although we believe that compliance with environmental regulations will not have a material adverse effect on us, risks of substantial costs and liabilities are inherent in natural gas and oil production, transport and storage operations and there can be no assurance that significant costs and liabilities will not be incurred. Moreover it is possible that other developments, such as spills or other unanticipated releases, stricter environmental laws and regulations and claims for damages to property or persons resulting from oil and gas production, transport or storage would result in substantial costs and liabilities to us. In California, our activities are subject to an additional level of state environmental review.

Climate Change and Regulation of Greenhouse Gases

According to certain scientific studies, emissions of carbon dioxide, methane, nitrous oxide and other gases commonly known as greenhouse gases (“GHG”) may be contributing to global warming of the earth’s atmosphere and to global climate change. In response to the scientific studies, legislative and regulatory initiatives have been underway to limit GHG emissions. The U.S. Supreme Court determined that GHG emissions fall within the federal Clean Air Act ("CAA") definition of an “air pollutant” and in response the EPA promulgated an endangerment finding paving the way for regulation of GHG emissions under the CAA. The EPA has now begun regulating GHG under the CAA. New construction or material expansions that meet certain GHG emissions thresholds will likely require that, among other things, a GHG permit be issued in accordance with the Clean Air Act regulations and we will be required in connection with such permitting to undertake a technology review to determine appropriate controls to be implemented with the project in order to reduce GHG emissions. As currently written and based on current company operations, however, our natural gas and oil exploration and production activities and our existing refining activities are not subject to federal GHG permitting requirements.

Furthermore, the EPA is currently developing refinery-specific GHG regulations and performance standards that are expected to impose GHG emission limits and/or technology requirements. These control requirements may affect a wide range of refinery operations. Any such controls could result in material increased compliance costs, additional operating restrictions for our business and an increase in cost of the products we produce, which could have a material adverse effect on our financial position, results of operations and liquidity.

The EPA has also promulgated rules requiring large sources to report their GHG emissions. Reports are being made in connection with our refining business. Sources subject to these reporting requirements also include on and offshore petroleum and natural gas production and onshore natural gas processing and distribution facilities that emit 25,000 metric tons or more of carbon dioxide equivalent per year in aggregate emissions from all site sources. To date, our natural gas and oil exploration and production activities are not subject to GHG reporting requirements.

On September 29, 2015, the EPA announced a final rule updating standards that control toxic air emissions from petroleum refineries, addressing, among other things, flaring operations, fenceline air quality monitoring and additional emission reductions from storage tanks and delayed coking units. Affected existing sources will be required to comply with the new requirements no later than 2018, with certain refiners required to comply earlier depending on the relevant provision and refinery construction date. We do not anticipate that compliance with this rule will have a material impact on our financial condition, results of operations or cash flows.

In 2007, the State of Hawaii passed Act 234, which required that GHG emissions be rolled back on a statewide basis to 1990 levels by the year 2020. Although delayed, the Hawaii Department of Health ("DOH") has issued regulations that would require each major facility to reduce CO_2 emissions by 16% by 2020 relative to a calendar year 2010 baseline (the first year in which GHG emissions were reported to the EPA under 40 CFR Part 98). The final version of the state's GHG rules included an alternative for facilities to demonstrate that further GHG reductions are not economically viable and an additional provision that authorized the DOH to issue a waiver if GHGs are being effectively controlled as a consequence of other state initiatives and regulations such as the Renewable Portfolio Standard. The refinery's capacity to further reduce fuel use and GHG emissions is limited. Since Hawaii's GHG emissions have already been reduced below 2010 levels and are projected to be less than the 1990 levels by 2020, we anticipate the refinery will be able to demonstrate that no further reductions are required to meet the statewide goal. Any reductions imposed by the 16% facility-specific mandate would not be cost-effective and therefore should not be required. Additionally, the regulation allows for "partnering" with other facilities (principally power plants) which have already dramatically reduced greenhouse emissions or are on schedule to reduce CO_2 emissions in order to comply with the state's Renewable Portfolio Standards.

Regulation of GHG emissions is new and highly controversial. Further regulatory, legislative and judicial developments are likely to occur. Such developments may affect how these GHG initiatives will impact us. They may also impact the use of and demand for petroleum products, which could impact our business. Further, apart from these developments, tort claims alleging property damage against GHG emissions sources may be asserted. Due to the uncertainties surrounding the regulation of and other risks associated with GHG emissions, we cannot predict the financial impact of related developments on us.

National Ambient Air Quality Standards

Over the past several years the EPA has adopted a number of new and more stringent National Ambient Air Quality Standards ("NAAQS"). Specifically new NO_X and SO_2 standards were set in 2010 and a new particulate matter standard was set in 2012. States are required to develop State Implementation Plans and ultimately local air districts are required to adopt rules that will (over time) improve the air quality so that it will be "In Attainment" with the existing and new NAAQS. More stringent air pollutant standards and corresponding rules have already impacted and will continue to cause many refineries to invest heavily in additional air pollution controls. Thus far, Hawaii air quality, particularly on Oahu where our refinery is located, has met even the most recent NAAQS and the refinery itself has not been required to install new controls as result of local rules. Even so, NAAQS could and to a degree have already forced some changes for our customer base. Power plants on the Big Island, where SO_2 levels are already elevated due to volcanic activity, are switching from LSFO to diesel fuel and on Oahu, the state's largest utility frequently cites compliance with NAAQS as one of its justifications for moving towards a cleaner bridge fuel, potentially diesel or LNG before reaching its renewable goals. On October 1, 2015, the EPA adopted rules that would substantially tighten the NAAQS for ground-level ozone. This rule will cause many areas of the country to fall out of attainment and for the affected states to require additional controls and limits on combustion emissions and emissions of volatile organic compounds. We do not currently anticipate that the more stringent NAAQS will impact our Hawaii operations.

Regulation of Industrial Customer Base through Mercury Air Toxics Standard

Additional federal regulation of Hawaii-based power plants will likely have an impact on our refinery because a portion of its production capacity and product mix has historically been dedicated to supplying the industrial fuel oil for the islands' public utilities. On February 16, 2012, the EPA published National Emission Standards for Hazardous Air Pollutants ("NESHAPS") for existing fossil-fuel-fired Electrical Utility Steam Generating Units ("EGU's") (under 40 CFR 63 Subpart UUUUU). The new regulation, known more commonly as the Mercury Air Toxics Standard ("MATS") was originally focused on limiting the amount of mercury and acid gas from the nation's coal-fired power plants. However, the regulation extends to oil-fired power plants as well. While our refinery can be tuned, operated and modified to respond to a shift in customer fuel specifications and additional demand for distillates, an on-going surplus of residual fuels, (produced by both Hawaii-based refineries) will likely put pressure on margins and necessitate alternative marketing and distribution strategies.

Fuel Standards

In 2007, the U.S. Congress passed the Energy Independence and Security Act ("EISA") which, among other things, set a target fuel economy standard of 35 miles per gallon for the combined fleet of cars and light trucks in the U.S. by model year 2020 and contained a second Renewable Fuel Standard (the "RFS2"). In August 2012, the EPA and National Highway Traffic Safety Administration jointly adopted regulations that establish an average industry fuel economy of 54.5 miles per gallon by model year 2025. The RFS2 requires an increasing amount of renewable fuel usage, up to 36.0 billion gallons by 2022. In the near term, we, like many other refiners, plan to satisfy the RSF2 requirement primarily by blending denatured ethanol fuel into gasoline. Since the RFS2 is applicable to diesel fuel as well as gasoline and since we did not blend in any biodiesel in 2014, we satisfied our overall RFS obligation through the acquisition of renewable credits referred to as Renewable Identification Numbering System ("RINS"). The RFS2 may present production and logistics challenges for both the renewable fuels and petroleum refining and marketing industries in that we may have to enter into arrangements with other parties or purchase credits from the EPA to meet our obligations to use advanced biofuels, including biomass-based diesel and cellulosic biofuel, with potentially uncertain supplies of these new fuels or in the alternative RINS.

In October 2010, the EPA issued a partial waiver decision under the CAA to allow for an increase in the amount of ethanol permitted to be blended into gasoline from 10% ("E10") to 15% ("E15") for 2007 and newer light duty motor vehicles. There are numerous issues, including state and federal regulatory issues, which need to be addressed before E15 can be marketed on a large scale for use in traditional gasoline engines. Consequently, unless the federal regulations are revised, qualified RINS will be required to fulfill the federal mandate for renewable fuels. We may experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

In March 2014, the EPA published a final Tier 3 gasoline standard that lowers the allowable sulfur level in gasoline to 10 parts per million ("ppm") and also lowers the allowable benzene, aromatics and olefins content of gasoline. The effective date for the new standard, January 1, 2017, gives refiners nationwide little time to engineer, permit and implement substantial modifications; however, approved small volume refineries have until January 1, 2020 to meet the standard. In September 2015, our refinery was granted small volume refinery status by the EPA. Along with credit and trading options, potential capital upgrades for the refinery are being evaluated.

Beginning on June 30, 2014, new sulfur standards for fuel oil used by marine vessels operating within 200 miles of the U.S. coastline (which includes the entire Hawaiian Island chain) was lowered from 10,000 ppm (1%) to 1,000 ppm (0.1%). The sulfur standards began at the refinery and were phased in so that by January 1, 2015, they were to be fully aligned with the International Marine Organization ("IMO") standards and deadline. The more stringent standards apply universally to both U.S. and foreign flagged ships. Although the marine fuel regulations provided vessel operators with a few compliance options such as installation of on-board pollution controls and demonstration unavailability, many vessel operators will be forced to switch to a distillate fuel while operating within the Emission Control Area ("ECA"). Beyond the 200 mile ECA, large ocean vessels are still allowed to burn marine fuel with up to 3.5% sulfur. Our refinery is capable of producing the 1% sulfur residual fuel oil that was previously required within the ECA. Although our refinery remains in a position to supply vessels traveling to and through Hawaii, the market for 0.1% sulfur distillate fuel and 3.5% sulfur residual fuel is much more competitive.

There will be compliance costs and uncertainties regarding how we will comply with the various requirements contained in the EISA and other fuel-related regulations.

Solid and Hazardous Waste

Several of our businesses generate wastes, including hazardous wastes, which are subject to regulation under the federal Resource Conservation and Recovery Act ("RCRA") and state statutes. The EPA has limited the disposal options for certain hazardous wastes and state regulation of the handling and disposal of refining and natural gas and oil exploration and production wastes and solid wastes is becoming more stringent. Furthermore, it is possible that certain wastes generated by our natural gas and oil operations which are currently exempt from regulation as “hazardous wastes” may in the future be designated as “hazardous wastes” under RCRA or other applicable statutes and therefore be subject to more rigorous and costly disposal requirements.

Naturally Occurring Radioactive Materials (“NORM”) are radioactive materials that accumulate on production equipment or area soils during oil and natural gas extraction or processing. NORM wastes are regulated under the RCRA framework, although such wastes may qualify for the oil and gas hazardous waste exclusion. Primary responsibility for NORM regulation has been a state function. Standards have been developed for worker protection; treatment, storage and disposal of NORM waste; management of waste piles, containers and tanks; and limitations upon the release of NORM-contaminated land for unrestricted use. We believe that our operations are in material compliance with all applicable NORM standards.

Our natural gas and oil properties have been operated by third parties that controlled the treatment of hydrocarbons or other solid wastes and the manner in which such substances may have been disposed or released. State and federal laws applicable to refineries and to natural gas and oil wastes and properties have gradually become stricter over time. Under these laws, we could be required to remove or remediate previously disposed wastes (including wastes disposed or released by prior owners or operators) or property contamination (including groundwater contamination by prior owners or operators) or to perform remedial operations to prevent future contamination.

Superfund

The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as the “Superfund” law, imposes liability, without regard to fault or the legality of the original conduct, on certain persons with respect to the release or threatened release of a “hazardous substance” into the environment. These persons include the current owner and operator of a site, any former owner or operator who operated the site at the time of a release, transporters and persons that disposed or arranged for the disposal of hazardous substances at a site. CERCLA also authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the responsible persons the costs of such action. State statutes impose similar liability.

Under CERCLA, the term “hazardous substance” does not include “petroleum, including crude oil or any fraction thereof,” unless specifically listed or designated and the term does not include natural gas, NGLs, liquefied natural gas or synthetic gas usable for fuel. While this “petroleum exclusion” lessens the significance of CERCLA to our exploration and production operations, we may generate wastes that may fall within CERCLA’s definition of a “hazardous substance” in the course of our ordinary refining and natural gas and oil operations. Although we and, to our knowledge, our predecessors have used operating and disposal practices that were standard in the industry at the time, “hazardous substances” may have been disposed or released on, under, or from the properties currently or historically owned or leased by us or on, under, or from other locations where these wastes have been taken for disposal. At this time, we do not believe that we have any liability associated with any Superfund site and we have not been notified of any claim, liability or damages under CERCLA.

Oil Pollution Act

The Oil Pollution Act of 1990 (“OPA”) and regulations thereunder impose a variety of requirements on “responsible parties” related to the prevention of oil spills and liability for damages resulting from such spills in U.S. waters. A “responsible party” includes the owner or operator of a facility or vessel or the lessee or permittee of the area in which an offshore facility is located. The OPA assigns liability to each responsible party for oil removal costs and a variety of public and private damages. While liability limits apply in some circumstances, a party cannot take advantage of liability limits if the spill was caused by gross negligence or willful misconduct or resulted from violation of a federal safety, construction or operating regulation. If the party fails to report a spill or to cooperate fully in the cleanup, liability limits likewise do not apply. Few defenses exist to the liability imposed by the OPA.

The OPA establishes a liability limit for onshore facilities of $350 million and for offshore facilities of all removal costs plus $33.65 million and lesser limits for some vessels depending upon their size. The U.S. Coast Guard has proposed to increase the onshore liability to $404.6 million based on an inflation adjustment. The regulations promulgated under OPA impose proof of financial responsibility requirements that can be satisfied through insurance, guarantee, indemnity, surety bond, letter of credit, qualification as a self-insurer or a combination thereof. The amount of financial responsibility required depends upon a variety of factors including the type of facility or vessel, its size, storage capacity, oil throughput, proximity to sensitive areas, type of oil handled, history of discharges and other factors. Failure to comply with OPA’s requirements or inadequate cooperation during a spill response action may subject a responsible party to civil or criminal enforcement actions. The federal Bureau of Ocean Energy Management (“BOEM”) has proposed to increase the OPA liability limit for offshore facilities. Further, the U.S. Congress has considered legislation that could increase our obligations and potential liability under the OPA, including by eliminating the current cap on liability for damages and increasing minimum levels of financial responsibility. It is uncertain whether and in what form, such legislation may ultimately be adopted. We are not aware of the occurrence of any action or event that would subject us to liability under OPA and we believe that compliance with OPA's financial responsibility and other operating requirements will not have a material adverse effect on us.

Discharges

The Clean Water Act ("CWA") regulates the discharge of pollutants to waters of the U.S., including wetlands and requires a permit for the discharge of pollutants, including petroleum, to such waters. Certain facilities that store or otherwise handle oil are required to prepare and implement Spill Prevention, Control and Countermeasure Plans and Facility Response Plans relating to the possible discharge of oil to surface waters. We are required to prepare and comply with such plans and to obtain and comply with discharge permits. We believe we are in substantial compliance with these requirements and that any noncompliance would not have a material adverse effect on us. The CWA also prohibits spills of oil and hazardous substances to waters of the U.S. in excess of levels set by regulations and imposes liability in the event of a spill.

State laws further regulate discharges of pollutants to surface and groundwaters, require permits that set limits on discharges to such waters and provide civil and criminal penalties and liabilities for spills to both surface and groundwaters. Some states have imposed regulatory requirements to respond to concerns related to potential for groundwater impact from oil and gas exploration and production. For example, the Colorado Oil and Gas Conservation Commission ("COGCC") approved rules that require sampling of groundwater for hydrocarbons and other indicator compounds both before and after drilling. Sampling results are to be reported to the COGCC, which maintains a water quality database online and available to the public.

Hydraulic Fracturing

Our and Laramie Energy's exploration and production activities may involve the use of hydraulic fracturing techniques to stimulate wells and maximize natural gas production. Citing concerns over the potential for hydraulic fracturing to impact drinking water, human health and the environment and in response to a congressional directive, the EPA has commissioned a study to identify potential risks associated with hydraulic fracturing. In June 2015, the EPA released for public comment and peer review, a draft assessment of the potential impacts of hydraulic fracturing on drinking water resources. Additionally, the draft has generated substantial public comment and the EPA's Science Advisory Board has scheduled public meetings and teleconferences through at least March 2016 to receive comment on the study. The study's findings are intended to improve scientific understanding to guide the EPA's regulatory oversight, guidance and, where appropriate, rulemaking related to hydraulic fracturing. Some states and localities now regulate the utilization of hydraulic fracturing and other states and localities are in the process of developing or are considering development of, such rules. In Colorado and some other states, courts are in the process of determining whether local bans or other regulation of oil and gas exploration and production activity are preempted by statewide regulatory programs. A state ballot initiative has also been introduced in Colorado that, if successful, would amend the state constitution to give local governments control over oil and natural gas drilling in their areas. Depending on the results of the EPA study and other developments related to hydraulic fracturing, our and Laramie Energy's drilling activities could be subjected to new or enhanced federal, state and/or local regulatory requirements governing hydraulic fracturing, including requirements that would restrict the areas in which we are able to operate.

Air Emissions

Our refining operations and our and Laramie Energy's exploration and production operations are subject to local, state and federal regulations for the control of emissions from sources of air pollution. Administrative enforcement actions for failure to comply strictly with air regulations or permits may be resolved by payment of monetary fines and correction of any identified deficiencies. Alternatively, regulatory agencies could impose civil and criminal liability for non-compliance. An agency could require us to forego construction or operation of certain air emission sources. We believe that we are in substantial compliance with air pollution control requirements and that, if a particular permit application were denied, we would have enough permitted or permittable capacity to continue our operations without a material adverse effect on any particular producing field.

Our refining business is subject to very significant state and federal air permitting and pollution control requirements, including some that are the subject of ongoing enforcement activities by the EPA as described in more detail below. The EPA continues to review and, in many cases, tighten ambient air quality standards, which standards, along with the advancement of pollution control technologies, result in new regulatory and permit requirements that will impact our refining activities and involve additional costs.

With respect to our and Laramie Energy's exploration and production activities, the EPA has finalized new rules to limit air emissions from many hydraulically fractured natural gas wells. These regulations require use of equipment to capture gases that come from such wells during the drilling process (so-called green completions). Other new requirements, many effective in 2013, involved tighter standards for emissions associated with natural gas production, storage and transport. In August 2015, the EPA proposed rules to address methane emissions of new oil and gas wells and in January 2016, the BLM proposed new rules to limit flaring on public and tribal lands. While these new requirements increased the cost of natural gas production, neither we nor Laramie Energy were affected any differently than other producers of natural gas.

More stringent regulation may be imposed in the future as a result of public concern about the impacts of increased oil and gas drilling activity and the availability of new information. For example, the Colorado Department of Natural Resources and the Colorado Department of Public Health and the Environment have announced plans for a study of emissions tied to oil and gas development in areas along the northern Front Range of the Rocky Mountains. Due to uncertainties regarding the outcome of such studies and potential new regulatory proposals, we are unable to predict the financial impact of such developments on our company going forward.

Coastal Coordination

There are various federal and state programs that regulate the conservation and development of coastal resources. The federal Coastal Zone Management Act ("CZMA") was passed to preserve and, where possible, restore the natural resources of the coastal zone of the U.S. The CZMA provides for federal grants for state management programs that regulate land use, water use and coastal development.

Environmental Agreement

On September 25, 2013 (the "Closing Date"), Par Petroleum, LLC (formerly known as Hawaii Pacific Energy; a wholly-owned subsidiary of Par created for purposes of acquiring PHR), Tesoro and PHR entered into an Environmental Agreement ("Environmental Agreement"), which allocated responsibility for known and contingent environmental liabilities related to the acquisition of PHR as follows:

Consent Decree

Tesoro is currently negotiating a consent decree with the EPA and the United States Department of Justice ("DOJ") concerning alleged violations of the federal Clean Air Act related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates ("Consent Decree"), including our refinery. It is anticipated that the Consent Decree will be finalized sometime during 2016 and will require certain capital improvements to our refinery to reduce emissions of air pollutants.

We estimate the cost of compliance with the final decree could be $20 million to $30 million . However, Tesoro is responsible under the Environmental Agreement for reimbursing us for all reasonable third-party capital expenditures incurred for the construction, installation and commissioning of such capital projects and for the payment of any fines or penalties imposed on us arising from the Consent Decree to the extent related to acts or omission of Tesoro or us prior to the Closing Date. Tesoro's obligation to reimburse us for such fines and penalties is not subject to a monetary limitation; however, the obligation relating to fines and penalties terminates on the third anniversary of the Closing Date.

Indemnification

In addition to its obligation to reimburse us for capital expenditures incurred pursuant to the Consent Decree, Tesoro agreed to indemnify us for claims and losses arising out of related breaches of Tesoro's representations, warranties and covenants in the Environment Agreement, certain defined "corrective actions" relating to pre-existing environmental conditions, third-party claims arising under environmental laws for personal injury or property damage arising out of or relating to releases of hazardous materials that occurred prior to the Closing Date, any fine, penalty or other cost assessed by a governmental authority in connection with violations of environmental laws by us prior to the Closing Date, certain groundwater remediation work, the replacement of underground storage tanks located at certain retail assets, fines or penalties imposed on us by the Consent Decree related to acts or omissions of Tesoro prior to the Closing Date and related to the Pearl City Superfund Site.

Tesoro's indemnification obligations are subject to certain limitations as set forth in the Environmental Agreement. These limitations include a deductible of $1 million and a cap of $15 million for certain of Tesoro's indemnification obligations related to certain pre-existing conditions as well as certain restrictions regarding the time limits for submitting notice and supporting documentation for remediation actions.

Other Government Regulation

Sales and Transportation of Natural Gas

Historically, the transportation and sales for resale of natural gas in interstate commerce have been regulated pursuant to the Natural Gas Act of 1938 ("NGA"), the Natural Gas Policy Act of 1978 ("NGPA") and Federal Energy Regulatory Commission ("FERC") regulations. Effective January 1, 1993, the Natural Gas Wellhead Decontrol Act deregulated the price for all "first sales" of natural gas. Thus, all of our sales of gas may be made at market prices, subject to applicable contract provisions. Sales of natural gas are affected by the availability, terms and cost of pipeline transportation. Since 1985, the FERC has implemented regulations intended to make natural gas transportation more accessible to gas buyers and sellers on an open-access, non-discriminatory basis. We cannot predict what further action the FERC will take on these matters. Some of the FERC's more recent proposals may, however, adversely affect the availability and reliability of interruptible transportation service on interstate pipelines. We do not believe that we will be affected by any action taken materially differently than other natural gas producers, gatherers and marketers with which we compete.

The Outer Continental Shelf Lands Act ("OCSLA"), which was administered by the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEMRE") and, after October 1, 2011, its successors, the BOEM and the Bureau of Safety and Environmental Enforcement ("BSEE") and the FERC, requires that all pipelines operating on or across the shelf provide open-access, non-discriminatory service. There are currently no regulations implemented by the FERC under its OCSLA authority on gatherers and other entities outside the reach of its NGA jurisdiction. Therefore, we do not believe that any FERC, BOEM or BSEE action taken under OCSLA will affect us in a way that materially differs from the way it affects other natural gas producers, gatherers and marketers with which we compete.

Natural gas continues to supply a significant portion of North America's energy needs and we believe the importance of natural gas in meeting this energy need will continue. The impact of the ongoing economic downturn on natural gas supply and demand fundamentals has resulted in extremely volatile natural gas prices, which is expected to continue.

On August 8, 2005, the Energy Policy Act of 2005 ("2005 EPA") was signed into law. This comprehensive act contains many provisions that will encourage natural gas and oil exploration and development in the U.S. The 2005 EPA directs the FERC, BOEM and other federal agencies to issue regulations that will further the goals set out in the 2005 EPA. The 2005 EPA amends the NGA to make it unlawful for "any entity", including otherwise non-jurisdictional producers such as us, to use any deceptive or manipulative device or contrivance in connection with the purchase or sale of natural gas or the purchase or sale of transportation services subject to regulation by the FERC, in contravention of rules prescribed by the FERC. On January 20, 2006, the FERC issued rules implementing this provision. The rules make it unlawful in connection with the purchase or sale of natural gas subject to the jurisdiction of the FERC or the purchase or sale of transportation services subject to the jurisdiction of the FERC, for any entity, directly or indirectly, to use or employ any device, scheme or artifice to defraud; to make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or to engage in any act or practice that operates as a fraud or deceit upon any person. The new anti-manipulation rule does not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but does apply to activities of otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" natural gas sales, purchases or transportation subject to FERC jurisdiction. It therefore reflects a significant expansion of the FERC's enforcement authority. We do not anticipate we will be affected any differently than other producers of natural gas.

In 2007, the FERC issued a final rule on annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing ("Order 704"). Under Order 704, wholesale buyers and sellers of more than 2.2 million MMBtu of physical natural gas in the previous calendar year, including interstate and intrastate natural gas pipelines, natural gas gatherers, natural gas processors and natural gas marketers are now required to report, on May 1 of each year, beginning in 2009, aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year to the extent such transactions utilize, contribute to or may contribute to the formation of price indices. It is the responsibility of the reporting entity to determine which individual transactions should be reported based on the guidance of Order 704. The monitoring and reporting required by these rules have increased our administrative costs. We do not anticipate that we will be affected any differently than other producers of natural gas.

Our sales of crude oil, condensate and natural gas liquids are not currently regulated and are subject to applicable contract provisions made at market prices. In a number of instances, however, the ability to transport and sell such products is dependent on pipelines whose rates, terms and conditions of service are subject to the FERC's jurisdiction under the Interstate Commerce Act. In other instances, the ability to transport and sell such products is dependent on pipelines whose rates, terms and conditions of service are subject to regulation by state regulatory bodies under state statutes.

The regulation of pipelines that transport crude oil, condensate and natural gas liquids is generally more light-handed than the FERC's regulation of gas pipelines under the NGA. Regulated pipelines that transport crude oil, condensate and natural gas liquids are subject to common carrier obligations that generally ensure non-discriminatory access. With respect to interstate pipeline transportation subject to regulation by the FERC under the Interstate Commerce Act, rates generally must be cost-based, although market-based rates or negotiated settlement rates are permitted in certain circumstances. Pursuant to FERC Order No. 561, pipeline rates are subject to an indexing methodology. Under this indexing methodology, pipeline rates are subject to changes in the Producer Price Index for Finished Goods, minus one percent. A pipeline can seek to increase its rates above index levels provided that the pipeline can establish that there is a substantial divergence between the actual costs experienced by the pipeline and the rate resulting from application of the index. A pipeline can seek to charge market-based rates if it establishes that it lacks significant market power. In addition, a pipeline can establish rates pursuant to settlement if agreed upon by all current shippers. A pipeline can seek to establish initial rates for new services through a cost-of-service proceeding, a market-based rate proceeding or through an agreement between the pipeline and at least one shipper not affiliated with the pipeline.

Federal Leases

We maintain operations located on federal oil and natural gas leases, which are administered by the BOEMRE, BOEM or BSEE, pursuant to the OCSLA. The BOEMRE and its successors, the BOEM and the BSEE, regulate offshore operations, including engineering and construction specifications for production facilities, safety procedures, plugging and abandonment of wells on offshore California and removal of facilities.

On January 19, 2011, the U.S. Department of the Interior announced that it would divide offshore oil and gas responsibilities among three separate agencies, with the reorganization to be completed in 2011. The Department of the Interior first created the Office of Natural Resources Revenue to manage revenue collection on October 1, 2010. Effective October 1, 2011, the remaining functions of BOEMRE were split into two federal bureaus, the BOEM, which handles offshore leasing, resource evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, NEPA analysis and environmental studies and the BSEE, which is responsible for the safety and enforcement functions of offshore oil and gas operations, including the development and enforcement of safety and environmental regulations, permitting of offshore exploration, development and production activities, inspections, offshore regulatory programs, oil spill response and newly formed training and environmental compliance programs. Consequently, after October 1, 2011, we are required to interact with two newly formed federal bureaus to obtain approval of our exploration and development plans and issuance of drilling permits, which may result in added plan approval or drilling permit delays as the functions of the former BOEMRE are fully divested and implemented in the two federal bureaus. At this time, we cannot predict the impact that this reorganization, or future regulations of enforcement actions taken by the new agencies, may have on our operations. Our federal oil and natural gas leases are awarded based on competitive bidding and contain relatively standardized terms. These leases require compliance with detailed BOEMRE regulations and orders that are subject to interpretation and change by the BOEM or BSEE. The BOEMRE has promulgated other regulations governing the plugging and abandonment of wells located offshore and the installation and removal of all production facilities, structures and pipelines and the BOEM or the BSEE may in the future amend these regulations.

To cover the various obligations of lessees on the Outer Continental Shelf (“OCS”), the BOEMRE and its successors generally require that lessees have substantial net worth or post bonds or other acceptable assurances that such obligations will be satisfied. The cost of these bonds or assurances can be substantial and there is no assurance that they can be obtained in all cases. We are currently exempt from supplemental bonding requirements. As many regulations are being reviewed, we may be subject to supplemental bonding requirements in the future. Under some circumstances, the BOEM may require any of our operations on federal leases to be suspended or terminated. Any such suspension or termination could materially and adversely affect our financial condition and results of operations.

The Office of Natural Resources Revenue (“ONRR”) in the U.S. Department of the Interior administers the collection of royalties under the terms of the OCSLA and the oil and natural gas leases issued thereunder. The amount of royalties due is based upon the terms of the oil and natural gas leases as well as the regulations promulgated by the ONRR.

Federal, State or American Indian Leases

In the event we conduct operations on federal, state or American Indian oil and gas leases, such operations must comply with numerous regulatory restrictions, including various nondiscrimination statutes and certain of such operations must be conducted pursuant to certain on-site security regulations and other appropriate permits issued by the Bureau of Land Management (“BLM”), BOEM or other appropriate federal or state agencies.

The Mineral Leasing Act of 1920 (“Mineral Act”) prohibits direct or indirect ownership of any interest in federal onshore oil and gas leases by a foreign citizen of a country that denies “similar or like privileges” to citizens of the U.S. Such restrictions on citizens of a “non-reciprocal” country include ownership or holding or controlling stock in a corporation that holds a federal onshore oil and gas lease. If this restriction is violated, the corporation’s lease can be cancelled in a proceeding instituted by the U.S. Attorney General. Although the regulations of the BLM (which administers the Mineral Act) provide for agency designations of non-reciprocal countries, there are presently no such designations in effect. We own interests in numerous federal onshore oil and gas leases. It is possible that holders of our equity interests may be citizens of foreign countries, which at some time in the future might be determined to be non-reciprocal under the Mineral Act.

State Regulations

Most states regulate the production and sale of oil and natural gas, including:

- requirements for obtaining drilling permits;
- the method of developing new fields;
- the spacing and operation of wells;
- the prevention of waste of oil and natural gas resources; and
- the plugging and abandonment of wells.

The rate of production may be regulated and the maximum daily production allowable from both oil and natural gas wells may be established on a market demand or conservation basis or both.

We may enter into agreements relating to the construction or operation of a pipeline system for the transportation of natural gas. To the extent that such natural gas is produced, transported and consumed wholly within one state, such operations may, in certain instances, be subject to the jurisdiction of such state's administrative authority charged with the responsibility of regulating intrastate pipelines. In such an event, the rates that we could charge for gas, the transportation of natural gas and oil and the construction and operation of such pipeline would be subject to the rules and regulations governing such matters, if any, of such administrative authority.

For example, in August 2013, the COGCC implemented new setback rules for oil and natural gas wells and production facilities near occupied buildings. The COGCC increased its setback distance to a uniform 500 feet statewide setback from occupied buildings and a uniform 1,000 feet statewide setback from high occupancy building units. The new setback rules also require operators to utilize increased mitigation measures to limit potential drilling impacts to surface owners and the owners of occupied building units. The new rules also require operators to provide advance notice to surface owners within 500 feet of proposed operations, the owners of occupied buildings within 1,000 feet of proposed operations and local governments prior to the filing of an Application for Permit to Drill or Oil and Gas Location Assessment. The new rules include expanded outreach and communication efforts by an operator.

In January 2013, the COGCC also approved two rules that require operators to sample groundwater for hydrocarbons and other indicator compounds both before and after drilling. The new statewide rule requires sampling of up to four water wells within a half mile radius of a new natural gas and oil well before drilling, two samples between six and 12 months after completion and two more samples between five and six years after completion. The revised rule for the Greater Wattenberg Area ("GWA") requires operators to sample one water well per quarter governmental section before drilling and between six to 12 months after completion.

Legislative Proposals

In the past, Congress has been very active in the area of natural gas regulation. New legislative proposals in Congress and the various state legislatures, if enacted, could significantly affect the natural gas and oil industry. At the present time it is impossible to predict what proposals, if any, might actually be enacted by Congress or the various state legislatures and what effect, if any, such proposals might have on our operations.

Impact of Dodd-Frank Act Derivatives Regulation

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which was passed by Congress and signed into law in July 2010, contains significant derivatives regulation, including requirements that certain transactions be cleared on exchanges and that collateral (commonly referred to as "margin") be posted for such transactions. The Dodd-Frank Act provides for a potential exception from these clearing and collateral requirements for commercial end-users and it includes a number of defined terms used in determining how this exception applies to particular derivative transactions and the parties to those transactions. As required by the Dodd-Frank Act, the Commodities Futures and Trading Commission ("CFTC") has promulgated numerous rules to define these terms. The CFTC's final rules establishing position limits for certain derivatives transactions were vacated by the United States District Court for the District of Columbia in September 2012. However, in November 2013, the CFTC proposed new rules that would place limits on certain core futures and equivalent swap contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. As these new positions limit rules are not yet final, the impact of those provisions on us is uncertain at this time.

It is possible that the CFTC, in conjunction with prudential regulators, may mandate that financial counterparties entering into swap transactions with end-users must do so with credit support agreements in place, which could result in negotiated credit thresholds above which an end-user must post collateral. If this should occur, we intend to manage our credit relationships to minimize collateral requirements.

The CFTC's final rules may also have an impact on our hedging counterparties. For example, our bank counterparties may be required to post collateral and assume compliance burdens resulting in additional costs. We expect that much of the increased costs could be passed on to us, thereby decreasing the relative effectiveness of our hedges and our profitability. To the extent we incur increased costs or are required to post collateral in periods of rising commodity prices, there could be a corresponding decrease in amounts available for our capital investment program.

OSHA

We are subject to the requirements of the federal Occupational Safety and Health Act ("OSHA") and comparable state statutes. The OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendments and Reauthorization Act and similar state statutes require us to organize and/or disclose information about hazardous materials used or produced in our operations. Certain of this information must be provided to employees, state and local governmental authorities and local citizens.

SIGNIFICANT CUSTOMERS

We sell a variety of refined products to a diverse customer base. The majority of our refined products are primarily sold through short-term contracts or on the spot market. For the year ended December 31, 2015, no single customer accounted for 10% or more of our revenues. No single customer accounted for 10% or more of our total trade accounts receivable as of December 31, 2015.

EMPLOYEES

At December 31, 2015 , we employed 744 people, 147 of which are nonexempt employees at the refinery who are represented by the United Steelworkers Union ("USW"). Our previous collective bargaining agreement expired in January 2015. On March 23, 2015, the union ratified a four-year extension of the collective bargaining agreement. On January 13, 2016, a claim against us was brought to the United States National Labor Relations Board ("NLRB") alleging a refusal to bargain collectively and in good faith. Notwithstanding the pending claim before the NLRB, we consider our relations with our represented and non-represented employees to be satisfactory.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 ("PSLRA") or in releases made by the SEC, all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks," or "scheduled to," or other similar words or the negative of these terms or other variations of these terms or comparable language or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws.

The forward-looking statements contained in this Annual Report are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. All readers are cautioned that the forward-looking statements contained in this Annual Report are not guarantees of future performance and we cannot assure any reader that such statements will be realized or that the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors described in " Item 1A. — Risk Factors ", " Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations ," and elsewhere in this Annual Report. All forward-looking statements speak only as of the date they are made. We do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Item 1A. RISK FACTORS

Our businesses involve a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, together with all of the other information contained in this Annual Report. If any of the following risks, or any risk described elsewhere in this Annual Report, actually occurs, our business, prospects, financial condition, results of operations or cash flows could be materially adversely affected. In any such case, the trading price of our common stock could decline. The risks described below are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial may also adversely affect us.

OPERATING RISKS

Our operations are subject to operational hazards that could expose us to potentially significant losses.

Our operations are subject to potential operational hazards and risks inherent in refining operations, in transporting and storing crude oil and refined products and in producing natural gas and oil. Any of these risks, such as fires, explosions, maritime disasters, security breaches, pipeline ruptures and spills, mechanical failure of equipment and severe weather and natural disasters at our or third-party facilities could result in business interruptions or shutdowns and damage to our properties and the properties of others. A serious accident at our facilities could also result in serious injury or death to our employees or contractors and could expose us to significant liability for personal injury claims and reputational risk. Any such event or unplanned shutdown could have a material adverse effect on our business, financial condition and results of operations.

The volatility of crude oil prices and refined product prices and changes in the demand for such products, may have a material adverse effect on our cash flow and results of operations.

Earnings and cash flows from our refining segment depend on a number of factors, including to a large extent the cost of crude oil and other refinery feedstocks which has fluctuated significantly in recent years. While prices for refined products are influenced by the price of crude oil, the constantly changing margin between the price we pay for crude oil and other refinery feedstocks and the prices we receive for refined products ("crack spread") also fluctuates significantly. These prices we pay and prices we receive depend on numerous factors beyond our control, including the global supply and demand for crude oil, gasoline and other refined products, which are subject to, among other things:

- changes in the global economy and the level of foreign and domestic production of crude oil and refined products;
- availability of crude oil and refined products and the infrastructure to transport crude oil and refined products;
- local factors, including market conditions, the level of operations of other refineries in our markets and the volume and price of refined products imported;
- threatened or actual terrorist incidents, acts of war and other global political conditions;
- government regulations; and
- weather conditions, hurricanes or other natural disasters.

In addition, we purchase our refinery feedstocks before manufacturing and selling the refined products. Price level changes during the period between purchasing feedstocks and selling the manufactured refined products from these feedstocks could have a significant impact on our financial results. We also purchase refined products manufactured by others for sale to our customers. Price level changes during the periods between purchasing and selling these refined products could also have a material adverse effect on our business, financial condition and results of operations.

Our investment in Laramie Energy is also impacted by changing commodity prices. Laramie Energy primarily sells natural gas and natural gas liquids, and adverse changes in those commodity prices would impact the value of our investment in Laramie Energy.

Instability in the global economic and political environment can lead to volatility in the costs and availability of crude oil and prices for refined products, which could adversely impact our results of operations.

Instability in the global economic and political environment can lead to volatility in the costs and availability of crude oil, and in the prices for refined products. This may place downward pressure on our results of operations. This is particularly true of developments in and relating to oil-producing countries, including terrorist activities, military conflicts, embargoes, internal instability or actions or reactions of the U.S. or foreign governments in anticipation of, or in response to, such developments. Any such events may limit or disrupt markets, which could negatively impact our ability to access global crude oil commodity flows or sell our refined products.

Many of our refined products could cause serious injury or death if mishandled or misused by us or our purchasers, or if defects occur during manufacturing.

While we produce, store, transport and deliver all of our refined products in a safe manner, many of our refined products are highly flammable or explosive and could cause significant damage to persons or property if mishandled. Defects in our products (such as gasoline or jet fuel) or misuse by us or by end purchasers could lead to fatalities or serious damage to property. We may be held liable for such occurrences which could have a material adverse effect on our business and results of operations.

Our business is impacted by increased risks of spills, discharges or other releases of petroleum or hazardous substances in our refining and logistics operations and in third-party natural gas and oil production operations in which we have a working interest.

The operation of refineries, pipelines, and refined products terminals and the production of natural gas and oil is subject to increased risks of spills, discharges or other inadvertent releases of petroleum or hazardous substances. These events could occur in connection with the operation of our refinery, pipelines or refined products terminals, or in connection with our Texadian business, or third-party drilling and production activities in which we have a working interest or at third party facilities that receive our wastes or by-products for treatment or disposal. If any of these events occur, or is found to have previously occurred, we could be liable for costs and penalties associated with their remediation under federal, state and local environmental laws or common law, and could be liable for property damage to third parties caused by contamination from releases and spills. The penalties and clean-up costs that we may have to pay for releases or the amounts that we may have to pay to third parties for damages to their property, could be significant and have a material adverse effect on our business, results of operations or financial condition.

We operate in and adjacent to environmentally sensitive coastal waters where tanker, pipeline, and refined product transportation and storage operations are closely regulated by federal, state and local agencies and monitored by environmental interest groups. Operations by third-party drilling and production entities in which we have a working interest that are adjacent to navigable waters such as rivers and lakes are similarly subject to stringent regulations. Transportation and storage of crude oil and refined products over and adjacent to regulated waters involves increased risk subjecting us to the provisions of the federal Oil Pollution Act of 1990, as amended (“OPA”), and state laws in Hawaii and Colorado. Among other things, these laws require us and the owners of tankers that we charter to deliver crude oil to our refinery to demonstrate in some situations the capacity to respond to a spill of up to one million barrels of oil from a tanker and up to 600,000 barrels of oil from an above ground storage tank adjacent to water, which we refer to as a “Worst Case Discharge,” to the maximum extent possible.

We and third-party drilling and production entities in which we have a working interest and the owners of tankers we charter have contracted with various spill response service companies in the areas in which we transport and store crude oil and refined products to meet the requirements of the OPA and applicable state and foreign laws. However, there may be accidents involving tankers, pipelines, railcars or above ground storage tanks transporting or storing crude oil or refined products, and response services may not respond to a Worst Case Discharge in a manner that will adequately contain that discharge, or we may be subject to liability in connection with any unauthorized discharge. Additionally, we cannot ensure that all resources of a contracted response service company could be available for our or a chartered tanker owner’s use at any given time. There are many factors that could inhibit the availability of these resources, including, but not limited to, weather conditions, governmental regulations or moratoria or other global events. State or federal rulings could require that these resources could be diverted to respond to other events.

Our operations, including the operation of underground storage tanks, are also subject to the risk of environmental litigation and investigations which could affect our results of operations.

From time to time we have been and presently are, subject to litigation and investigations with respect to environmental and related matters. We may become involved in further litigation or other proceedings, or we may be held responsible in any existing or future litigation or proceedings, the costs of which could be material.

We operate and have in the past operated retail stations with underground storage tanks in Hawaii used primarily for storing and dispensing refined fuels. In addition, some of our retail stations have been owned by third parties whose operation of the stations was not under our control.

Federal and state regulations and legislation govern the storage tanks and compliance with these requirements can be costly. The operation of underground storage tanks poses certain risks, including leaks. Leaks from underground storage tanks, which may occur at one or more of our retail stations, may impact soil or groundwater and could result in fines or civil liability for us.

Our insurance coverage may be inadequate to protect us from the liabilities that could arise in our business.

We carry property, casualty, business interruption and other lines of insurance but we do not maintain insurance coverage against all potential losses. Marine vessel charter agreements do not include indemnity provisions for oil spills so we also carry marine charterer's liability insurance. We could suffer losses for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Claims covered by insurance are subject to deductibles, the aggregate amount of which could be material. Insurance policies are also subject to compliance with certain conditions, the failure of which could lead to a denial of coverage as to a particular claim or the voiding of a particular insurance policy. There also can be no assurance that existing insurance coverage can be renewed at commercially reasonable rates or that available coverage will be adequate to cover future claims. The occurrence of an event that is not fully covered by insurance or failure by one or more insurers to honor its coverage commitments for an insured event could have a material adverse effect on our business, financial condition and results of operations.

We are subject to interruptions of supply and increased costs as a result of our reliance on third-party transportation of crude oil and refined products.

Our refinery receives its crude oil via tankers and transports refined products from Oahu to Hawaii, Maui, Molokai and Kauai via barge. In addition to environmental risks, we could experience an interruption of supply or an increased cost to deliver refined products to market if the ability of the pipelines or vessels to transport crude oil or refined products is disrupted because of accidents, governmental regulation or third-party action. A prolonged disruption of the ability of a pipeline or vessels to transport crude oil or refined products could have a material adverse effect on our business, financial condition and results of operations.

We rely upon certain critical information systems for the operation of our business and the failure of any critical information system, including a cyber security breach, may result in harm to our business.

We are heavily dependent on our technology infrastructure and maintain and rely upon certain critical information systems for the effective operation of our business. These information systems include data network and telecommunications, internet access and our websites and various computer hardware equipment and software applications, including those that are critical to the safe operation of our refinery and our pipelines and terminals. These information systems are subject to damage or interruption from a number of potential sources including natural disasters, software viruses or other malware, power failures, cyber attacks and other events. To the extent that these information systems are under our control, we have implemented measures such as virus protection software and intrusion detection systems, to address the outlined risks. However, security measures for information systems cannot be guaranteed to be failsafe. Any compromise of our data security or our inability to use or access these information systems at critical points in time could unfavorably impact the timely and efficient operation of our business and subject us to additional costs and liabilities, which could adversely affect our results of operations. Finally, federal legislation relating to cyber security threats could impose additional requirements on our operations.

Through Laramie Energy, we are subject to all the risks of natural gas and oil exploration and production.

Through our investment in Laramie Energy and to a lesser extent, through our other non-operated properties, we are exposed to all the risks inherent in natural gas and oil exploration and production, including the risks that:

- we may not be able to replace production with new reserves;
- exploration and development drilling may not result in commercially productive reserves;
- title to properties in which we or Laramie Energy has an interest may be impaired by title defects;
- the marketability of our natural gas products depends mostly on the availability, proximity and capacity of natural gas gathering systems, pipelines and processing facilities, which are owned by third parties;
- we have no long-term contracts to sell natural gas or oil;
- compliance with environmental and other governmental requirements could result in increased costs of operation or curtailment, delay or cancellation of development and producing operations;
- federal and state legislation and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays;
- changes in the demand for natural gas and oil could adversely affect our financial condition and results of operations;
- natural gas drilling and production operations require adequate sources of water to facilitate the fracturing process and the disposal of that water when it flows back to the wellbore. If we are unable to obtain adequate water supplies and dispose of the water we use or remove at a reasonable cost and within applicable environmental rules, our ability to produce natural gas commercially and in commercial quantities would be impaired.

We cannot control activities on properties we do not operate and we are unable to ensure the proper operation and profitability of these non-operated properties.

We are a non-operator with respect to our natural gas and oil properties. Consequently, we have limited ability to exercise influence over and control the risks associated with, the operation of these properties. The success and timing of leasehold acquisition, drilling and development activities therefore will depend upon a number of factors outside of our control, including:

- timing and amount of capital expenditures;
- expertise and diligence in adequately performing operations and complying with applicable agreements;
- financial resources;
- inclusion of other participants in drilling wells; and
- use of technology.

We also own the equivalent of a 6.07% gross working interest in the Point Arguello Unit and related facilities located offshore California (the "Point A Unit"). We do not operate the Point A Unit, but may nevertheless be responsible for certain costs, including costs related to environmental compliance, associated with the Point A Unit due to our ownership interest.

As a result of any of the above, or any other failure of the operator to act in ways that are in our best interest, our results of operations and financial results could be adversely affected.

Our ability to extract value from our investment in Laramie Energy is limited.

Our 32.4% ownership interest in Laramie Energy is a significant asset. However, the ability of Laramie Energy to make distributions to its owners, including us, is currently prohibited by the terms of the Laramie Energy Credit Facility. In addition, Laramie, which currently has a 52.4% ownership interest in Laramie Energy, controls most decisions affecting Laramie Energy's operations and we only have veto rights over decisions of Laramie Energy in a limited number of areas.

Information concerning our natural gas and oil reserves is uncertain.

There are numerous uncertainties inherent in estimating quantities of proved reserves and cash flows from such reserves, including factors beyond our control. Reserve engineering is a subjective process of estimating underground accumulations of natural gas and crude oil that cannot be measured in an exact manner. The accuracy of an estimate of quantities of natural gas and crude oil reserves, or of cash flows attributable to such reserves, is a function of the available data, assumptions regarding future natural gas and crude oil prices, availability and terms of financing, expenditures for future development and exploitation activities and engineering and geological interpretation and judgment. Reserves and future cash flows may also be subject to material downward or upward revisions based upon production history, development and exploitation activities, natural gas and crude oil prices and regulatory changes. Actual future production, revenue, taxes, development expenditures, operating expenses, quantities of recoverable reserves and value of cash flows from those reserves may vary significantly from our assumptions and estimates. In addition, reserve engineers may make different estimates of reserves and cash flows based on the same data. Further, the difficult financing environment may inhibit our ability to finance development of our reserves in the future.

The estimated quantities of proved reserves and the discounted present value of future net cash flows attributable to those reserves as of December 31, 2015 included herein were prepared by independent reserve engineers in accordance with the rules of the SEC and are not intended to represent the fair market value of such reserves. As required by the SEC, the estimated discounted present value of future net cash flows from proved reserves is generally based on prices and costs on the date of the estimate, while actual future prices and costs may be materially higher or lower. In addition, the 10% discount factor the SEC requires to be used to calculate discounted future net revenues for reporting purposes is not necessarily the most appropriate discount factor based on the cost of capital in effect from time to time and risks associated with our business and the natural gas and oil industry in general.

REGULATORY RISK

Meeting the requirements of evolving environmental, health and safety laws and regulations including those related to climate change could adversely affect our performance.

Consistent with the experience of other U.S. refiners, environmental laws and regulations have raised operating costs and may require significant capital investments at our refinery. We may be required to address conditions that may be discovered in the future and require a response. Also, potentially material expenditures could be required in the future as a result of evolving environmental, health and safety and energy laws, regulations or requirements that may be adopted or imposed in the future. Future developments in federal and state laws and regulations governing environmental, health and safety and energy matters are especially difficult to predict.

Prior to our acquisition of PHR , Tesoro was engaged in negotiations with the EPA regarding a Consent Decree related to all of Tesoro's refining assets, including PHR . While Tesoro has agreed to reimburse us for capital expenditures arising from the Consent Decree, we will continue to be initially liable for capital expenditures and will be responsible for any operational expense increases brought about by the Consent Decree.

Currently, multiple legislative and regulatory measures to address GHG emissions (including carbon dioxide, methane and nitrous oxides) are in various phases of consideration, promulgation or implementation. These include actions to develop national, statewide or regional programs, each of which could require reductions in our GHG emissions. Requiring reductions in our GHG emissions could result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls at our facilities and/or (iii) administer and manage any GHG emissions programs, including acquiring emission credits or allotments.

Requiring reductions in our GHG emissions and increased use of renewable fuels which can be supplied by producers and marketers in other industries that supply alternative forms of energy and fuels to satisfy the requirements of our industrial, commercial and individual customers could also decrease the demand for our refined products and could have a material adverse impact on our business, financial condition and results of operations.

Renewable fuels mandates may reduce demand for the petroleum fuels we produce, which could have a material adverse effect on our business results of operations and financial condition.

The EPA has issued Renewable Fuel Standard ("RFS") mandates, requiring refiners such as us to blend renewable fuels into the petroleum fuels they produce and sell in the U.S. We, and other refiners subject to RFS, may meet the RFS requirements by blending the necessary volumes of renewable fuels produced by us or purchased from third parties. To the extent that refiners will not or cannot blend renewable fuels into the products they produce in the quantities required to satisfy their obligations under the RFS program, those refiners must purchase renewable credits, referred to as renewable identification numbers ("RINs"), to maintain compliance. To the extent that we exceed the minimum volumetric requirements for blending of renewable fuels, we generate our own RINs for which we have the option of retaining the RINs for current or future RFS compliance or selling those RINs on the open market.

Under the RFS program, the volume of renewable fuels that obligated parties are required to blend into their finished petroleum fuels increases annually over time until 2022. Our refinery is subject to compliance with the RFS mandates. On November 30, 2015, the EPA issued final volume mandates for the years 2014 through 2016, which are generally lower than the corresponding statutory mandates for those years.

Existing laws, regulations or regulatory initiatives could change and, notwithstanding that the EPA's proposed volume mandates for 2014 through 2016 are generally lower than the corresponding statutory mandate for those years, the final minimum volumes of renewable fuels that must be blended with refined petroleum fuels could increase in the future. Despite a decline in RINs prices from relatively higher levels observed during mid-2013, we cannot currently predict the future prices of RINs and, thus, the expenses related to acquiring RINs in the future could increase relative to the cost in prior years. Any increase in the final minimum volumes of renewable fuels that must be blended with refined petroleum fuels, and/or any increase in the cost to acquire RINs has the potential to result in significant costs in connection with RINs compliance for 2014 and future years, which costs could be material and may have a material adverse impact on our business, financial condition, and results of operations. Finally, while there is no current regulatory standard that authenticates RINs that may be purchased on the open market from third parties, we believe that the RINs we purchase are from reputable sources, are valid and serve to demonstrate compliance with applicable RFS requirements.

Potential legislative and regulatory actions addressing climate change could increase our costs, reduce our revenue and cash flow from natural gas and oil sales or otherwise alter the way we conduct our business.

The EPA has issued a notice of finding and determination that emissions of carbon dioxide, methane and other greenhouse gases ("GHG") present an endangerment to human health and the environment. In response, the EPA has adopted regulations under existing provisions of the federal Clean Air Act (the "CAA") that, among other things, establish Prevention of Significant Deterioration ("PSD") construction and Title V operating permit program requiring reviews for GHG emissions from certain large stationary sources. Facilities required to obtain PSD permits for their GHG emissions will also be required to meet "best available control technology" standards, which will be established by the states or, in some instances, by the EPA on a case-by-case basis. Moreover, on December 23, 2010, the EPA entered a settlement agreement with environmental groups requiring the agency to propose by December 10, 2011 GHG New Source Performance Standards ("NSPS") for refineries and to finalize these rules by November 15, 2012. To date, the EPA has not completed those rulemakings, and we do not know when they will be completed. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified large GHG emission sources in the U.S., including petroleum refineries and certain onshore petroleum and natural gas production activities, on an annual basis. We monitor for GHG emissions at our refinery, and believe we are in substantial compliance with the applicable

GHG reporting requirements. Certain of the third-party drilling and production entities in which we hold a working interest also may be subject to reporting of GHG emissions in the U.S. These EPA policies and rulemakings could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified facilities.

In addition, from time to time, the U.S. Congress has considered, and may in the future consider and adopt "cap and trade" legislation that would establish an economy-wide cap on GHG emissions in the U.S. and would require most sources of GHG emissions to obtain emission "allowances" corresponding to their annual GHG emissions. For those GHG sources that are unable to meet the required limitations, such legislation could impose substantial financial burdens. Any laws or regulations that may be adopted to restrict or reduce GHG emissions would likely require us to incur increased operating costs and could have an adverse effect on demand for our production. The adoption of any legislation or regulations that limits emissions of GHG from our or such drilling and production entities' facilities, equipment and operations could require us or such entities to incur costs to reduce emissions of GHG associated with our or such entities operations or could adversely affect demand for the refined petroleum products that we produce or the crude oil or natural gas that such drilling and production entities in which we hold a working interest produce. For example, the EPA proposed in the summer of 2015 and is expected to finalize in 2016 new regulations that will set methane emission standards for new and modified oil and gas production and natural gas processing and transmission facilities as part of the Administration's efforts to reduce methane emissions from the oil and gas sector by up to 45% from 2012 levels by 2025. Such regulations, if adopted, could increase costs of oil and natural gas operators, including Laramie Energy, in whom we have a non-operating working interest. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHG in the earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our operations as well as on third-party drilling and production activities in which we have a non-operating working interest.

The adoption and implementation of new statutory and regulatory requirements for derivative transactions could have an adverse impact on our ability to manage risks associated with our businesses and increase the working capital requirements to conduct these activities.

The Dodd-Frank Act, which was passed by the U.S. Congress and signed into law in July 2010, provides for new statutory and regulatory requirements for derivative transactions, including oil and natural gas derivative transactions. Among other things, the Dodd-Frank Act provides for the creation of position limits for certain derivatives transactions, as well as requiring certain transactions to be cleared on exchanges for which cash collateral will be required. The Dodd-Frank Act requires the CFTC, the SEC and other regulators to promulgate rules and regulations implementing the Dodd-Frank Act. In October 2011, the CFTC approved final rules that established position limits for futures contracts on 28 physical commodities. These initial CFTC position limits rules were vacated by the U.S. District Court for the District of Columbia in September 2012. However, in November 2013, the CFTC proposed new rules that would place limits on positions in certain core futures and equivalent swaps contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. As these new position limit rules are not yet final, the impact of those provisions on us is uncertain at this time.

It is not possible at this time to predict with certainty the full effect of the Dodd-Frank Act and CFTC rules on us and the timing of such effects. The Dodd-Frank Act may require us to comply with margin requirements and with certain clearing and trade-execution requirements if we do not satisfy certain specific exceptions. Although we expect to qualify for the end-user exception to the clearing, trade execution and margin requirements for swaps entered to hedge our commercial risks, the application of the requirements to other market participants, such as swap dealers, may change the cost and availability of our derivatives. Depending on the rules adopted by the CFTC or similar rules that may be adopted by other regulatory bodies, we might in the future be required to provide cash collateral for our commodities derivative transactions under circumstances in which we do not currently post cash collateral. Posting of such additional cash collateral could impact liquidity and reduce our cash available for capital expenditures. A requirement to post cash collateral could therefore reduce our ability to execute transactions to reduce commodity price uncertainty and thus protect cash flows.

The full impact of the Dodd-Frank Act and related regulatory requirements upon our business will not be known until all of the regulations are implemented. If we reduce our use of derivatives as a result of the Dodd-Frank Act and regulations, our results of operations may become more volatile and our cash flows may be less predictable. In addition, the Dodd-Frank Act was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Our revenues could therefore be adversely affected if a consequence of the Dodd-Frank Act and regulations is to lower commodity prices.

In addition, the European Union and other non-U.S. jurisdictions are implementing regulations with respect to the derivatives market. To the extent we transact with counterparties in foreign jurisdictions, we may become subject to such regulations. At this time, the impact of such regulations is not clear.

BUSINESS RISKS

The location of our refinery and related assets in the Hawaiian Islands creates an exposure to the risks of the local economy in which we operate and other local adverse conditions. The location of our refinery also creates the risk of lower margins should the supply/demand balance change in the Hawaiian Islands requiring that we deliver refined products to customers outside of the region.

Because our refinery is located in Hawaii, we primarily market our refined products in the Hawaiian Islands, which is a relatively limited geographic area. As a result, we are more susceptible to regional economic conditions than the operations of more geographically diversified competitors and any unforeseen events or circumstances that affect our operating area could also materially adversely affect our revenues and our business and operating results. These factors include, among other things, changes in the economy, weather conditions, demographics and population, increased supply of refined products from competitors and reductions in the supply of crude oil.

Should the supply and demand balance shift in Hawaii, resulting in supply on the islands exceeding demand, we may have to deliver refined products to customers off-island. These sales generally result in lower margins to us relative to on-island sales given the higher cost of freight and typically lower price points.

We must make substantial capital expenditures at our refinery and related assets to maintain their reliability and efficiency. If we are unable to complete capital projects at their expected costs or in a timely manner, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations or cash flows could be adversely affected.

Our refinery and related assets have been in operation for many years. Equipment, even if properly maintained, may require significant capital expenditures and expenses to keep it operating at optimum efficiency. These costs do not result in increases in unit capacities, but rather are focused on trying to maintain safe, reliable operations.

Delays or cost increases related to the engineering, procurement and construction of new facilities, or improvements and repairs to our existing facilities and equipment, could have a material adverse effect on our business, financial condition, or results of operations. Such delays or cost increases may arise as a result of unpredictable factors in the marketplace, many of which are beyond our control, including:

- denial or delay in obtaining regulatory approvals and/or permits;
- difficulties in executing the capital projects mandated by the consent decree currently being negotiated by Tesoro;
- unplanned increases in the cost of equipment, materials or labor;
- disruptions in transportation of equipment and materials;
- severe adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of our vendors and suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;
- market-related increases in a project's debt or equity financing costs; and/or
- non-performance or force majeure by, or disputes with, our vendors, suppliers, contractors or sub-contractors.

Any one or more of these occurrences noted above could have a significant impact on our business. If we were unable to make up the delays or to recover the related costs, or if market conditions change, it could materially and adversely affect our financial position, or results of operations or cash flows.

We are particularly vulnerable to disruptions to our refining operations because our refining operations are concentrated in one facility, which is scheduled for a maintenance turnaround during 2016 that will involve significant expenditures.

Because all of our refining operations are concentrated in the Kapolei refinery, a significant disruption at the Kapolei facility could have a material adverse effect on our business, financial condition or results of operations. Our refining segment comprised approximately 91.7% of our revenues for the year ended December 31, 2015 .

We expect to perform a significant maintenance turnaround at the Kapolei refinery during 2016, which will involve anticipated expenditures of $30 to $35 million . All or a portion of our refinery's production may be halted or disrupted during the turnaround and the turnaround, if unsuccessful or delayed, could have a material adverse effect on our business, financial condition or results of operations.

In addition, the Kapolei refinery may require additional unscheduled down time for unanticipated maintenance or repairs that are more frequent than our scheduled turnarounds. Refinery operations may also be disrupted by external factors such as a suspension of feedstock deliveries or an interruption of electricity, natural gas, water treatment or other utilities. Other potentially disruptive factors include natural disasters, severe weather conditions, workplace or environmental accidents, interruptions of supply, work stoppages, losses of permits or authorizations or acts of terrorism. Disruptions to our refining operations could reduce our revenues during the period of time that our processing units are not operating.

If we are unable to obtain our crude oil supply without the benefit of our supply and offtake agreements with J. Aron, the capital required to finance our crude oil supply could negatively impact our liquidity.

All of the crude oil delivered at our refinery is subject to our supply and offtake agreements with J. Aron. If we are unable to obtain our crude oil supply outside these agreements, our exposure to crude oil pricing risks may increase as the number of days between when we pay for the crude oil and when the crude oil is delivered to us increases. Such increased exposure could negatively impact our liquidity position due to the increase in working capital used to acquire crude oil inventory for our refinery.

Our arrangement with J. Aron exposes us to J. Aron related credit and performance risk.

We have supply and offtake agreements with J. Aron, pursuant to which J. Aron will intermediate crude oil supplies and refined product inventories at our refinery. J. Aron will own all of the crude oil in our tanks and substantially all of our refined product inventories prior to our sale of the inventories. Upon termination of the supply and offtake agreements, which may be terminated by J. Aron as early as May 31, 2018, we are obligated to repurchase all crude oil and refined product inventories then owned by J. Aron and located at the specified storage facilities at then current market prices. Relying on J. Aron’s ability to honor its supply and offtake obligations exposes us to J. Aron’s credit and business risks. An adverse change in J. Aron’s business, results of operations, liquidity or financial condition could adversely affect its ability to perform its obligations, which could consequently have a material adverse effect on our business, results of operations or liquidity and, as a result, our business and operating results. In addition, we may be required to use substantial capital to repurchase crude oil and refined product inventories from J. Aron upon termination of the agreements, which could have a material adverse effect on our business, results of operations or financial condition.

Our retail business is vulnerable to risks including changes in consumer preferences and economic conditions, competitive environment, supplier concentration and other trends and factors that could harm our business, financial condition and results of operations.

Our retail business is subject to changes in consumer preferences, national, regional and local economic conditions, demographic trends and consumer confidence in the economy. Factors such as traffic patterns, weather conditions, local demographics and the number and locations of competing retail service stations and convenience stores also affect the performance of our retail stores. Adverse changes in any of these trends or factors could reduce our retail customer traffic or sales, or impose limits on our pricing that could adversely affect our business, financial condition and results of operations.

Cyber security risks, or the failure to maintain the integrity of the data we collect, could expose us to data loss, potential litigation liability and harm to our reputation.

Our retail business collects certain customer data, including credit card numbers, for business purposes. We also maintain certain information about our employees that may be personally identifiable. The integrity and protection of our customer, employee and company data is critical to our business and our customers and employees have a high expectation that we will adequately protect their personal information. The regulatory environment, as well as the requirements imposed on us related to information protection, data security and privacy laws are increasingly demanding and continue to evolve. Maintaining compliance with applicable regulations could increase our operating expenses. Furthermore, a penetrated or compromised data system or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss, fraudulent or unlawful use of customer, employee or company data, which could harm our reputation, disrupt our operations, or result in fines, lawsuits, or other costs.

We cannot be certain that our net operating loss tax carryforwards will continue to be available to offset our tax liability.

As of December 31, 2015 , we estimated that we had approximately $1.4 billion of net operating loss tax carryforwards ("NOLs") . In order to utilize the NOLs, we must generate taxable income that can offset such carryforwards. The availability of NOLs to offset taxable income would be substantially reduced or eliminated if we were to undergo an “ownership change” within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). We will be treated as having had an “ownership change” if there is more than a 50% increase in stock ownership during any three year “testing period” by “5% shareholders.”

In order to help us preserve our NOLs, our certificate of incorporation contains stock transfer restrictions designed to reduce the risk of an ownership change for purposes of Section 382 of the Code. We expect that the restrictions will remain in place for the foreseeable future. We cannot assure you, however, that these restrictions will prevent an ownership change.

The NOLs will expire in various amounts, if not used, between 2027 through 2033 . The Internal Revenue Service (“IRS”) has not audited any of our tax returns for any of the years during the carryforward period including those returns for the years in which the losses giving rise to the NOLs were reported. We cannot assure you that we would prevail if the IRS were to challenge the availability of the NOLs. If the IRS were successful in challenging our NOLs, all or some portion of the NOLs would not be available to offset any future consolidated income which would negatively impact our results of operations and cash flows.

Inadequate liquidity could materially and adversely affect our business operations in the future.

If our cash flow and capital resources are insufficient to fund our obligations, we may be forced to reduce our capital expenditures, seek additional equity or debt capital or restructure our indebtedness. We cannot assure you that any of these remedies could, if necessary, be affected on commercially reasonable terms, or at all. Our liquidity is constrained by our need to satisfy our obligations under our credit agreements and our supply and offtake agreements. The availability of capital when the need arises will depend upon a number of factors, some of which are beyond our control. These factors include general economic and financial market conditions, the crack spread, natural gas and crude oil prices, our credit ratings, interest rates, market perceptions of us or the industries in which we operate, our market value and our operating performance. We may be unable to execute our long-term operating strategy if we cannot obtain capital from these or other sources when the need arises.

Our ability to generate cash and repay our indebtedness or fund capital expenditures depends on many factors beyond our control and any failure to do so could harm our business, financial condition and results of operations.

Our ability to fund future capital expenditures and repay our indebtedness when due will depend on our ability to generate sufficient cash flow from operations, borrowings under our credit agreements and distributions from our subsidiaries. To a certain extent, this is subject to general economic, financial, competitive, legislative and regulatory conditions and other factors that are beyond our control, including the crack spread and the prices we receive for our natural gas and crude oil production.

We cannot assure you that our businesses will generate sufficient cash flow from operations, that our subsidiaries can or will make sufficient distributions to us or that future borrowings will be available to us in an amount sufficient to repay our indebtedness or fund our other liquidity needs. If our cash flow and capital resources are insufficient to fund our needs, we may be forced to reduce our planned capital expenditures, sell assets, seek additional equity or debt capital or restructure our debt. We cannot assure you that any of these remedies could, if necessary, be affected on commercially reasonable terms, or at all, which could cause us to default on our obligations and could impair our liquidity.

Covenants in our existing debt agreements limit our ability to undertake certain types of transactions and may limit our ability to extract value from our subsidiaries.

Our existing credit agreements contain certain negative covenants that limit our ability to undertake certain types of transactions, as well as restrictive financial covenants that require us to maintain compliance with specified financial ratios. We may have to modify or curtail some of our operations to maintain compliance with the covenants in these agreements. These covenants may also limit our ability to extract value from our operating subsidiaries. A violation of any of these covenants could result in a default under our credit agreements, which could permit our lenders to accelerate the repayment of any borrowings then outstanding. A default or acceleration under our credit agreements would result in increased capital costs and could adversely affect our ability to operate our business, our results of operations and our financial condition.

Our level of indebtedness could adversely affect our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.

We have and will continue to have, a significant amount of indebtedness. Our obligation to repay our existing indebtedness will limit our ability to use our capital for other purposes. We may also incur additional indebtedness, including secured indebtedness, or issue preferred stock in order to maintain adequate liquidity and develop our businesses to the extent desired. A higher level of indebtedness and/or the issuance of preferred stock would increase the risk that we may default on our obligations. Our ability to meet our indebtedness depends on our future performance. General economic conditions, the crack spread, natural gas and crude oil prices and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. Factors that will affect our ability to raise cash through an offering of securities or a refinancing of our indebtedness include financial market conditions, the value of our assets and our performance at the time we need capital.

We may incur losses and incur additional costs as a result of our forward-contract activities and derivative transactions.

We enter into derivative contracts from time to time primarily to reduce our exposure to fluctuations in interest rates and in the price of crude oil. If the instruments we use to hedge our exposure are not effective, or if our counterparties are unable to satisfy their obligations to us, we may incur losses. The risk of counterparty default is heightened in a poor economic environment. We may also be required to incur additional costs in connection with future regulation of derivative instruments to the extent such regulation is applicable to us. Additionally, our commodity derivative activities and hedges may produce significant period-to-period earnings volatility that is not necessarily reflective of our underlying operational performance.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

We will be subject to interest rate risk in connection with borrowings under certain of our credit facilities, which bear interest at variable rates. Interest rate changes will not affect the market value of indebtedness incurred under such facilities, but could affect the amount of our interest payments and accordingly, our future earnings and cash flows, assuming other factors are held constant. A significant increase in prevailing interest rates that results in a substantial increase in the interest rates applicable to our indebtedness could substantially increase our interest expense and have a material adverse effect on our financial condition, results of operations and cash flows.

Increases in interest rates could adversely impact our ability to incur indebtedness for acquisitions or other purposes.

We have historically incurred indebtedness to fund our acquisitions and other working capital needs. Interest rates may increase in the future and, as a result, interest rates on future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. A rising interest rate environment could have an adverse impact, as a result of such increased financing costs, on our ability to incur indebtedness for acquisitions or other purposes.

We may be unable to successfully identify, execute or effectively integrate future acquisitions which may negatively affect our results of operations.

We will continue to pursue acquisitions in the future. Although we regularly engage in discussions with and submit proposals to, acquisition candidates, suitable acquisitions may not be available in the future on reasonable terms. If we do identify an appropriate acquisition candidate, we may be unable to successfully negotiate the terms of an acquisition, finance the acquisition or, if the acquisition occurs, effectively integrate the acquired business into our existing businesses. Negotiations of potential acquisitions and the integration of acquired business operations may require a disproportionate amount of management's attention and our resources. Even if we complete additional acquisitions, continued acquisition financing may not be available or available on reasonable terms, any new businesses may not generate the anticipated level of revenues, the anticipated cost efficiencies or synergies may not be realized and these businesses may not be integrated successfully or operated profitably. Our inability to successfully identify, execute or effectively integrate future acquisitions may negatively affect our results of operations.

We may be unable to compete effectively with larger companies for acquisitions, which could have a material adverse effect on our businesses, results of operations and financial condition.

The industries in which we operate are intensely competitive and we compete with other companies that have greater resources than we have. Our ability to acquire additional businesses or properties in the future will be dependent upon our ability to evaluate and select suitable businesses or properties for acquisition and to consummate transactions in a highly competitive environment. Many of our larger competitors have refining operations and market petroleum and other products and explore for and produce natural gas and crude oil, on a regional, national or worldwide basis. These companies may be able to pay more for acquisition targets, or evaluate or bid for and purchase a greater number of acquisition targets than our resources permit. Our inability to compete effectively with larger companies for acquisitions could have a material adverse effect on our business, results of operations and financial condition.

If our goodwill or intangible assets become impaired we may be required to record a significant charge to earnings.

Under generally accepted accounting principles, we review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. Factors that may be considered when determining if the carrying value of our goodwill or intangible assets may not be recoverable include a significant decline in our expected future cash flows or a sustained, significant decline in our stock price and market capitalization.

As a result of our acquisitions, we have significant goodwill and intangible assets recorded on our balance sheet. In addition, significant negative industry or economic trends, such as those that have occurred as a result of the recent economic downturn, including reduced estimates of future cash flows or disruptions to our business could indicate that goodwill or intangible assets might be impaired. If, in any period our stock price decreases to the point where our market capitalization is less than our book value, this too could indicate a potential impairment and we may be required to record an impairment charge in that period. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on projections of future operating performance. We operate in highly competitive environments and projections of future operating results and cash flows may vary significantly from actual results. As a result, we may incur substantial impairment charges to earnings in our financial statements should an impairment of our goodwill or intangible assets be determined resulting in an adverse impact on our results of operations.

A substantial portion of our refining workforce is unionized and we may face labor disruptions that would interfere with our operations.

As of December 31, 2015 , we employed approximately 744 people, with a collective bargaining agreement covering about 147 of those employees. The union ratified a four-year extension of the collective bargaining agreement on March 23, 2015. On January 13, 2016, a claim against us was brought to the United States National Labor Relations Board alleging a refusal to bargain collectively and in good faith. Accordingly, we may not be able to prevent a strike or work stoppage in the future and any such work stoppage could cause disruptions in our business and have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our disclosure controls and procedures may not prevent or detect all acts of fraud.

Our disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to management, recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within our companies have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by an unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Adverse changes in global economic conditions and the demand for transportation fuels may impact our business and financial condition in ways that we currently cannot predict.

The economic recovery from the recent recession continues to be tenuous and the risk of further significant global economic downturn continues. Further prolonged downturns or failure to recover could result in declines in consumer and business confidence and spending as well as increased unemployment and reduced demand for transportation fuels. This continues to adversely affect the business and economic environment in which we operate. These conditions increase the risks associated with the creditworthiness of our suppliers, customers and business partners. The consequences of such adverse effects could include interruptions or delays in our suppliers' performance of our contracts, reductions and delays in customer purchases, delays in or the inability of customers to obtain financing to purchase our products and bankruptcy of customers. Any of these events may adversely affect our cash flow, profitability and financial condition.

Adverse results of legal proceedings could materially adversely affect us.

We may be subject to a variety of legal proceedings and claims that arise out of the ordinary conduct of our business. Results of legal proceedings cannot be predicted with certainty. Regardless of its merits, litigation may be both lengthy and disruptive to the company's operations and may cause significant expenditures and diversion of management attention. We may be faced with significant monetary damages or injunctive relief that could materially adversely affect our business operations or materially and adversely affect our financial position and results of operations should we fail to prevail in certain matters.

Competition from integrated national and international oil companies that produce their own supply of feedstocks, from importers of refined products and from high volume retailers and large convenience store retailing operators who may have greater financial resources, could materially affect our business, financial condition and results of operations.

We compete with a number of integrated national and international oil companies who produce crude oil, some of which is used in their refining operations. Unlike these oil companies, we must purchase all of our crude oil from unaffiliated sources. Because these oil companies benefit from increased commodity prices and have greater access to capital and have stronger capital structures, they are able to better withstand poor and volatile market conditions, such as a lower refining margin environment, shortages of crude oil and other feedstocks or extreme price fluctuations.

We also face strong competition in the fuel and convenience store retailing market for the sale of retail gasoline and convenience store merchandise. Our competitors include service stations operated by integrated major oil companies and well-recognized national high volume retailers or regional large chain convenience store operators, often selling gasoline or merchandise at aggressively competitive prices.

Some of these competitors may have access to greater financial resources, which may provide them with a better ability to bear the economic risks inherent in all phases of our industry. Fundamental changes in the supply dynamics of foreign product imports could lead to reduced margins for the refined products we market, which could have an adverse effect on the profitability of our business.

RISKS RELATED TO OUR COMMON STOCK

Because we have no near term plans to pay cash dividends on our common stock, investors must look solely to stock appreciation for a return on their investment in us.

We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate declaring or paying any cash dividends on our common stock in the near term. Any future determination as to the declaration and payment of cash dividends will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our board of directors considers relevant.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our common stock or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common stock or if our operating results do not meet their expectations, our stock price could decline.

The price of our common stock historically has been volatile. This volatility may affect the price at which you could sell your common stock.

The market price for our common stock has varied between a high of $28.31 on November 20, 2015 and a low of $15.80 on January 5, 2015 during the year ended December 31, 2015. This volatility may affect the price at which you could sell your common stock. Our stock price is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors; variations in our quarterly operating results from our expectations or those of securities analysts or investors; downward revisions in securities analysts' estimates; and announcement by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments.

The market for our common stock has been historically illiquid, which may affect your ability to sell your shares.

The volume of trading in our common stock has historically been low. In addition, a substantial amount of our common stock is held by two investors who have restrictions on their ability to sell the stock. The lack of substantial liquidity can adversely affect the price of our stock at a time when you might want to sell your shares. There is no guarantee that an active trading market for our common stock will develop or be maintained on the NYSE MKT, or that the volume of trading will be sufficient to allow for timely trades. Investors may not be able to sell their shares quickly or at the latest market price if trading in our stock is not active or if trading volume is limited. In addition, if trading volume in our common stock is limited, trades of relatively small numbers of shares may have a disproportionate effect on the market price of our common stock.

Delaware law, our charter documents and concentrated stock ownership may impede or discourage a takeover, which could reduce the market price of our common stock.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders. For example, the change in ownership limitations contained in Article 11 of our certificate of incorporation could have the effect of discouraging or impeding an unsolicited takeover proposal. In addition, our board of directors or a committee thereof has the power, without stockholder approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock. The ability of our board of directors or a committee thereof to create and issue a new series of preferred stock and certain provisions of Delaware law and our certificate of incorporation and bylaws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock.

Zell Credit Opportunities Master Fund, L.P. ("ZCOF") and Whitebox Advisors, LLC ("Whitebox"), together with their respective affiliates, each own or have the right to acquire as of February 16, 2016 approximately 32.4% and 23.7%, respectively, of our outstanding common stock. The level of their combined ownership of shares of our common stock could have the effect of discouraging or impeding an unsolicited acquisition proposal.

We may issue preferred stock with terms that could adversely affect the voting power or value of our common stock.

Our certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could adversely affect the residual value of the common stock.

We may issue shares of common stock in satisfaction of general unsecured claims from our predecessor's bankruptcy that would dilute your ownership of our common stock.

In December 2011 and January 2012, Delta Petroleum Corporation and its subsidiaries filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware, and in March 2012, obtained approval from the bankruptcy court to proceed with a plan of reorganization. Pursuant to this plan, among other things, certain allowed general unsecured claims may be paid with shares of our common stock. As of December 31, 2015, 12 claims totaling approximately $23.1 million remain to be resolved and we have reserved approximately $1.1 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end. The settlement of claims is subject to ongoing litigation and we are unable to predict with certainty how many shares will be required to satisfy all claims. Pursuant to the plan of reorganization, allowed claims are settled at a ratio of 54.4 shares per $1,000 of claim. Any issuances by us of common stock to satisfy claims would have a dilutive impact on the ownership interest of existing common stockholders and could cause the market price of our common stock to decline.

Future sales of our common stock could reduce our stock price and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We are not restricted from issuing additional shares of common stock, including shares issuable pursuant to securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. We have approximately 41.1 million shares of common stock outstanding as of February 26, 2016.

Subject to the satisfaction of vesting conditions and the requirements of Rule 144 of the Securities Act, shares of our common stock registered under our equity incentive plan are available for resale immediately in the public market without restriction. In addition, subject to the change in ownership limitations contained in Article 11 of our certificate of incorporation and the requirements of Rule 144, up to 24,204,391 shares of our common stock registered under our registration statement on Form S-3 filed on June 1, 2015 are available for resale immediately in the public market without restriction, including 345,135 shares of our common stock that are issuable upon the exercise of common stock warrants at a nominal price.

We cannot predict the size of future issuances of our common stock or securities convertible into or exchangeable for, or that represent the right to receive, common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

RISK RELATED TO ACQUISITIONS

Acquisitions may prove to be worth less than we paid because of uncertainties in evaluating potential liabilities.

We expect acquisitions to be instrumental to our future growth. Successful acquisitions require an assessment of a number of factors, including estimates of potential unknown and contingent liabilities. Such assessments are inexact and their accuracy is inherently uncertain. In connection with our assessments, we perform due diligence reviews of acquired companies and their businesses that we believe are generally consistent with industry practices. However, such reviews will not reveal all existing or potential problems. In addition, our reviews may not permit us to become sufficiently familiar with potential environmental problems or other contingent and unknown liabilities that may exist or arise. As a result, there may be unknown and contingent liabilities related to acquired businesses of which we are unaware. We could be liable for unknown obligations relating to acquisitions for which indemnification is not available, which could materially adversely affect our business, results of operations and cash flow.

The representations, warranties and indemnification obligations of Mid Pac in the merger agreement are limited; as a result, the assumptions on which our estimates of future results contemplated by the merger agreement have been based may prove to be incorrect in a number of material ways, resulting in our not realizing the expected benefits of the Mid Pac acquisition

The representations and warranties of Mid Pac contained in the merger agreement are limited. In addition, the agreement provides limited indemnities. As a result, the assumptions on which our estimates of future results of the transactions contemplated by the merger agreement have been based may prove to be incorrect in a number of material ways and we may not have an adequate remedy under the merger agreement. Consequently, we may not realize the expected benefits of the Mid Pac acquisition.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Please read " Item 1. — Business " for the location and general character of the properties used in our refining, retail and logistics segments. Our corporate headquarters are located at 800 Gessner Road, Suite 875, Houston, Texas 77024. We believe that these properties and facilities are adequate for our operations and are maintained in a good state of repair.

Natural Gas and Oil Properties

Laramie Energy

All of the assets held by Laramie Energy are located in Garfield, Mesa and Rio Blanco Counties, Colorado. All of the natural gas and crude oil reserves associated with such assets produce primarily from the Mesaverde Formation and to a lesser extent the Mancos Formation and some of the acreage is contiguous. The geology of the Piceance Basin is characterized as highly consistent and predictable over large areas, which generally equates to reliable timing and cost expectations during drilling and completion activities, as well as minimal well-to-well variance in production and reserves when completed with the same methodology. Laramie Energy considers the Mesaverde Formation within Garfield, Mesa and Rio Blanco Counties, Colorado, to be a single field. Laramie and its predecessor company have drilled over 300 natural gas wells with over a 99% success rate in the Piceance Basin.

Other

We have a carried 5% working interest in 21 wells and a 3.872% carried working interest in an additional well in the southern region of the Piceance Basin. These wells are operated by Encana Corporation. We also own the equivalent of a 6.07% gross working interest in the Point Arguello Unit and related facilities located offshore California in the Santa Barbara Channel and a 6.25% working interest in the development of the eastern half of OCS Block 451 in the Rocky Point Unit.

Reserves

For a table presenting the estimated natural gas and crude oil reserves we own indirectly through Laramie Energy , please read “ Item 1. — Business — Natural Gas and Oil .” The natural gas and crude oil reserves we own directly are not material.

Internal Controls Over Reserve Estimates, Technical Qualifications and Technologies Used

Our policies regarding internal controls over reserve estimates require reserves to be in compliance with the SEC definitions and guidance and for all reserve estimates to be prepared by an independent third-party reserve engineering firm and reviewed by certain members of senior management. As we do not operate our interests in our natural gas and crude oil assets, we do not have an internal reserve engineering staff and do not prepare any internal reserve estimates. Christopher Micklas, our chief financial officer, reviews the independence and professional qualifications of the third party engineering firms we engage. He also supervises the submission of technical and financial data to third party engineering firms and reviews the prepared reports. Mr. Micklas has more than 11 years of experience in senior financial positions in the oil and gas industry. The reserves estimates shown herein have been independently evaluated by Netherland, Sewell & Associates, Inc. (“NSAI”), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. Within NSAI, the technical persons primarily responsible for preparing the estimates set forth in the NSAI reserves report incorporated herein are Mr. Dan Paul Smith and Mr. John Hattner. Mr. Smith has been practicing consulting petroleum engineering at NSAI since 1980. Mr. Smith is a Licensed Professional Engineer in the State of Texas (License No. 49093) and has over 30 years of practical experience in petroleum engineering and in the estimation and evaluation of reserves. He graduated from Mississippi State University in 1973 with a Bachelor of Science Degree in Petroleum Engineering. Mr. Hattner has been practicing consulting petroleum geology at NSAI since 1991. Mr. Hattner is a Licensed Professional Geoscientist in the State of Texas, Geology (License No. 559) and has over 30 years of practical experience in petroleum geosciences, with over 20 years of experience in the estimation and evaluation of reserves. He graduated from University of Miami, Florida in 1976 with a Bachelor of Science Degree in Geology; from Florida State University in 1980 with a Master of Science Degree in Geological Oceanography; and from Saint Mary’s College of California in 1989 with a Master of Business Administration Degree. Both technical principals meet or exceed the education, training and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; both are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines. The professional qualifications of the individuals at NSAI who were responsible for overseeing the preparation of our reserve estimates as of December 31, 2015 has been filed as a part of Exhibit 99.1 to this Annual Report.

A variety of methodologies were used to determine our proved reserve estimates. The principal methodologies employed are decline curve analysis, analog type curve analysis, log analysis and analogy. Some combination of these methods is used to determine reserve estimates in substantially all of our fields.

Production Volumes, Unit Prices and Costs

All of Laramie Energy's properties are located in Garfield, Mesa and Rio Blanco Counties, Colorado. Over 90% of Laramie Energy's total estimated proved reserves are located in the same geological formation, the Mesaverde Formation, which Laramie Energy considers to be a single field.

The following table sets forth certain information regarding volumes of production sold and average prices received associated with our share of Laramie Energy's production and sales of natural gas and crude oil for years ended December 31, 2015 , 2014 and 2013 .

	Year Ended December 31,		
Company's share of Laramie Energy:	**2015**	**2014**	**2013**
Production volumes:			
Oil (MBbls)	20	18	16
NGLs (MBbls)	149	125	143
Natural Gas (MMcf)	4,745	4,831	4,030
Total (MMcfe)	5,759	5,689	4,985
Net average daily production:			
Oil (Bbls)	55	49	43
NGLs (Bbls)	408	342	391
Natural Gas (Mcf)	13,000	13,236	11,038
Average sales price:			
Oil (Per Bbl)	$ 38.46	$ 80.98	$ 85.91
NGLs (Per Bbl)	11.76	34.73	30.08
Natural Gas (per Mcf)	2.47	4.35	3.66
Hedge gain (loss) (per Mcfe)	0.33	0.36	(0.05)
Lease operating costs—(per Mcfe)	0.56	0.48	0.60

The table above excludes production volumes related to our other non-operated natural gas and oil interests of 311 MMcfe, 716 MMcfe, and 667 MMcfe for the years ended December 31, 2015, 2014, and 2013, respectively. Please read Note 22—Supplemental Oil and Gas Disclosures (Unaudited) to our consolidated financial statements for further information on our proved reserves related to other non-operated natural gas and oil interests.

Proved Undeveloped Reserves

All of our proved undeveloped reserves at December 31, 2015 are held through our minority equity ownership in Laramie Energy . We do not control Laramie Energy and therefore cannot predict or control the development of the properties.

As of December 31, 2015 , our share of Laramie Energy ’s proved undeveloped reserves totaled 82,268 MMcfe, an approximate 58% decrease from proved undeveloped reserves at December 31, 2014 . This decrease was primarily due to wells that have become uneconomic as a result of the decrease in the average price of natural gas and natural gas liquids during 2015.

As of December 31, 2015, Laramie Energy had no proved undeveloped reserves that are expected to remain undeveloped for five years or more after initial booking.

The following table provides information regarding changes in our share of Laramie Energy 's proved undeveloped reserves for the year ended December 31, 2015 .

	Gas (MMcf)	**Oil (MBbl)**	**NGLs (MBbl)**	**Total (MMcfe)**
Proved undeveloped reserves at December 31, 2014	162,895	533	4,850	195,193
Revisions of previous estimates	(118,362)	(378)	(3,466)	(141,426)
Extensions and discoveries	24,455	103	762	29,645
Conversion to proved developed reserves	(934)	(3)	(32)	(1,144)
Proved undeveloped reserves at December 31, 2015	68,054	255	2,114	82,268

Productive Wells and Acreage

The table below shows, as of December 31, 2015 , our share Laramie Energy's gross and net wells and developed acres. Developed acreage consists of acres spaced or assignable to productive wells.

	Productive Wells					
	Oil		Gas [1]		Developed Acres	
Location	Gross [2]	Net [3]	Gross [2]	Net [3]	Gross [2]	Net [3]
Colorado [4]	—	—	581	188	12,961	4,200

(1) Some of the wells classified as "gas" wells also produce minor amounts of crude oil.

(2) A "gross well" or "gross acre" is a well or acre in which a working interest is held. The number of gross wells or acres is the total number of wells or acres in which a working interest is owned.

(3) A "net well" or "net acre" is deemed to exist when the sum of fractional ownership interests in gross wells or acres equals one. The number of net wells or net acres is the sum of the fractional working interests owned in gross wells or gross acres expressed as whole numbers and fractions thereof.

(4) Net wells and net developed acres are reflected as if we owned our interest directly .

As of December 31, 2015, we also held interests in two productive net oil wells, one productive gas well and 167 developed acres related to our other non-operated natural gas and oil interests.

Undeveloped Acreage

At December 31, 2015 , we held undeveloped acreage in through our 32.4% equity ownership in Laramie Energy as set forth below:

	Undeveloped Acres [1][2]	
Location	Gross	Net
Colorado [3]	47,971	15,545

(1) Undeveloped acreage is considered to be those lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of crude oil and gas, regardless of whether such acreage contains proved reserves.

(2) There are no material near-term lease expirations for which the carrying value at December 31, 2015 has not already been impaired in consideration of these expirations or capital budgeted to convert acreage to held by production.

(3) Net undeveloped acres are reflected as if we owned our interest directly.

Drilling Activity

Laramie Energy completed 24 natural gas wells during the year ended December 31, 2015 that were drilled during 2015 and prior. During 2014, Laramie Energy completed 15 natural gas wells that were drilled during 2013 and prior. During 2013, Laramie Energy completed 9 natural gas wells that were drilled during 2012 and prior. The operators of our other natural gas and oil interests in Colorado and New Mexico did not drill any exploratory or development wells during 2015 . The operators of our other natural gas and oil interests in Colorado and New Mexico drilled two oil wells during 2014. The operators of our other natural gas and oil interests in Colorado and New Mexico drilled 13 natural gas wells and three oil wells during 2013.

Delivery Commitments

Our natural gas and oil operations had no material delivery commitments as of December 31, 2015 .

Item 3. LEGAL PROCEEDINGS

Kawaihae Loading Rack

On October 9, 2014, Mid Pac received a notice from the EPA alleging that Mid Pac had violated the Clean Air Act at its terminal located in Kawaihae, Hawaii by "failing to equip its loading rack with pollution controls" and by "failing to limit emissions from its loading rack," and advising Mid Pac that the matter had been referred to the DOJ. The DOJ has proposed civil penalties of approximately $700 thousand. Subsequently, Mid Pac and the DOJ entered into a tolling agreement to facilitate settlement discussions. Mid Pac disputes the EPA's allegations. On April 1, 2015, we acquired Mid Pac. Mid Pac, the EPA and the DOJ have tentatively agreed to resolve the fines and penalties for $200 thousand, which agreement is subject to final documentation.

Consent Decree

Tesoro is currently negotiating a Consent Decree with the EPA and the DOJ concerning alleged violations of the federal Clean Air Act related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates, including our refinery. It is anticipated that the Consent Decree will be finalized sometime during 2016 and will require certain capital improvements to the refinery to reduce emissions of air pollutants.

We estimate the cost of compliance with the final Consent Decree could be $20 million to $30 million . However, Tesoro is responsible under the Environmental Agreement for reimbursing us for all reasonable third-party capital expenditures incurred for the construction, installation and commissioning of such capital projects and for the payment of any fines or penalties imposed on us arising from the Consent Decree to the extent related to acts or omissions of Tesoro or us prior to the Closing Date. Tesoro's obligation to reimburse PHR for such fines is not subject to a monetary limitation; however, this obligation terminates on the third anniversary of the Closing Date. For more information, please read "Part I – Item 1. — Business — Environmental Agreement – Consent Decree."

Other

From time to time, we may be involved in other litigation relating to claims arising out of our operations in the normal course of our business. As of the date of this Annual Report, no legal proceedings are pending against us that we believe individually or collectively could have a materially adverse effect upon our financial condition, results of operations or cash flows. Any litigation pending at the time we emerged from Chapter 11 was transferred to the General Trust for resolution and settlement. For more information, please read "Part I – Item 1. — Business —Bankruptcy and Plan of Reorganization – General Recovery Trust."

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

On July 22, 2014, our common stock began trading on the NYSE MKT under the symbol "PARR". Prior to that date, our common stock was traded on the OTCQB Marketplace under the symbol "PARR".

The high and low sale prices for our common stock for the most recent two fiscal years are shown in the table below. The prices per share of our common stock prior to the 1:10 reverse stock split effective for trading purposes on January 29, 2014 have been adjusted to reflect this stock split on a retroactive basis and may not represent actual transactions.

Quarter Ended	High	Low
2015		
December 31, 2015	$28.31	$20.25
September 30, 2015	$21.50	$17.09
June 30, 2015	$25.67	$18.10
March 31, 2015	$23.38	$15.80
2014		
December 31, 2014	$16.85	$13.26
September 30, 2014	$25.00	$14.00
June 30, 2014	$20.00	$16.00
March 31, 2014	$23.90	$19.95

As of February 26, 2016 , there were 160 common stockholders of record. On February 26, 2016 , the closing price of our common stock was $23.62 per share on the NYSE MKT.

Dividends

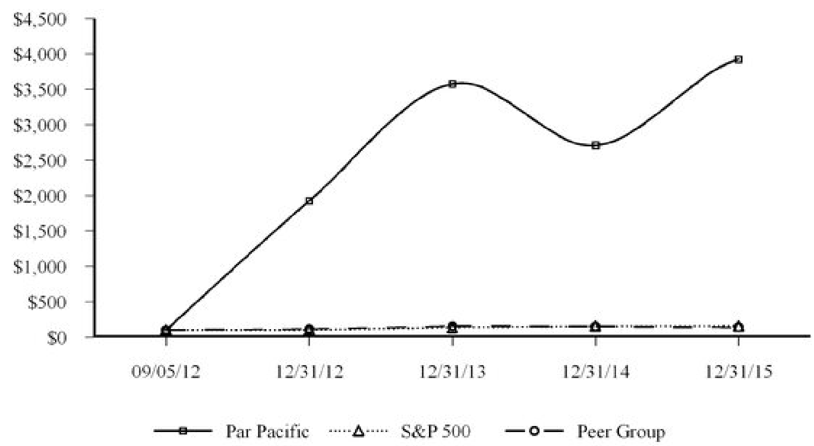
We have not paid dividends on our common stock and we do not expect to do so in the foreseeable future. Our current debt agreements restrict the payment of dividends. In addition, as long as any obligations remain outstanding under the Term Loan, we are prohibited from paying dividends.

Stock Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or "filed" with the SEC, nor shall such information be deemed to be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended.

This performance graph and the related textual information are based on historical data and are not indicative of future performance. The following line graph compares the cumulative total return on an investment in our common stock against the cumulative total return of the S&P 500 Composite Index and an index of peer companies (that we selected) for the periods commencing September 1, 2012, the first day of trading of our common stock, through December 31, 2015. The performance graph of our peer group is weighted by market value at the beginning of the period and our peer group consists of the following companies: Alon USA Energy, Inc., Axiall Corporation, Calumet Specialty Products Partners, L.P., Casey's General Stores, Inc., CVR Energy, Inc., Darling Ingredients Inc., Delek US Holdings, Inc., FutureFuel Corp., Green Plains Inc., Macquarie Infrastructure Corporation, Methanex Corporation, Pacific Ethanol, Inc., Renewable Energy Group, Inc., REX American Resources Corporation, SEACOR Holdings Inc., Stepan Company and Westlake Chemical Corporation. We believe our peer group, which is made up of oil and gas refining and marketing companies, retailers, and companies that are generally similar to our operating segments provides for meaningful comparability to our business as a whole.

COMPARISON OF 40 MONTH CUMULATIVE TOTAL RETURN*
Among Par Pacific, the S&P 500 Index, and Peer Group



*$100 invested on September 5, 2012 in stock or August 31, 2012 in index, including reinvestment of dividends. Fiscal year ending December 31.

Recent Sales of Unregistered Securities

During the year ended December 31, 2015 , we did not have any sales of securities in transactions that were not registered under the Securities Act that have not been reported in a Form 8-K or Form 10-Q.

Issuer Purchases of Equity Securities

The following table sets forth certain information with respect to repurchases of our common stock during the quarter ended December 31, 2015 :

Period	Total number of shares (or units) purchased [(1)]	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
October 1 - October 31, 2015	442	$ 18.07	—	—
November 1 - November 30, 2015	164	18.10	—	—
December 1 - December 31, 2015	13,474	20.33	—	—
Total	14,080	$ 20.23	—	—

(1) All shares repurchased were surrendered by employees to pay taxes withheld upon the vesting of restricted stock awards.

Item 6. SELECTED FINANCIAL DATA

The selected financial information presented below as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 , was derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected financial information presented below as of December 31, 2013, 2012 and 2011 and for the period from September 1 through December 31, 2012, the period from January 1 through August 31, 2012 and the year ended December 31, 2011, was derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K. The selected financial information should be read in conjunction with the consolidated financial statements and related notes and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

As a result of the application of fresh-start accounting as of September 1, 2012, following our reorganization, the financial statements on or prior to September 1, 2012 are not comparable with the financial statements after September 1, 2012. References to "Successor" refer to the Company after September 1, 2012, after giving effect to the application of fresh-start accounting. References to "Predecessor" refer to the Company on or prior to September 1, 2012.

	Successor				Predecessor	
(in thousands, except per share data)	Year Ended December 31, 2015 [1]	Year Ended December 31, 2014	Year Ended December 31, 2013 [2]	September 1 through December 31, 2012	January 1 through August 31, 2012	Year Ended December 31, 2011
Statement of Operations Data:						
Operating revenues	$ 2,066,337	$ 3,108,025	$ 886,014	$ 2,144	$ 23,079	$ 63,880
Depreciation, depletion and amortization	19,918	14,897	5,982	401	16,041	39,088
Impairment expense	9,639	—	—	—	151,347	420,402
Trust litigation and settlements	—	—	6,206	—	—	—
Operating income (loss)	61,514	(37,532)	(47,405)	(5,021)	(170,677)	(453,229)
Interest expense and financing costs, net	(20,156)	(17,995)	(13,285)	(1,056)	(6,852)	(32,324)
Loss on termination of financing agreements	(19,669)	(1,788)	(6,141)	—	—	—
Change in value of common stock warrants	(3,664)	4,433	(10,159)	(4,280)	—	—
Change in value of contingent consideration	(18,450)	2,849	—	—	—	—
Equity earnings (losses) from Laramie Energy, LLC	(55,983)	2,849	(2,941)	(1,325)	—	—
Net loss	(39,911)	(47,041)	(79,173)	(8,839)	(45,437)	(470,111)
Loss per common share	(1.06)	(1.44)	(4.01)	(0.56)	(1.57)	(16.30)
Balance Sheet Data:						
Cash and cash equivalents	$ 167,788	$ 89,210	$ 38,061	$ 6,185	$ 1,954	$ 12,862
Total current assets	531,752	460,789	544,501	59,926	11,765	23,348
Total assets	892,261	735,236	801,271	189,582	210,389	387,897
Total current liabilities	365,040	310,806	453,388	69,977	352,859	334,165
Total long-term debt [3]	154,212	101,739	79,872	7,391	—	3,507
Total liabilities	551,650	443,077	584,949	88,825	357,273	337,672
Total stockholders' equity	340,611	292,159	228,264	100,757	(146,884)	50,225

(1) We completed the acquisition of Mid Pac effective April 1, 2015; therefore the results of Mid Pac are only included subsequent to April 1, 2015. Please read Note 4—Acquisitions to the consolidated financial statements.

(2) We completed the acquisition of PHR effective September 25, 2013; therefore the results of PHR are only included subsequent to September 25, 2013. Please read Note 4—Acquisitions to the consolidated financial statements.

(3) We adopted Accounting Standards Update ("ASU") 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03") during the annual period ended December 31, 2015 and have applied the requirements retrospectively to the year ended December 31, 2014 . The adoption of this ASU resulted in the reclassification of $5.8 million of debt issuance costs as of December 31, 2014 from Other long-term assets to Long-term debt, net of current maturities on our consolidated balance sheets.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a growth-oriented company based in Houston, Texas that manages and maintains interests in energy and infrastructure businesses. We were created through the successful reorganization of Delta Petroleum Corporation ("Delta") in August 2012. The reorganization converted approximately $ 265 million of unsecured debt to equity and allowed us to preserve significant tax attributes. We changed our name from Par Petroleum Corporation to Par Pacific Holdings, Inc. effective October 20, 2015.

Our business is organized into three primary operating segments:

1) **Refining** - Our refinery in Kapolei, Hawaii produces ultra-low sulfur diesel, gasoline, jet fuel, marine fuel and other associated refined products primarily for consumption in Hawaii.

2) **Retail** - Our retail outlets sell gasoline, diesel and retail merchandise throughout the island of Oahu as well as the neighboring islands of Maui, Hawaii and Kauai. Our retail network includes Tesoro and "76" branded retail sites, company-operated convenience stores, sites operated in cooperation with 7-Eleven and other sites operated by third parties.

3) **Logistics** - We own and operate refined products terminals, pipelines, a single-point mooring and trucking operations to distribute refined products throughout the island of Oahu as well as the neighboring islands of Maui, Hawaii, Molokai and Kauai.

We also own an equity investment in Laramie Energy, a joint venture entity focused on producing natural gas in Garfield, Mesa and Rio Blanco Counties, Colorado. On December 17, 2015, we entered into an equity commitment letter with Laramie Energy, pursuant to which we agreed to purchase certain membership interests of Laramie Energy for an aggregate cash purchase price of $55 million, subject to certain financing commitments by various lenders and additional equity investors, in connection with the closing of a purchase and sale agreement whereby Laramie Energy agreed to acquire certain properties in the Piceance Basin for $157.5 million, subject to customary purchase price adjustments. The transaction closed on March 1, 2016 and, upon the closing of the transaction, Laramie Energy assumed ownership and operatorship of the purchased properties and our ownership interest in Laramie Energy increased from 32.4% to 42.3% .

The refining, retail and logistics segments were established through the acquisition of PHR from Tesoro on September 25, 2013 . As a result, our results of operations for any period after September 30, 2013 will not be comparable to any period before September 30, 2013 .

During 2015, we changed our reportable segments to separate our retail and logistics operations from our refining operations due to a change in senior leadership, organizational structure, the acquisition of Mid Pac and to reflect how we currently make financial decisions and allocate resources. We have five reportable segments: (i) Refining , (ii) Retail , (iii) Logistics , (iv) Texadian and (v) Corporate and Other. We previously reported results for the following three business segments: (i) Refining, Distribution and Marketing, (ii) Natural Gas and Oil Production and (iii) Commodity Marketing and Logistics. We have recast the segment information for the years ended December 31, 2014 and 2013 to conform to the current period presentation. Please read Note 19—Segment Information to our consolidated financial statements included in this Annual Report on Form 10-K for detailed information on our operating results by segment.

Recent Events

KeyBank Credit Agreement

On December 17, 2015 , HIE Retail and Mid Pac entered into a credit agreement with KeyBank in the form of a revolving credit facility with a maximum principal amount of $5 million and term loans in the amount of $110 million . The proceeds of the term loans were used to repay and terminate the existing indebtedness under the HIE Retail and Mid Pac Credit Agreements and to pay transaction fees and expenses and to facilitate a cash distribution to their parent.

Registered Direct Offering

On November 25, 2015 , we issued an aggregate of 3.4 million shares of our common stock to certain pre-existing investors and other investors in a registered direct offering (the "Offering") at a purchase price of $22.00 per share. The total gross proceeds from the Offering were approximately $74.8 million , before deducting expenses of approximately $1.0 million , for net proceeds of approximately $73.8 million .

Inventory Financing Agreements

On June 1, 2015 , we entered into several agreements with J. Aron & Company ("J. Aron") to support the operations of our refinery (the "Supply and Offtake Agreements"). The Supply and Offtake Agreements have a term of three years with two one-year extension options upon mutual agreement of the parties. The Supply and Offtake Agreements also include a deferred payment arrangement, whereby we can defer payments owed under the agreements up to the lesser of $125 million or 85% of the eligible accounts receivable and inventory.

Upon execution of the Supply and Offtake Agreements, we terminated our Supply and Exchange Agreements with Barclays on June 1, 2015, subject to certain obligations to reimburse Barclays for third-party claims, and the ABL Facility. During the year ended December 31, 2015 , we recorded a loss of $19.2 million related to the termination of these financing agreements, which is included in Loss on termination of financing agreements on our consolidated statements of operations. Please read Note 10—Inventory Financing Agreements to our consolidated financial statements for more information.

Mid Pac Acquisition

On April 1, 2015 , we completed the acquisition of Mid Pac for cash consideration of $74.4 million . In connection with the acquisition, Mid Pac's pre-existing debt was fully repaid on the closing date for $45.3 million . The acquisition and debt repayment were funded with cash on hand and $55 million of borrowings under the Mid Pac Credit Agreement. The results of operations of Mid Pac are included in our refining, retail and logistics segments effective April 1, 2015. Mid Pac distributes gasoline and diesel through over 80 locations across the State of Hawaii, and owns four terminals. In conjunction with the acquisition, we also obtained the exclusive rights to the "76" brand in Hawaii through 2024. Please read Note 4—Acquisitions to our consolidated financial statements for more information.

Results of Operations

Factors Impacting 2015 Results

During the year ended December 31, 2015, we benefited from favorable market conditions with crack spreads above the five year average which improved our margins and declining crude prices which reduced our operating expenses. We continued the trend of commercial improvements with increased on-island sales mainly resulting from a contract with the military for jet fuel and additional fuel volumes as a result of our acquisition of Par Hawaii.

We also increased our financial flexibility during 2015 with the termination of our supply and exchange agreements with Barclays and entry into supply and offtake agreements with J. Aron. The J. Aron agreement provides us with increased operational and financial flexibility for crude sourcing and managing commodity exposure. Over the course of the year, we became more active in the management of our commodity exposure entering into derivatives to economically hedge our inventory, the impact of price lag on our sales contracts and the cost of the crude we use to run the refinery.

Throughout 2015, we strengthened our balance sheet and simplified our capital structure. In connection with the termination of the Barclays supply and exchange agreements, we terminated the ABL Facility with Deutsche Bank. In the fourth quarter of 2015, we consolidated our Retail credit agreements using a portion of the proceeds to pay off the portion of our Term B loan that was schedule to mature in the first quarter 2016 and completed a stock offering.

The following table summarizes our results of operations for the years ended December 31, 2015 , 2014 and 2013 . The following should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Annual Report.

	Year Ended December 31,		
	2015	2014	2013
Gross Margin			
Refining	$ 176,933	$ 83,850	$ (13,632)
Retail	68,313	44,523	9,452
Logistics [(1)]	34,011	30,547	8,723
Texadian	(2,308)	5,649	16,666
Corporate and Other	2,020	5,984	7,739
Total gross margin	278,969	170,553	28,948
Operating expense, excluding depreciation, depletion and amortization expense	141,621	146,573	32,927
Depreciation, depletion and amortization	19,918	14,897	5,982
Impairment expense	9,639	—	—
(Gain) loss on sale of assets, net	—	624	(50)
Trust litigation and settlements	—	—	6,206
General and administrative expense	44,271	34,304	21,494
Acquisition and integration costs	2,006	11,687	9,794
Total operating expenses	217,455	208,085	76,353
Operating income (loss)	61,514	(37,532)	(47,405)
Other income (expense)			
Interest expense and financing costs, net	(20,156)	(17,995)	(13,285)
Loss on termination of financing agreements	(19,669)	(1,788)	(6,141)
Other income (expense), net	(291)	(312)	758
Change in value of common stock warrants	(3,664)	4,433	(10,159)
Change in value of contingent consideration	(18,450)	2,849	—
Equity earnings (losses) from Laramie Energy, LLC	(55,983)	2,849	(2,941)
Total other expense, net	(118,213)	(9,964)	(31,768)
Loss before income taxes	(56,699)	(47,496)	(79,173)
Income tax benefit	16,788	455	—
Net loss	$ (39,911)	$ (47,041)	$ (79,173)

[(1)] Our logistics operations consist solely of intercompany transactions which eliminate on a consolidated basis.

Below is a summary of key operating statistics for the years ended December 31, 2015 , 2014 and 2013 :

	Year Ended December 31,		
	2015	2014	2013
Refining segment			
Total Crude Oil Throughput (Mbpd)	77.3	68.2	64.2
Source of Crude Oil:			
North America	47.7%	48.8%	—%
Asia	33.0%	1.3%	35.9%
Africa	8.3%	3.7%	15.8%
Latin America	8.0%	23.4%	7.1%
Middle East	2.1%	22.8%	41.2%
Europe	0.9%	—%	—%
Total	100.0%	100.0%	100.0%
Yield (% of total throughput)			
Gasoline and gasoline blendstocks	26.2%	24.5%	26.6%
Distillate	44.1%	38.9%	49.0%
Fuel oils	22.0%	30.7%	21.3%
Other products	4.7%	2.9%	0.2%
Total yield	97.0%	97.0%	97.1%
Refined product sales volume (Mbpd)			
On-island sales volume	62.4	53.9	60.1
Exports sale volume	14.4	15.2	5.9
Total refined product sales volume	76.8	69.1	66.0
4-1-2-1 Singapore Crack Spread (1)	$ 6.88	$ 6.25	$ 5.59
4-1-2-1 Mid Pacific Crack Spread (1)	8.31	7.16	7.33
Mid Pacific Crude Oil Differential (2)	(1.50)	(0.99)	(2.04)
Adjusted refining margin per bbl ($/throughput bbl) (3)	6.82	3.37	(0.65)
Production costs before DD&A expense per barrel ($/throughput bbl) (4)	3.54	4.71	3.40
Net operating margin per bbl ($/throughput bbl) (5)	3.28	(1.34)	(4.05)
Retail Segment			
Retail sales volumes (thousands of gallons)	80,649	49,484	10,274
Logistics Segment			
Pipeline throughput (Mbpd)			
Crude oil pipelines	77.7	68.2	63.9
Refined product pipelines	68.9	61.5	58.1
Total pipeline throughput	146.6	129.7	122.0

(1) The profitability of our Hawaii business is heavily influenced by crack spreads in both the Singapore and U.S. West Coast markets. These markets reflect the closest, liquid market alternatives to source refined products for Hawaii. We believe the Singapore 4-1-2-1 and Mid Pacific crack spreads (or four barrels of Brent crude converted into one barrel of gasoline, two barrels of distillate (diesel and jet fuel) and one barrel of fuel oil) best reflect a market

indicator for our operations. The Mid Pacific crack spread is calculated using a ratio of 80% Singapore and 20% San Francisco indexes.

(2) Weighted average differentials, excluding shipping costs, of a blend of crudes with an API of 31.98 and sulfur weight percentage of 0.65% that is indicative of our typical crude oil mix quality compared to Brent crude.

(3) Management uses adjusted refining margin per barrel to evaluate performance and compare profitability to other companies in the industry. There are a variety of ways to calculate adjusted refining margin per barrel; different companies within the industry may calculate it in different ways. We calculate adjusted refining margin per barrel by dividing adjusted refining margin (revenues less feedstocks, purchased refined products, refinery fuel burn, transportation and distribution costs excluding lower of cost or net realizable value adjustments, unrealized gains (losses) on derivatives and our inventory valuation adjustment) by total refining throughput.

(4) Management uses production costs before depreciation, depletion and amortization ("DD&A") expense per barrel to evaluate performance and compare efficiency to other companies in the industry. There are a variety of ways to calculate production cost before DD&A expense per barrel; different companies within the industry calculate it in different ways. We calculate production costs before DD&A expense per barrel by dividing all direct production costs by total refining throughput.

(5) Calculated as adjusted refining margin less production costs before DD&A expense.

Non-GAAP Performance Measures

Management uses certain financial measures to evaluate our operating performance that are considered non-GAAP financial measures. These measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP and our calculations thereof may not be comparable to similarly entitled measures reported by other companies.

Gross Margin

Gross margin is defined as revenues less cost of revenues. We believe gross margin is an important measure of operating performance and provides useful information to investors because it eliminates the gross impact of volatile commodity prices and demonstrates the earnings potential of the business before other fixed and variable costs. In order to assess our operating performance, we compare our gross margin to industry gross margin benchmarks.

Gross margin should not be considered an alternative to operating (loss) income, net cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Gross margin presented by other companies may not be comparable to our presentation since each company may define this term differently. The following tables present a reconciliation of gross margin to the most directly comparable GAAP financial measure, operating (loss) income, on a historical basis for the periods indicated (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Gross Margin			
Refining	$ 176,933	$ 83,850	$ (13,632)
Retail	68,313	44,523	9,452
Logistics (1)	34,011	30,547	8,723
Texadian	(2,308)	5,649	16,666
Corporate and Other	2,020	5,984	7,739
Total gross margin	278,969	170,553	28,948
Operating expense, excluding depreciation, depletion and amortization expense	136,338	140,900	27,251
Lease operating expense	5,283	5,673	5,676
Depreciation, depletion and amortization	19,918	14,897	5,982
Impairment expense	9,639	—	—
(Gain) loss on sale of assets, net	—	624	(50)
Trust litigation and settlements	—	—	6,206
General and administrative expense	44,271	34,304	21,494
Acquisition and integration costs	2,006	11,687	9,794
Total operating expenses	217,455	208,085	76,353
Operating income (loss)	$ 61,514	$ (37,532)	$ (47,405)

(1) Our logistics operations consist solely of intercompany transactions which eliminate on a consolidated basis.

Adjusted Refining Margin

Adjusted Refining Margin is used to calculate our adjusted refining margin per barrel, which we use to evaluate the economic performance of our refining business. We calculate adjusted refining margin as gross refining margin excluding (i) lower of cost or market adjustments on inventory owned by the refining segment, (ii) unrealized gains and losses on commodity derivatives held by the refining segment and (iii) the inventory valuation adjustment which adjusts for timing differences to reflect the economics of our inventory financing agreements.

Gross refining margin is reconciled to the most directly comparable GAAP financial measure, operating income (loss) above. The following table presents a reconciliation of Adjusted Refining Margin to gross refining margin on a historical basis for the periods indicated (in thousands).

	Year Ended December 31,		
	2015	2014	2013
Adjusted Refining Margin	$ 192,395	$ 83,850	$ (13,632)
Lower of cost or net realizable value adjustment	(20,137)	—	—
Unrealized (gain) loss on derivatives	(10,284)	—	—
Inventory valuation adjustment	14,959	—	—
Refining margin	$ 176,933	$ 83,850	$ (13,632)

Adjusted Net Income (Loss) and Adjusted EBITDA

Adjusted Net Income (Loss) is defined as net income (loss) excluding changes in the value of contingent consideration and common stock warrants, acquisition and integration expenses, lower of cost or net realizable value adjustments, inventory valuation adjustment which adjusts for timing differences to reflect the economics of our inventory financing agreements, unrealized (gains) losses on derivatives, impairment expense, loss on termination of financing agreements, release of valuation allowance due to Mid Pac acquisition and gains (losses) on sales of assets. Adjusted EBITDA is Adjusted Net Income excluding interest, taxes, depreciation, depletion and amortization and equity (earnings) losses from Laramie Energy. We believe Adjusted Net Income (Loss) and Adjusted EBITDA are useful supplemental financial measures to assess:

- The financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- The ability of our assets to generate cash to pay interest on our indebtedness; and
- Our operating performance and return on invested capital as compared to other companies without regard to financing methods and capital structure.

Adjusted Net Income (Loss) and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income (loss), net income (loss), cash flows provided by operating, investing and financing activities or other income or cash flow statement data prepared in accordance with GAAP.

The following table presents a reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to the most directly comparable GAAP financial measure, net income (loss), on a historical basis for the periods indicated (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Adjusted EBITDA	$ 110,371	$ (9,207)	$ (30,921)
Income tax benefit	29	455	—
Equity earnings (losses) from Laramie Energy, LLC	(55,983)	2,849	(2,941)
Interest expense and financing costs, net	(20,156)	(17,995)	(13,285)
Depreciation, depletion and amortization	(19,918)	(14,897)	(5,982)
Adjusted net income (loss)	14,343	(38,795)	(53,129)
Impairment expense	(9,639)	—	—
Change in value of contingent consideration	(18,450)	2,849	—
Change in value of common stock warrants	(3,664)	4,433	(10,159)
Loss on termination of financing agreements	(19,669)	(1,788)	(6,141)
Release of valuation allowance due to Mid Pac Acquisition	16,759	—	—
Acquisition and integration expense	(2,006)	(11,687)	(9,794)
Lower of cost or net realizable value adjustment	(21,648)	(2,444)	—
Unrealized (gain) loss on derivatives	(10,896)	1,015	—
Inventory valuation adjustment	14,959	—	—
(Gain) loss on sale of assets, net	—	(624)	50
Net loss	$ (39,911)	$ (47,041)	$ (79,173)

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Refining Gross Margin. For the year ended December 31, 2015 , our refining gross margin was approximately $176.9 million , an increase of $93.0 million compared to $83.9 million for the year ended December 31, 2014 . The increase is primarily due to an increase in refined product sales volumes of approximately 11% , lower production costs due to lower crude oil prices and improved crack spreads. In addition, our product mix for 2015 had a higher percentage of sales of higher margin products, particularly distillate and gasoline, compared to 2014.

Retail Gross Margin. For the year ended December 31, 2015 , our retail gross margin was approximately $68.3 million , an increase of $23.8 million compared to $44.5 million for the year ended December 31, 2014 . The increase is primarily due to the acquisition of Mid Pac on April 1, 2015 which contributed to higher sales volumes.

Logistics Gross Margin. For the year ended December 31, 2015 , our logistics gross margin was approximately $34.0 million , an increase of $3.5 million when compared to $30.5 million for the year ended December 31, 2014 . The increase is primarily due to an increase in crude oil throughput and on-island sales volumes of approximately 14% and 16% in 2015 as compared to 2014, respectively.

Texadian Gross Margin. For the year ended December 31, 2015 , our Texadian gross margin was a loss of $2.3 million , a decrease of $7.9 million when compared to $5.6 million for the year ended December 31, 2014 . The decrease is primarily due to lower rail car revenues and lower margins available for moving crude oil from Canada to the U.S. Gulf Coast due to market conditions.

Corporate and Other Gross Margin. For the year ended December 31, 2015 , our corporate and other gross margin was approximately $2.0 million , a decrease of $4.0 million when compared to $6.0 million for the year ended December 31, 2014 . Corporate and other gross margin includes several small non-operated oil and gas interests that were owned by our predecessor. The decrease is primarily related to shutting in operations at the Point Arguello Unit in offshore California during the third quarter of 2015.

Operating Expense. For the year ended December 31, 2015 , operating expense was approximately $141.6 million , a decrease of $5.0 million compared to $146.6 million for the year ended December 31, 2014 . The decrease is primarily due to lower energy costs resulting from lower crude oil prices, which were partially offset by incremental operating expenses of $16.0 million as a result of the Mid Pac acquisition. Additionally, in 2015, we terminated our post-retirement medical plan and recognized a gain of $5.1 million which is included as a reduction of operating expense on our consolidated statement of operations.

Depreciation, Depletion and Amortization . For the year ended December 31, 2015 , DD&A expense was approximately $19.9 million , an increase of $5.0 million compared to $14.9 million for the year ended December 31, 2014 . The increase is primarily due to $4.3 million of depreciation, depletion and amortization on assets acquired as part of the Mid Pac acquisition on April 1, 2015, partially offset by lower depletion expense for Point Arguello and lower amortization of intangible assets due to certain assets being fully amortized as of December 31, 2014 .

Impairment expense. For the year ended December 31, 2015 , we recognized impairment charges of $7.0 million and $2.6 million related to goodwill and intangible assets in our Texadian segment, respectively. There was no impairment expense during the year ended December 31, 2014 .

(Gain) Loss on Sale of Assets, Net. For the year ended December 31, 2014 , loss on sale of assets, net was approximately $624 thousand . The prior period loss is the result of selling oilfield equipment.

General and Administrative Expense. For the year ended December 31, 2015 , general and administrative expense was approximately $44.3 million , an increase of $10.0 million when compared to $34.3 million for the year ended December 31, 2014 . The increase is primarily due to an increase in compensation and consulting costs. The increase in compensation costs is due to building our back office support as we exited the transition services agreement with Tesoro. Previously, the costs incurred under the transition services agreement were included in Acquisition and integration expense. In 2014, our consulting costs primarily related to acquisition and integration activities; however, in 2015, our consulting costs are included in general and administrative expense as they primarily relate to system modifications and process improvements related to the Supply and Offtake Agreements.

Acquisition and Integration Costs. For the year ended December 31, 2015 , acquisition and integration costs were approximately $2.0 million , a decrease of $9.7 million when compared to $11.7 million for the year ended December 31, 2014 . The decrease is primarily due to no costs related to the integration of PHR in the year ended December 31, 2015 partially offset by costs incurred for the Mid Pac acquisition and integration.

Interest Expense and Financing Costs, Net . For the year ended December 31, 2015 , our interest expense and financing costs were approximately $20.2 million , compared to $18.0 million for the year ended December 31, 2014 . The increase was primarily due to a higher outstanding debt balance during the period as a result of the Mid Pac acquisition on April 1, 2015.

Loss on Termination of Financing Agreements. For the year ended December 31, 2015 , our loss on the termination of financing agreements was approximately $19.7 million , which primarily consists of a loss of $17.4 million on the termination of the Barclays Supply and Exchange Agreement and a loss of $1.8 million on the termination of the ABL Facility. The loss of $17.4 million on the termination of the Supply and Exchange Agreement consists of a loss of $13.3 million for the cash settlement value of the liability and recognition of $5.6 million of deferred financing costs, partially offset by a $1.5 million exit fee received from Barclays. The loss on the termination of the ABL Facility consists of the recognition of deferred financing costs. For the year ended December 31, 2014 , our loss on the termination of financing agreements was approximately $1.8 million as a result of our termination of our bridge loan agreement entered into in 2014. Please read Note 11—Debt to our consolidated financial statements.

Change in Value of Common Stock Warrants . For the year ended December 31, 2015 , the change in value of common stock warrants resulted in a loss of approximately $3.7 million , a change of $8.1 million when compared to a gain of $4.4 million for the year ended December 31, 2014 . For the year ended December 31, 2015 , our stock price increased from $16.25 per share as of December 31, 2014 to $23.54 per share as of December 31, 2015 which resulted in an increase in the fair value of the common stock warrants. During the year ended December 31, 2014 , our stock price decreased from $22.30 per share on December 31, 2013 to $16.25 per share on December 31, 2014 which resulted in a decrease in the value of the common stock warrants. Additionally, the number of warrants outstanding has decreased over the two year period due to certain warrant holders exercising their warrants.

Change in Value of Contingent Consideration . For the year ended December 31, 2015 , the change in value of our contingent consideration liability resulted in a loss of approximately $18.5 million , a change of $21.3 million when compared to a gain of $2.8 million for the year ended December 31, 2014 . The contingent consideration relates to the acquisition of PHR which occurred on September 25, 2013 and the change in value during the year ended December 31, 2015 is due to an increase in our actual and expected cash flows related to PHR during the contingency period based on our actual results.

Equity Earnings (Losses) From Laramie Energy . For the year ended December 31, 2015 , losses from Laramie Energy were approximately $56.0 million , a change of $58.8 million compared to earnings of $2.8 million for the year ended December 31, 2014 . The decrease is due to losses recognized by Laramie Energy for the year ended December 31, 2015 due lower sales prices for natural gas and condensate and an impairment of $41.1 million on our equity investment in Laramie Energy in 2015. Please read Note 3—Investment in Laramie Energy, LLC to the consolidated financial statements for further discussion.

Income Taxes. For the year ended December 31, 2015 , we recorded a benefit for the release of $16.8 million of our valuation allowance as we expect to be able to utilize a portion of our net operating loss ("NOL") carryforwards to offset future taxable income of Mid Pac. Excluding the impact of releasing the valuation allowance related to the Mid Pac deferred tax liability, state tax expense was approximately $29 thousand , compared to $455 thousand of state tax benefit for the year ended December 31, 2014 .

Adjusted EBITDA and Adjusted Net Income (Loss). For the year ended December 31, 2015 Adjusted EBITDA was $110.4 million compared to a $9.2 million loss for the year ended December 31, 2014 . The change is primarily related to improved crack spreads and lower energy costs resulting from lower crude oil prices.

For the year ended December 31, 2015 , Adjusted Net Income (Loss) was $14.3 million compared to a $38.8 million loss for the year ended December 31, 2014 . The change is primarily related to improved crack spreads and lower energy costs resulting from lower crude oil prices, offset by a decrease of $58.8 million in our equity earnings (losses) from Laramie Energy, largely due to an impairment of $41.1 million in 2015, higher depreciation, depletion and amortization expenses and higher interest expense and financing costs.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Refining Gross Margin. For the year ended December 31, 2014 , our refining gross margin was approximately $83.9 million , an increase of $97.5 million compared to a loss of $13.6 million for the year ended December 31, 2013 . The increase is primarily due to the acquisition of PHR in September 2013 .

Retail Gross Margin. For the year ended December 31, 2014 , our retail gross margin was approximately $44.5 million , an increase of $35.0 million compared to $9.5 million for the year ended December 31, 2013 . The increase is primarily due to the acquisition of PHR in September 2013 .

Logistics Gross Margin. For the year ended December 31, 2014 , our logistics gross margin was approximately $30.5 million , an increase of $21.8 million when compared to $8.7 million for the year ended December 31, 2013 . The increase is primarily due to the acquisition of PHR in September 2013 .

Texadian Gross Margin. For the year ended December 31, 2014 , our Texadian gross margin was approximately $5.6 million , a decrease of $11.1 million when compared to $16.7 million for the year ended December 31, 2013 . The decrease is primarily due to lower trading differentials on heavy Canadian crude oil and lower volumes.

Corporate and Other Gross Margin. For the year ended December 31, 2014 , our corporate and other gross margin was approximately $6.0 million , a decrease of $1.7 million when compared to $7.7 million for the year ended December 31, 2013 . The decrease is primarily due to due lower sales prices for crude oil, natural gas and condensate in 2014 as compared to 2013.

Operating Expense. For the year ended December 31, 2014 , operating expense was approximately $146.6 million , an increase of $113.7 million compared to $32.9 million for the year ended December 31, 2013 . The increase is primarily due to the acquisition of PHR in September 2013 .

Depreciation, Depletion and Amortization . For the year ended December 31, 2014 , DD&A expense was approximately $14.9 million , an increase of $8.9 million compared to $6.0 million for the year ended December 31, 2013 . The increase is primarily due to the acquisition of PHR in September 2013 .

Loss (Gain) on Sale of Assets, Net. For the year ended December 31, 2014 , the loss on sale of assets, net, was approximately $624 thousand as a result of selling oilfield equipment within our natural gas and oil production segment. There was no significant activity during the year ended December 31, 2013 .

Trust Litigation and Settlements. For the year ended December 31, 2014 , there was no trust litigation and settlement expense, compared to $6.2 million for the year ended December 31, 2013 . There was no significant activity during the year ended December 31, 2014 , as we moved further away from the date of our emergence from bankruptcy.

General and Administrative Expense. For the year ended December 31, 2014 , general and administrative expense was approximately $34.3 million , an increase of $12.8 million when compared to $21.5 million for the year ended December 31, 2013 . The increase is primarily due to higher stock-based compensation expense and consulting expenses related to process improvements and the strengthening of internal controls.

Acquisition and Integration Costs. For the year ended December 31, 2014 , acquisition and integration costs were approximately $11.7 million , an increase of $1.9 million when compared to $9.8 million for the year ended December 31, 2013 . The increase is primarily due to costs incurred to exit the transition service agreement with Tesoro, further integration efforts related to the acquisition of PHR and approximately $7 million of Mid Pac related costs.

Interest Expense and Financing Costs, Net . For the year ended December 31, 2014 , our interest expense and financing costs were approximately $18.0 million , compared to $13.3 million for the year ended December 31, 2013 . The increase was primarily due to an increase in outstanding debt balance during 2014 due to additional borrowings under the Delayed Draw Term Loan Credit Agreement. Please read Note 11—Debt to the consolidated financial statements.

Loss on Termination of Financing Agreements. For the year ended December 31, 2014 , our loss on termination of financing agreements was approximately $1.8 million , compared to $6.1 million for the year ended December 31, 2013 . During 2014, we recognized a loss of $1.8 million due to the termination of the Bridge Loan. During 2013, we recognized a loss of $6.1 million due to the termination of our obligations under the Delayed Draw Term Loan Credit Agreement.

Other Income (Expense), Net. For the year ended December 31, 2014 , other expense was approximately $312 thousand , a decrease of $1.1 million when compared to other income of $758 thousand for the year ended December 31, 2013 . Other income for the year ended December 31, 2013 included a franchise tax refund and income from a legal settlement that were both nonrecurring. There were no individually significant items during the year ended December 31, 2013 .

Change in Value of Common Stock Warrants . For the year ended December 31, 2014 , the change in value of common stock warrants resulted in a gain of approximately $4.4 million , a change of $14.6 million when compared to a loss of $10.2 million for the year ended December 31, 2013 . During the year ended December 31, 2014 , our stock price decreased , which resulted in a decrease in the fair value of the common stock warrants. Conversely, our stock price increased during the year ended December 31, 2013 , which resulted in a loss as the value of the common stock warrants also increased .

Change in Value of Contingent Consideration . For the year ended December 31, 2014 , the change in value of our contingent consideration liability was approximately $2.8 million . The contingent consideration relates to the acquisition of PHR which occurred on September 25, 2013 and the change in value is due to a decrease in our expected cash flows related to PHR during the contingency period.

Equity Earnings (Losses) From Laramie Energy . For the year ended December 31, 2014 , earnings from Laramie Energy were approximately $2.8 million , a change of $5.7 million compared to a loss of $2.9 million for the year ended December 31, 2013 . The favorable change is primarily due to higher realized natural gas prices and derivative gains.

Income Taxes. For the year ended December 31, 2014 , we recorded approximately $455 thousand of state tax benefit. The 2014 effective tax rate of 1.0% differs from the statutory rate of 35% primarily due to a full valuation allowance against the tax benefit generated by our current operating loss and various state deferred tax activity. The 2013 effective tax rate was 0.0% and differed from the statutory rate primarily due to a full valuation allowance against the tax benefit generated by the operating loss.

Adjusted EBITDA and Adjusted Net Income (Loss). For the year ended December 31, 2014 , Adjusted EBITDA was a $9.2 million loss compared to a $30.9 million loss for the year ended December 31, 2013 . For the year ended December 31, 2014 , Adjusted Net Loss was $38.8 million compared to a $53.1 million loss for the year ended December 31, 2013 . The change in Adjusted EBITDA and Adjusted Net Income (loss) is primarily due to the acquisition of PHR in September 2013 .

Liquidity and Capital Resources

Our liquidity and capital requirements are primarily a function of our debt maturities and debt service requirements, fixed capacity payments and contractual obligations, capital expenditures and working capital needs. Examples of working capital needs include purchases and sales of commodities and associated margin and collateral requirements, facility maintenance costs and other costs such as payroll. Our primary sources of liquidity are cash flows from operations, cash on hand, amounts available under our credit agreements and access to capital markets.

The following tables summarize our liquidity position as of February 26, 2016 and December 31, 2015 (in thousands):

February 26, 2016	Par Hawaii Refining	HIE Retail	Mid Pac	KeyBank Credit Agreement	Texadian	Corporate and Other	Total
Cash and cash equivalents	$ 49,108	$ 10,567	$ 10,090	$ —	$ 18,088	$ 31,242	$ 119,095
Revolver availability	—	—	—	5,000	—	—	$ 5,000
Deferred Payment Arrangement availability [(1)]	51,035	—	—	—	—	—	51,035
Total available liquidity	$ 100,143	$ 10,567	$ 10,090	$ 5,000	$ 18,088	$ 31,242	$ 175,130

(1) Please read Note 10—Inventory Financing Agreements to our consolidated financial statements for further discussion.

December 31, 2015	Par Hawaii Refining	HIE Retail	Mid Pac	KeyBank Credit Agreement	Texadian	Corporate and Other	Total
Cash and cash equivalents	$ 46,041	$ 7,178	$ 7,113	$ —	$ 16,433	$ 91,023	$ 167,788
Revolver availability	—	—	—	5,000	28,125	—	33,125
Deferred Payment Arrangement availability [(1)]	28,281	—	—	—	—	—	28,281
Total available liquidity	$ 74,322	$ 7,178	$ 7,113	$ 5,000	$ 44,558	$ 91,023	$ 229,194

(1) Please read Note 10—Inventory Financing Agreements to our consolidated financial statements for further discussion.

The change in our liquidity position from December 31, 2015 to February 26, 2016 was primarily attributable to the expiration of our Texadian credit agreement in February, our investment in Laramie Energy of $55 million in February, increased availability under our J. Aron deferred payment arrangement and operating results and normal working capital changes for the period.

As of December 31, 2015 , we had access to the J. Aron Deferred Payment Arrangement, the KeyBank Credit Agreement , the Texadian Uncommitted Credit Agreement and cash on hand of $167.8 million . In addition, we have Supply and Offtake Agreements with J. Aron, which are used to finance the majority of the inventory of our refinery. Generally, the primary uses of our capital resources have been in the operations of our refining segment, our retail segment, our Texadian segment, payments related to the acquisition of Mid Pac, cash capital contributions to Laramie Energy and payments of operating expenses related to our natural gas and crude oil assets.

We believe our cash flows from operations and available capital resources will be sufficient to meet our current capital expenditures, working capital and debt service requirements for the next 12 months. The funds for the $55 million Laramie Energy capital contribution were raised through our November 25, 2015 registered direct offering. The refinery turnaround costs will be funded through operating cash flows. Additionally, we may seek to raise additional debt or equity capital to fund any other significant changes to our business or to refinance existing debt. We cannot offer any assurances that such capital will be available in sufficient amounts or at an acceptable cost.

Rights Offering

In July 2014, we issued, at no charge, one transferable subscription right with respect to each share of our common stock then outstanding. Holders of subscription rights were entitled to purchase 0.21 shares of our common stock for each subscription right held at an exercise price of $16.00 per whole share. The rights offering was fully subscribed and we issued approximately 6.4 million shares of our common stock resulting in net proceeds of approximately $101.5 million in August 2014.

Registered Direct Offering

On November 25, 2015 , we issued an aggregate of 3.4 million shares of our common stock to certain pre-existing investors and other investors in an offering at a purchase price of $22.00 per share. The total gross proceeds from the offering were approximately $74.8 million , before deducting expenses of approximately $1.0 million , for net proceeds of approximately $73.8 million .

KeyBank Credit Agreement

On December 17, 2015 , HIE Retail and Mid Pac entered into the KeyBank Credit Agreement in the form of a revolving credit facility up to $5 million (" KeyBank Revolving Credit Facility "), which provides for revolving loans and for the issuance of letters of credit and a term loan agreement (“ KeyBank Term Loans ”), which provided term loans totaling $110 million . The proceeds of the KeyBank Term Loans were used to repay existing indebtedness under the HIE Retail, Mid Pac Credit and Term Loan and Bridge Loan Credit Agreements and to pay transaction fees and expenses and to facilitate a cash distribution to their parent. As of December 31, 2015 , we have not executed any borrowings under the KeyBank Revolving Credit Facility .

The KeyBank Term Loans mature in seven years and are fully payable on December 17, 2022 . Principal on the KeyBank Term Loans will be repaid quarterly over the term of the loans. The KeyBank Revolving Credit Facility matures on December 17, 2020 and no more than seven borrowings of Eurodollar loans may be outstanding at any time. Letters of credit issued under the KeyBank Revolving Credit Facility are not to expire later than 30 days prior to the maturity date of the KeyBank Revolving Credit Facility.

The KeyBank Term Loans and advances under the KeyBank Revolving Credit Facility bear interest at a fluctuating rate equal to (i) during the periods such revolving loan or term loan, as applicable, is a Base Rate Loan, the Base Rate plus the Applicable Margin and (ii) during the periods such revolving loan or term loan, as applicable, is a Eurodollar Loan, the relevant Adjusted Eurodollar Rate for such Eurodollar Loan for the applicable interest period plus the Applicable Margin.

Pursuant to the KeyBank Credit Agreement , we are required to comply with various affirmative and negative covenants affecting our business and operations, including compliance with an interest coverage ratio of less than 2.50 to 1.00, a debt service coverage ratio of less than 1.25 to 1.00, and a maximum leverage ratio.

The loans and letters of credit issued under the KeyBank Credit Agreement are secured by a security interest in and lien on substantially all of the assets of HIE Retail and Mid Pac , a pledge by Par Petroleum, LLC of 100% of its ownership interest in HIE Retail and a pledge by Par Hawaii Inc. of 100% of its ownership interest in Mid Pac .

Please read Note 11—Debt in our consolidated financial statements for additional discussion.

Term Loan

On July 11, 2014 , we and certain subsidiaries entered into a Delayed Draw Term Loan and Bridge Loan Credit Agreement ("Credit Agreement"), amending and restating a previous borrowing arrangement with the lenders, to provide us with a term loan of up to $50 million ("Term Loan") and a bridge loan of up to $75 million ("Bridge Loan"). The lenders under the Credit Agreement include ZCOF Par Petroleum Holdings, LLC and Highbridge International, LLC, who are also our stockholders. Proceeds from the Term Loan were used to fund the additional deposit required by the Mid Pac merger agreement, to pay transaction costs, and for working capital and general corporate purposes.

In July 28, 2014 , the Credit Agreement was amended and we borrowed an additional $35 million ("Advance") under the Term Loan and on September 10, 2014 , we extended the repayment date of the Advance to March 31, 2015 .

We had no borrowings under the Bridge Loan and on September 3, 2014 , we terminated the Bridge Loan and expensed approximately $1.8 million of financing costs associated with this loan that is included in Loss on termination of financing agreements in our consolidated statement of operations for the year ended December 31, 2014 .

On March 11, 2015 , we entered into a Third Amendment to the Credit Agreement whereby we extended the repayment date of the Advance to March 31, 2016 . Upon the execution of the KeyBank Credit Agreement on December 17, 2015 , we repaid the full amount outstanding under the Advance on December 22, 2015 .

The Term Loan matures on July 11, 2018 and bears interest at either 10% per annum if paid in cash or 12% per annum if paid in kind, at our election and has an original issue discount of 5%. The Term Loan is secured by a lien on substantially all of our assets and our subsidiaries, excluding Texadian, Texadian Energy Canada Limited ("Texadian Canada"), certain of our immaterial subsidiaries and Par Petroleum, LLC and its subsidiaries (collectively "the Guarantors"). All our obligations under the Term Loan are unconditionally guaranteed by the Guarantors.

HIE Retail Credit Agreement

On November 14, 2013, HIE Retail, LLC ("HIE Retail") entered into a Credit Agreement ("Retail Credit Agreement") in the form of a senior secured loan of up to $30 million and a senior secured revolving line of credit of up to $5 million. On May 15, 2015, HIE Retail entered into an amendment to the Retail Credit Agreement that terminated the retail revolver, extended the maturity date of $22 million of the existing term loan until March 31, 2022, and provided additional term loan borrowings of up to $7.9 million, on the same terms as the previous term loan. We repaid in full and terminated the Retail Credit Agreement in December 2015 upon entering into the KeyBank Credit Agreement and expensed $58 thousand of financing costs associated with the agreement, which is included within Loss on termination of financing agreements on our consolidated statements of operations for the year ended December 31, 2015 .

Texadian Uncommitted Credit Agreement

On February 20, 2015 , Texadian Energy, Inc. ("TEI") and its wholly-owned subsidiary Texadian Energy Canada Limited, amended and restated their uncommitted credit agreement. The amended agreement increased the uncommitted loans and letters of credit capacity to $200 million and extended the maturity date. The agreement expired in February 2016 .

Mid Pac Credit Agreement

On April 1, 2015, PHI and Mid Pac entered into the Mid Pac Credit Agreement in the form of a senior secured term loan in the amount of $50 million and a senior secured revolving line of credit in the aggregate principal amount of up to $5 million scheduled to mature on April 1, 2018. We borrowed the full amount of the loans at the closing. The proceeds of the loans were used to repay certain existing debt of PHI and Mid Pac totaling $45.3 million, pay a portion of the acquisition consideration and for general corporate purposes. We repaid in full and terminated the Mid Pac Credit Agreement upon entering into the KeyBank Credit Agreement and expensed $381 thousand of financing costs associated with the agreement, which is included within Loss on termination of financing agreements on our consolidated statements of operations for the year ended December 31, 2015 .

Guarantors

In connection with our shelf registration statement on Form S-3, which was filed with the SEC on June 1, 2015 and declared effective on June 23, 2015 ("Registration Statement"), we may sell non-convertible debt securities and other securities in one or more offerings with an aggregate initial offering price of up to $750 million. Any non-convertible debt securities issued under the Registration Statement may be fully and unconditionally guaranteed (except for customary release provisions), on a joint and several basis, by some or all of our subsidiaries, other than subsidiaries that are "minor" within the meaning of Rule 3-10 of Regulation S-X (the "Guarantor Subsidiaries"). The Company has no "independent assets or operations" within the meaning of Rule 3-10 of Regulation S-X and certain of the Guarantor Subsidiaries may be subject to restrictions on their ability to distribute funds to the Company, whether by cash dividends, loans or advances. On November 25, 2015 , we issued 3.4 million shares of common stock in a registered direct offering which reduced the amount of securities available for issuance under the Registration Statement to approximately $675 million.

Cash Flows

The following table summarizes cash activities for the year ended December 31, 2015 , 2014 and 2013 (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Net cash provided by (used in) operating activities	$ 132,358	$ (54,604)	$ (35,677)
Net cash used in investing activities	(114,205)	(24,299)	(564,500)
Net cash provided by financing activities	60,425	130,052	632,053

Net cash provided by operating activities was approximately $132.4 million for the year ended December 31, 2015 , which resulted from a net loss of approximately $39.9 million offset by non-cash charges to operations of approximately $133.8 million and net cash provided by changes in operating assets and liabilities of approximately $38.5 million . Net cash used in operating activities was approximately $54.6 million for the year ended December 31, 2014 , which resulted from a net loss of approximately $47.0 million offset by non-cash charges to operations of approximately $23.3 million and net cash used for changes in operating assets and liabilities of approximately $30.9 million . Net cash used in operating activities was approximately $35.7 million for the year ended December 31, 2013 , which resulted from a net loss of approximately $79.2 million offset by non-cash charges to operations of approximately $37.1 million and net cash provided by changes in operating assets and liabilities of approximately $6.4 million .

For the year ended December 31, 2015 , net cash used in investing activities was approximately $114.2 million and primarily related to $64.3 million for the acquisition of Mid Pac, an investment in Laramie Energy of $27.5 million and additions to property and equipment totaling approximately $22.3 million . Net cash used in investing activities was approximately $24.3 million for the year ended December 31, 2014 and was primarily related to the Mid Pac acquisition deposit of $10.0 million and additions to property and equipment of approximately $14.3 million . Net cash used in investing activities was approximately $564.5 million for the year ended December 31, 2013 and was primarily related to the acquisition of PHR for approximately $559.3 million and additions to property and equipment totaling approximately $7.8 million , offset by proceeds from the sale of assets of $2.9 million .

Net cash provided by financing activities for the year ended December 31, 2015 was approximately $60.4 million and consisted primarily of proceeds from the sale of common stock totaling $76.1 million and net proceeds from inventory financing agreements of $13.2 million , offset by net repayments of borrowings and deferred payment arrangement of $20.5 million and deferred loan costs of $7.3 million . Net cash provided by financing activities for the year ended December 31, 2014 of approximately $130.1 million consisted primarily of proceeds from the sale of common stock totaling $103.9 million and $26.0 million of borrowings under the Term Loan which were used to fund the Mid Pac acquisition deposit and general corporate and working capital purposes. Net cash provided by financing activities for the year ended December 31, 2013 of approximately $632.1 million resulted from advances from our supply and exchange agreements totaling approximately $378.2 million , the sale of common stock totaling approximately $199.2 million , additional net borrowings of approximately $35.6 million and the release of approximately $19.0 million from restricted cash held to secure letters of credit.

Capital Expenditures

Our capital expenditures excluding acquisitions for the year ended December 31, 2015 totaled approximately $22.3 million and were primarily related to our refinery and information technology systems. Our capital expenditure budget for 2016, including major maintenance costs, ranges from $45 to $50 million and primarily relates to scheduled turnaround expenditures, as well as projects to improve our refinery reliability and efficiency and upgrades to our information technology systems. We also committed to fund approximately $55 million for investments in Laramie Energy.

Additional capital may be required to maintain our interests at our Point Arguello Unit offshore California, but production is not economic in the current low-price environment and we are not able to estimate the amount of any potential capital requirement. We also continue to seek strategic investments in business opportunities, but the amount and timing of those investments are not predictable.

Contractual Obligations

We have various contractual obligations and financial commitments in the normal course of our operations and financing activities. Contractual obligations include future cash payments required under existing contractual arrangements, such as debt and lease agreements. These obligations may result from both general financing activities and from commercial arrangements that are directly related to our operating activities. The following table summarizes the contractual obligations of the Company and its consolidated subsidiaries as of December 31, 2015 . Cash obligations reflected in the table below are not discounted.

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
			(in thousands)		
Long-term debt (including current portion)	$ 171,349	$ 12,230	$ 82,119	$ 22,000	$ 55,000
Interest payments on debt	32,455	8,826	16,590	4,548	2,491
Operating leases	98,924	27,443	31,133	16,156	24,192
Capital leases	2,395	712	1,250	433	—
Purchase commitments	201,009	199,636	1,298	75	—
Laramie Energy equity commitment	55,000	55,000	—	—	—

Long-Term Debt (including Current Portion). Long-term debt includes the scheduled principal payments related to our outstanding debt obligations and letters of credit. Please read Note 11—Debt to our consolidated financial statements for further discussion.

Interest Payments on Debt. Interest payments on debt represent estimated periodic interest payment obligations associated with our outstanding debt obligations using interest rates in effect as of December 31, 2015 . Please read Note 11—Debt to our consolidated financial statements for further discussion.

Operating Leases. Operating leases include minimum lease payment obligations associated with certain retail sites, office space and office equipment leases. Also included in operating leases are two charter agreements associated with our logistics operations.

Capital Leases. Capital leases include minimum lease payment obligations associated with certain retail sites.

Purchase Commitments. Primarily consists of contracts executed as of December 31, 2015 for the purchase of crude oil for use at our refinery that are scheduled for delivery in 2016.

Laramie Energy Equity Commitment. On December 17, 2015, we entered into an equity commitment letter with Laramie Energy, pursuant to which we agreed to purchase certain membership interests of Laramie Energy for an aggregate cash purchase price of $55 million in support of an acquisition Laramie Energy completed on March 1, 2016.

Commitments and Contingencies

Inventory Financing Agreements. On June 1, 2015, we entered into several agreements with J. Aron & Company ("J. Aron") to support the operations of our refinery, (the "Supply and Offtake Agreements"). The Supply and Offtake Agreements have a term of three years and two one-year extension options at the mutual agreement of the parties. Please read Note 10—Inventory Financing Agreements to our consolidated financial statements for more information.

Pursuant to the Supply and Offtake Agreements, J. Aron holds title to quantities of crude oil and refined products in exchange for the Company's obligation to legally repurchase the crude oil and refined products at a later date. Substantially all of the crude oil and refined products inventory in the refinery storage tanks are titled to J. Aron. Primarily all of the crude and refined products inventory outside the refinery, except for one location, are owned and titled by the Company. In addition, the Company holds title to inventory contained in the process units during the refining process. The Company purchases the crude oil from J. Aron as it is discharged from the storage tanks into the process units. After processing, J. Aron takes title to the refined products stored in our storage tanks until the products are transferred to our retail locations or to third parties. We currently market and sell the refined product independently to third parties.

While title to the crude oil and certain refined product inventories will reside with J. Aron, the Supply and Offtake Agreements will be accounted for similar to a product financing arrangement; therefore, the crude oil and refined products inventories will continue to be included on our consolidated balance sheet until processed and sold to a third party. Each reporting period, we record a liability in an amount equal to the amount we expect to pay to repurchase the inventory held by J. Aron based on current market prices.

Environmental Matters. Our petroleum refining operations and third-party oil and gas exploration and production operations in which we have a working interest are subject to extensive and periodically changing federal, state and local environmental laws and regulations governing air emissions, wastewater discharges and solid and hazardous waste management activities. Many of these laws and regulations are becoming increasingly stringent and the cost of compliance can be expected to increase over time. Our policy is to accrue environmental and clean-up related costs of a non-capital nature when it is probable that a liability has been incurred and the amount can be reasonably estimated. Such estimates may be subject to revision in the future as regulations and other conditions change.

Periodically, we receive communications from various federal, state and local governmental authorities asserting violations of environmental laws and/or regulations. These governmental entities may also propose or assess fines or require corrective actions for these asserted violations. We intend to respond in a timely manner to all such communications and to take appropriate corrective action. We do not anticipate that any such matters currently asserted will have a material impact on our financial condition, results of operations or cash flows.

Regulation of Greenhouse Gases

The EPA has begun regulating GHG under the CAA . New construction or material expansions that meet certain GHG emissions thresholds will likely require that, among other things, a GHG permit be issued in accordance with the Clean Air Act regulations and we will be required in connection with such permitting to undertake a technology review to determine appropriate controls to be implemented with the project in order to reduce GHG emissions.

Furthermore, the EPA is currently developing refinery-specific GHG regulations and performance standards that are expected to impose GHG emission limits and/or technology requirements. These control requirements may affect a wide range of refinery operations. Any such controls could result in material increased compliance costs, additional operating restrictions for our business and an increase in cost of the products we produce, which could have a material adverse effect on our financial position, results of operations and liquidity.

On September 29, 2015, the EPA announced a final rule updating standards that control toxic air emissions from petroleum refineries, addressing, among other things, flaring operations, fenceline air quality monitoring and additional emission reductions from storage tanks and delayed coking units. Affected existing sources will be required to comply with the new requirements no later than 2018, with certain refiners required to comply earlier depending on the relevant provision and refinery construction date. We do not anticipate that compliance with this rule will have a material impact on our financial condition, results of operations or cash flows.

In 2007, the State of Hawaii passed Act 234, which required that GHG emissions be rolled back on a statewide basis to 1990 levels by the year 2020. Although delayed, the Hawaii Department of Health has issued regulations that would require each major facility to reduce CO_2 emissions by 16% by 2020 relative to a calendar year 2010 baseline (the first year in which GHG emissions were reported to the EPA under 40 CFR Part 98). Those rules are pending final approval by the Government of Hawaii. The refinery’s capacity to reduce fuel use and GHG emissions is limited. However, the state’s pending regulation allows and we anticipate the refinery will be able to demonstrate, that additional reductions are not cost-effective or necessary in light of the state’s current GHG inventory and future year projections. The pending regulation allows for “partnering” with other facilities (principally power plants) which have already dramatically reduced greenhouse emissions or are on schedule to reduce CO_2 emissions in order to comply with the state’s Renewable Portfolio Standards.

Fuel Standards

In 2007, the U.S. Congress passed the Energy Independence and Security Act (“EISA”) which, among other things, set a target fuel economy standard of 35 miles per gallon for the combined fleet of cars and light trucks in the U.S. by model year 2020 and contained a second Renewable Fuel Standard (the “RFS2”). In August 2012, the EPA and National Highway Traffic Safety Administration jointly adopted regulations that establish an average industry fuel economy of 54.5 miles per gallon by model year 2025. The RFS2 requires an increasing amount of renewable fuel usage, up to 36.0 billion gallons by 2022. In the near term, the RFS2 will be satisfied primarily with fuel ethanol blended into gasoline. The RFS2 may present production and logistics challenges for both the renewable fuels and petroleum refining and marketing industries in that we may have to enter into arrangements with other parties or purchase credits from the EPA to meet our obligations to use advanced biofuels, including biomass-based diesel and cellulosic biofuel, with potentially uncertain supplies of these new fuels.

In October 2010, the EPA issued a partial waiver decision under the Clean Air Act to allow for an increase in the amount of ethanol permitted to be blended into gasoline from 10% (“E10”) to 15% (“E15”) for 2007 and newer light duty motor vehicles. In January 2011, the EPA issued a second waiver for the use of E15 in vehicles model years 2001-2006. There are numerous issues, including state and federal regulatory issues, which need to be addressed before E15 can be marketed on a large scale for use in traditional gasoline engines. Consequently, qualified Renewable Identification Numbers (“RINS”) will be required to fulfill the federal mandate for renewable fuels.

In March 2014, the EPA published a final Tier 3 gasoline standard that lowers the allowable sulfur level in gasoline to 10 parts per million ("ppm") and also lowers the allowable benzene, aromatics and olefins content of gasoline. The effective date for the new standard, January 1, 2017, gives refiners nationwide little time to engineer, permit and implement substantial modifications; however, approved small volume refineries have until January 1, 2020 to meet the standard. The American Petroleum Institute and American Fuel and Petrochemical Association may challenge the final regulation. In September 2015, our refinery was granted small volume refinery status by the EPA. Along with credit and trading options, potential capital upgrades for the refinery are being evaluated.

Beginning on June 30, 2014, new sulfur standards for fuel oil used by marine vessels operating within 200 miles of the US coastline (which includes the entire Hawaiian Island chain) was lowered from 10,000 ppm (1%) to 1,000 ppm (0.1%). The sulfur standards began at the refinery and were phased in so that by January 1, 2015, they were to be fully aligned with the International Marine Organization ("IMO") standards and deadline. The more stringent standards apply universally to both US and foreign flagged ships. Although the marine fuel regulations provided vessel operators with a few compliance options such as installation of on-board pollution controls and demonstration unavailability, many vessel operators will be forced to switch to a distillate fuel while operating within the Emission Control Area ("ECA"). Beyond the 200 mile ECA, large ocean vessels are still allowed to burn marine fuel with up to 3.5% sulfur. Our refinery is capable of producing the 1% sulfur residual fuel oil that was previously required within the ECA. Although our refinery remains in a position to supply vessels traveling to and through Hawaii, the market for 0.1% sulfur distillate fuel and 3.5% sulfur residual fuel is much more competitive.

There will be compliance costs and uncertainties regarding how we will comply with the various requirements contained in the EISA and other fuel-related regulations. We may experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

Environmental Agreement. On September 25, 2013 (“Closing Date”), Hawaii Pacific Energy (a wholly-owned subsidiary of Par created for purposes of the acquisition of PHR), Tesoro and PHR entered into an Environmental Agreement (“Environmental Agreement”), which allocated responsibility for known and contingent environmental liabilities related to the acquisition of PHR , including the Consent Decree as described below.

Consent Decree

Tesoro is currently negotiating a Consent Decree with the EPA and the DOJ concerning alleged violations of the federal Clean Air Act related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates ("Consent Decree"), including the Hawaii refinery. It is anticipated that the Consent Decree will be finalized sometime during 2016 and will require certain capital improvements to our refinery to reduce emissions of air pollutants.

We estimate the cost of compliance with the final Consent Decree could be $20 million to $30 million . However, Tesoro is responsible under the Environmental Agreement for reimbursing us for all reasonable third-party capital expenditures incurred for the construction, installation and commissioning of such capital projects and for the payment of any fines or penalties imposed on us arising from the Consent Decree to the extent related to acts or omission of Tesoro or us prior to the Closing Date. Tesoro’s obligation to reimburse us for such fines and penalties is not subject to a monetary limitation; however, the obligation relating to fines and penalties terminates on the third anniversary of the Closing Date.

Indemnification

In addition to its obligation to reimburse us for capital expenditures incurred pursuant to the Consent Decree, Tesoro agreed to indemnify us for claims and losses arising out of related breached of Tesoro’s representations, warranties and covenants in the Environment Agreement, certain defined “corrective actions” relating to pre-existing environmental conditions, third-party claims arising under environmental laws for personal injury or property damage arising out of or relating to releases of hazardous materials that occurred prior to the Closing Date, any fine, penalty or other cost assessed by a governmental authority in connection with violations of environmental laws by us prior to the Closing Date, certain groundwater remediation work, the replacement of underground storage tanks located at certain retail assets and fines or penalties imposed on us by the Consent Decree related to acts or omissions of Tesoro prior to the Closing Date and to the Pearl City Superfund Site.

Tesoro’s indemnification obligations are subject to certain limitations as set forth in the Environmental Agreement. These limitations include a deductible of $1 million and a cap of $15 million for certain of Tesoro’s indemnification obligations related to certain pre-existing conditions as well as certain restrictions regarding the time limits for submitting notice and supporting documentation for remediation actions.

Bankruptcy Matters. We emerged from the reorganization of Delta Petroleum on August 31, 2012 ("Emergence Date") when the plan of reorganization ("Plan") was consummated. On the Emergence Date, we formed the Delta Petroleum General Recovery Trust ("General Trust"). The General Trust was formed to pursue certain litigation against third parties, including preference actions, fraudulent transfer and conveyance actions, rights of setoff and other claims or causes of action under the U.S. Bankruptcy Code and other claims and potential claims that the Debtors hold against third parties. The General Trust was funded with $1 million each pursuant to the Plan.

The General Trust is pursuing all bankruptcy causes of action, claim objections and resolutions and all other responsibilities for winding up the bankruptcy. The General Trust is overseen by a three-person General Trust Oversight Board and our General Counsel is currently the trustee ("Recovery Trustee"). Costs, expenses and obligations incurred by the General Trust are charged against assets in the General Trust. To conduct its operations and fulfill its responsibilities under the Plan and the trust agreements, the Recovery Trustee may request additional funding from us. Any litigation pending at the time we emerged from Chapter 11 was transferred to the General Trust for resolution and settlement in accordance with the Plan and the order confirming the Plan. We are the beneficiary of the General Trust, subject to the terms of the trust agreement and the Plan. Since the Emergence Date, the General Trust has filed various claims and causes of action against third parties before the Bankruptcy Court, which actions are ongoing. Upon liquidation of the various claims and causes of action held by the General Trust, the proceeds, less certain administrative reserves and expenses, will be transferred to us. It is unknown at this time what proceeds, if any, we will realize from the General Trust's litigation efforts.

As of December 31, 2015 , a total of twelve claims totaling approximately $23.1 million remain to be resolved by the Recovery Trustee. We have agreed to settle six of these claims for aggregate consideration of approximately $666 thousand, subject to final documentation and payment, and have filed or will file notices of objection with respect to liability for the other claims.

The largest remaining proof of claim was filed by the U.S. Government for approximately $22.4 million relating to ongoing litigation concerning a plugging and abandonment obligation in Pacific Outer Continental Shelf Lease OCS-P 0320, comprising part of the Sword Unit in the Santa Barbara Channel, California. We believe the probability of issuing stock to satisfy the full claim amount is remote, as the obligations upon which such proof of claim is asserted are joint and several among all working interest owners and Delta, our predecessor, owned a working interest in the unit of approximately 2.4% .

The settlement of claims is subject to ongoing litigation and we are unable to predict with certainty how many shares will be required to satisfy all claims. Pursuant to the Plan, allowed claims are settled at a ratio of 54.4 shares per $1,000 of claim. At December 31, 2015 , we have reserved approximately $1.1 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end.

Operating Leases. We have various cancelable and noncancelable operating leases related to land, vehicles, office and retail facilities and other facilities used in the storage, transportation and sale of crude oil and refined products. The majority of the future lease payments relate to retail stations and facilities used in the storage, transportation and sale of crude oil and refined products. We have operating leases for most of our retail stations with primary terms of up to 32 years and generally containing renewal options and escalation clauses. Leases for facilities used in the storage, transportation and sale of crude oil and refined products have various expiration dates extending to 2044 .

In addition, with our Texadian segment and our logistics segment, we have various agreements to lease storage facilities, primarily along the Mississippi River, railcars, and towboats and other equipment. These leasing agreements have been classified as operating leases for financial reporting purposes and the related rental fees are charged to expense over the lease term as they become payable. The leases generally range in duration of five years or less and contain lease renewal options at fair value. Our railcar leases contain an empty mileage indemnification provision whereby if the empty mileage exceeds the loaded mileage, we are charged for the empty mileage at the rate established by the tariff of the railroad on which the empty miles accrued.

Minimum annual lease payments extending to 2044 for operating leases to which we are legally obligated and having initial or remaining noncancelable lease terms in excess of one year are as follows (in thousands):

2016	$ 27,443
2017	18,269
2018	12,864
2019	10,351
2020	5,805
Thereafter	24,192
Total minimum rental payments	$ 98,924

Capital Leases. We have capital lease obligations related primarily to the leases of five retail stations with initial terms of 17 years, with four five-year renewal options. Minimum annual lease payments including interest, for capital leases are as follows (in thousands):

2016	$	712
2017		672
2018		578
2019		433
2020		—
Thereafter		—
Total minimum lease payments	$	2,395
Less amount representing interest		308
Total minimum rental payments	$	2,087

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of December 31, 2015 .

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations were based on the consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Our significant accounting policies are described in Note 2—Summary of Significant Accounting Policies of our audited consolidated financial statements included herein. We have identified certain of these policies as being of particular importance to the portrayal of our financial position and results of operations and which require the application of significant judgment by management. We analyze our estimates on a periodic basis, including those related to fair value, impairments, natural gas and crude oil reserves, bad debts, natural gas and oil properties, income taxes, derivatives, contingencies and litigation and base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Inventory

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out accounting method. We value merchandise along with spare parts, materials and supplies at average cost. Estimating the net realizable value of our inventory requires management to make assumptions about the timing of sales and the expected proceeds that will be realized for the sales.

Our refining segment acquires substantially all of its crude oil from J. Aron under procurement contracts. The crude oil remains in the legal title of J. Aron and is stored in our storage tanks governed by a storage agreement. Legal title to the crude oil passes to us at the tank outlet. After processing, J. Aron takes title to the refined products stored in our storage tanks until sold to our retail locations or to third parties. We record the inventory owned by J. Aron on our behalf as inventory with a corresponding accrued liability on our balance sheet because we maintain the risk of loss until the refined products are sold to third parties and we have an obligation to repurchase it. The valuation of our repurchase obligation requires that we make estimates of the prices and differentials assuming settlement at the end of the reporting period. Please read Note 10—Inventory Financing Agreements for additional information.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In estimating fair value, we use discounted cash-flow projections, recent comparable market transactions, if available or quoted prices. We consider assumptions that third parties would make in estimating fair value, including the highest and best use of the asset. The assumptions used by another party could differ significantly from our assumptions.

We classify fair value balances based on the classification of the inputs used to calculate the fair value of a transaction. The inputs used to measure fair value have been placed in a hierarchy based on priority. The hierarchy gives the highest priority to unadjusted, readily observable quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis. We use a variety of methods to estimate the fair value of assets and liabilities acquired in business combinations and evaluating goodwill and other long-lived assets for impairment. These methods include the cost approach, the sales approach and the income approach. These methods require management to make judgments regarding characteristics of the acquired property, future revenues and expenses. There is a significant amount of judgment involved in cash-flow estimates. Changes in these estimates would result in different amounts allocated to the related assets and liabilities.

At December 31, 2015 , we conducted an impairment test related to our equity investment in Laramie Energy . As a result of the decline in commodity prices during 2015, we concluded that our equity investment in Laramie Energy was impaired and recognized an other-than-temporary impairment charge of $41.1 million on our consolidated statement of operations for the year ended December 31, 2015 . We primarily used a market approach to determine the fair value of our equity investment in Laramie Energy as of December 31, 2015 .

At September 30, 2015, we conducted an interim goodwill impairment test of our Texadian reporting unit due to (i) a reduction in the forecasted results of operations during our annual budgeting process; (ii) the decision to cancel the charter on the barges used to move crude oil from Canada to the U.S. Gulf Coast due to lower forecasted commodity prices and (iii) negative cash flows from the business during 2015. Upon completion of the goodwill impairment test, we determined the goodwill associated with the Texadian reporting unit was fully impaired resulting in a charge of $7.0 million in our consolidated statement of operations for the year ended December 31, 2015 . In assessing the value of the reporting unit, we primarily used an income approach with a weighted-average discount rate of 15%.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis. In the valuation of the liability for the contingent consideration to be paid for the acquisition of PHR and of our outstanding warrants, we use simulation models which require management to make estimates of future gross margin, gross margin volatility and expected volatility of our stock price and a present value factor. Different estimates would result in a change in the fair value of the amounts presented in our consolidated financial statements.

Derivatives and Other Financial instruments. We are exposed to commodity price risk related to crude oil and refined products. We manage this exposure through the use of various derivative commodity instruments. These instruments include exchange traded futures and over-the-counter swaps, forwards and options.

For our forward contracts that are derivatives, we have elected the normal purchase normal sale exclusion, as it is our policy to fulfill or accept the physical delivery of the product and we will not net settle. Therefore, we did not recognize the unrealized gains or losses related to these contracts in our consolidated financial statements. We apply the accrual method of accounting to contracts qualifying for the normal purchase and sales exemption.

All derivative instruments not designated as normal purchases or sales, are recorded in the balance sheet as either assets or liabilities measured at their fair values. Changes in the fair value of these derivative instruments are recognized currently in earnings. We have not designated any derivative instruments as cash flow or fair value hedges and therefore, do not apply hedge accounting treatment.

In addition, we may have other financial instruments, such as warrants or embedded debt features, that may be classified as liabilities when either (a) the holders possess rights to net cash settlement, (b) physical or net equity settlement is not in our control or (c) the instruments contain other provisions that cause us to conclude that they are not indexed to our equity. Our former delayed draw term loan facility contained certain puts that were accounted for as embedded derivatives. We have also accounted for our obligation to repurchase crude oil and refined products from J.Aron at the termination of the Supply and Offtake Agreements as an embedded derivative. These liabilities were initially recorded at fair value and subsequently adjusted to fair value at the end of each reporting period through earnings.

Asset Retirement Obligations. We record asset retirement obligations ("AROs") at fair value in the period in which we have a legal obligation, whether by government action or contractual arrangement, to incur these costs and can make a reasonable estimate of the fair value of the liability. Our AROs arise from our refining, retail and logistics operations, as well as plugging and abandonment of wells within our natural gas and crude oil operations. AROs are calculated based on the present value of the estimated removal and other closure costs using our credit-adjusted risk-free rate. When the liability is initially recorded, we capitalize the cost by increasing the book value of the related long-lived tangible asset. The liability is accreted to its estimated settlement value and the related capitalized cost is depreciated over the asset's useful life and both expenses are recorded in Depreciation, depletion and amortization in the consolidated statements of operations. The difference between the settlement amount and the recorded liability is recorded as a gain or loss on asset disposals in our consolidated statements of operations. We estimate settlement dates by considering our past practice, industry practice, management's intent and estimated economic lives.

We cannot currently estimate the fair value for certain AROs primarily because we cannot estimate settlement dates (or ranges of dates) associated with these assets. These AROs include hazardous materials disposal (such as petroleum manufacturing by-products, chemical catalysts and sealed insulation material containing asbestos) and removal or dismantlement requirements associated with the closure of our refining facility, terminal facilities, or pipelines, including the demolition or removal of certain major processing units, buildings, tanks, pipelines or other equipment.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Our earnings, cash flow and liquidity are significantly affected by commodity price volatility. Our revenues fluctuate with refined product prices and our cost of revenues fluctuates with movements in crude oil and feedstock prices. Assuming all other factors remain constant, a $1 per barrel change in average gross refining margins, based on our year-to-date throughput of 77 thousand barrels per day, would change annualized operating income by approximately $27.8 million . This analysis may differ from actual results.

In order to manage commodity price risks, we utilize exchange-traded futures, options and over-the-counter ("OTC") swaps to manage commodity price risks associated with:

- the price for which we sell our refined products;
- the price we pay for crude oil and other feedstocks;
- our refined products inventory outside of the Supply and Offtake Agreements;
- our fuel requirements for our refinery;
- our exposure to crude oil price volatility in our Texadian segment.

Our Supply and Offtake Agreements with J.Aron require us to hedge our exposure based on the time spread between the period between crude oil cargo pricing and the expected delivery month. We manage this exposure by entering into swaps with J.Aron. Please read Note 7—Inventory Financing Agreements to our consolidated financial statements for more information.

All of our futures and OTC swaps are executed to economically hedge our physical commodity purchases, sales and inventory. Our open futures and OTC swaps expire at various dates through February 29, 2016. At December 31, 2015 , these open commodity derivative contracts represent:

- futures and OTC swaps purchases of 403 thousand barrels that economically hedge our forecasted sales of refined products;
- sold OTC swaps of 95 thousand barrels that economically hedge our refined products inventory; and
- futures sales of 239 thousand barrels that economically hedge our physical inventory for our Texadian segment.

Based on our net open positions at December 31, 2015 , a $1 change in the price of crude oil, assuming all other factors remain constant, would have no material change to the fair value of our derivative instruments and cost of revenues.

Our predominant variable operating cost is the cost of fuel consumed in the refining process, which is included in Cost of revenues on our consolidated statement of operations. Assuming normal operating conditions, we consume approximately 77 thousand barrels per day of crude oil during the refining process. We have economically hedged our internally consumed fuel cost using costless collars at a rate of 52 thousand barrels per month through December 2017 . These options have a weighted-average strike price ranging from a floor of $55.88 per barrel to a ceiling of $64.18 per barrel. In 2016, we have entered into additional collars to economically hedge the cost of our internally consumed fuel in 2018.

Compliance Program Price Risk

We are exposed to market risks related to the volatility in the price of RINs required to comply with the Renewable Fuel Standard. Our overall RINs obligation is based on a percentage of our domestic shipments of on-road fuels as established by the EPA. To the degree we are unable to blend the required amount of biofuels to satisfy our RINs obligation, we must purchase RINs on the open market. To mitigate the impact of this risk on our results of operations and cash flows we may purchase RINs when the price of these instruments is deemed favorable. Some of these contracts are derivative instruments, however, we elect the NPNS exception and do not record these contracts at their fair values.

Interest Rate Risk

As of December 31, 2015 , $110 million of outstanding debt was subject to floating interest rates. We also have interest rate exposure in connection with our liability under the J. Aron Supply and Offtake Agreements, for which we pay a charge based on a 3-month LIBOR. An increase of 1% in the variable rate on our indebtedness, after considering the instruments subject to minimum interest rates, would result in an increase to our cost of revenues and interest expense of approximately $2.6 million and $2.0 million per year, respectively. We may enter into interest rate swaps, interest rate caps, interest rate collars or other similar contracts to manage our interest rate risk. As of December 31, 2015, we had no such contracts; however, in February 2016, we entered into interest rate swaps with an aggregate notional amount of $200 million at an average fixed interest rate of 1.1%. The interest rate swaps mature in February 2019 and March 2021.

Credit Risk

We are subject to risk of losses resulting from nonpayment or nonperformance by our counterparties. We will continue to closely monitor the creditworthiness of customers to whom we grant credit and establish credit limits in accordance with our credit policy.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements required by this item are set forth beginning on page F- 1 . There are no financial statement schedules since they are either not applicable or the information is included in the notes to the consolidated financial statements.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of ensuring that all information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended ("Exchange Act"), such as this report, is recorded, processed, summarized and reported within the time periods specified by the SEC. In connection with the preparation of this Annual Report on Form 10-K, as of December 31, 2015 , an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of December 31, 2015 .

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2015 , we established internal controls for recently enhanced components of the Governance, Risk & Compliance module of our general ledger system. There were no other changes during the quarter ended December 31, 2015 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financing reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934). The Company's internal control system was designed to provide reasonable assurance to the company's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015 . In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on our assessment we believe that, as of December 31, 2015 , the Company's internal control over financial reporting is effective based on those criteria.

Deloitte & Touche LLP, the Company's independent registered public accounting firm that audited the Company's financial statements included in this Annual Report on Form 10-K, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015 , which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Par Pacific Holdings, Inc.
Houston, Texas

We have audited the internal control over financial reporting of Par Pacific Holdings, Inc. (formerly Par Petroleum Corporation) and subsidiaries (the "Company") as of December 31, 2015 , based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions and effected by the company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015 , based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2015 of the Company and our report dated March 3, 2016 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
March 3, 2016

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated in this Annual Report on Form 10-K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10-K to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended December 31, 2015 .

Item 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated in this Annual Report on Form 10-K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10-K to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended December 31, 2015 .

Item 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated in this Annual Report on Form 10-K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10-K to be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2015 .

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated in this Annual Report on Form 10-K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10-K to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended December 31, 2015 .

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated in this Annual Report on Form 10-K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10-K to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended December 31, 2015 .

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

INDEX TO EXHIBITS

2.1	Third Amended Joint Chapter 11 Plan of Reorganization of Delta Petroleum Corporation and Its Debtor Affiliates dated August 13, 2012. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on September 7, 2012.
2.2	Contribution Agreement, dated as of June 4, 2012, among Piceance Energy, LLC, Laramie Energy, LLC and the Company. Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on June 8, 2012.
2.3	Purchase and Sale Agreement dated as of December 31, 2012, by and among the Company, SEACOR Energy Holdings Inc., SEACOR Holdings Inc. and Gateway Terminals LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 3, 2013.
2.4	Membership Interest Purchase Agreement dated as of June17, 2013, by and among Tesoro Corporation, Tesoro Hawaii, LLC and Hawaii Pacific Energy, LLC Incorporated by reference to Exhibit 2.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, filed on August 14, 2013.
2.5	Agreement and Plan of Merger dated as of June 2, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc. and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 2.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed on August 11, 2014.
2.6	Amendment to Agreement and Plan of Merger dated as of September 9, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc. and Bill D. Mills, in his capacity as the shareholders' representative. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 10, 2014.
2.7	Second Amendment to Agreement and Plan of Merger dated as of December 31, 2014, by and among Par Petroleum Corporation, Bogey, Inc., Koko'oha Investments, Inc. and Bill D. Mills, in his capacity as the shareholder's representative. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 7, 2015.
2.8	Third Amendment to Agreement and Plan of Merger dated as of March 31, 2015, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc. and Bill D. Mills, in his capacity as the shareholders' representative. Incorporated by reference to Exhibit 2.4 to the Company's Current Report on Form 8-K filed on April 2, 2015.
3.1	Restated Certificate of Incorporation of the Company dated October 20, 2015. Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 20, 2015.
3.2	Second Amended and Restated Bylaws of the Company dated October 20, 2015. Incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed on October 20, 2015.
4.1	Form of the Company's Common Stock Certificate. Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on March 31, 2014.
4.2	Registration Rights Agreement effective as of August 31, 2012, by and among the Company, Zell Credit Opportunities Master Fund, L.P., Waterstone Capital Management, L.P., Pandora Select Partners, LP, Iam Mini-Fund 14 Limited, Whitebox Multi-Strategy Partners, LP, Whitebox Credit Arbitrage Partners, LP, HFR RVA Combined Master Trust, Whitebox Concentrated Convertible Arbitrage Partners, LP and Whitebox Asymmetric Partners, LP. Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on September 7, 2012.
4.3	Warrant Issuance Agreement dated as of August 31, 2012, by and among the Company and WB Delta, Ltd., Waterstone Offshore ER Fund, Ltd., Prime Capital Master SPC, GOT WAT MAC Segregated Portfolio, Waterstone Market Neutral MAC51, Ltd., Waterstone Market Neutral Master Fund, Ltd., Waterstone MF Fund, Ltd., Nomura Waterstone Market Neutral Fund, ZCOF Par Petroleum Holdings, L.L.C. and Highbridge International, LLC. Incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 7, 2012.

4.4	Form of Common Stock Purchase Warrant dated as of June 4, 2012. Incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 7, 2012.
4.5	Par Petroleum Corporation 2012 Long Term Incentive Plan. Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed on December 21, 2012.
4.6	Registration Rights Agreement dated as of September 25, 2013, by and among the Company and the Purchasers party thereto. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 27, 2013.
4.7	Form of Par Petroleum Corporation Shareholder Subscription Rights Certificate. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 22, 2014.
4.8	Stockholders Agreement dated April 10, 2015. Incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on April 13, 2015.
4.9	Amendment to Par Pacific Holdings, Inc. 2012 Long Term Incentive Plan. *
10.1	Delayed Draw Term Loan and Bridge Loan Credit Agreement dated as of July 11, 2014, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Jefferies Finance LLC, as administrative agent for the Lenders. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on July 14, 2014.
10.2	First Amendment to Delayed Draw Term Loan and Bridge Loan Credit Agreement dated as of July 28, 2014, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Jefferies Finance LLC, as administrative agent for the Lenders. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on July 28, 2014.
10.3	Second Amendment to Delayed Draw Term Loan and Bridge Loan Credit Agreement dated as of September 10, 2014, by and among the Company, the Guarantors party thereto, the Lenders party thereto and Jefferies Finance LLC, as administrative agent for the Lenders. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on September 10, 2014.
10.4	Third Amended and Restated Limited Liability Company Agreement of Laramie Energy, LLC dated February 22, 2016, by and among Laramie Energy II, LLC, Par Piceance Energy Equity LLC and the other members party thereto. *
10.5	Credit Agreement dated as of June 4, 2012 among Piceance Energy, LLC, the financial institutions party thereto, JPMorgan Chase Bank, N.A., as administrative agent and Wells Fargo Bank, National Association, as syndication agent. Incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K filed on September 7, 2012.
10.6	First Amendment to Credit Agreement dated August 31, 2012, by and among Piceance Energy, LLC, the financial institutions party thereto and JPMorgan Chase Bank, N.A. Incorporated by reference to Exhibit 10.4 to the Company’s Current Report on Form 8-K filed on September 7, 2012.
10.7	Delta Petroleum General Recovery Trust Agreement dated August 27, 2012, by and among the company, DPCA LLC, Delta Exploration company, Inc., Delta Pipeline, LLC, DLC, Inc., CEC, Inc., Castle Texas Production Limited. Partnership, Amber Resources company of Colorado, Castle Exploration company, Inc. and John T. Young. Incorporated by reference to Exhibit 10.6 to the Company’s Current Report on Form 8-K filed on September 7, 2012.
10.8	Pledge Agreement dated August 31, 2012, by Par Piceance Energy Equity LLC in favor of Jefferies Finance LLC. Incorporated by reference to Exhibit 10.7 to the Company’s Current Report on Form 8-K filed on September 7, 2012.
10.9	Intercreditor Agreement dated August 31, 2012, by and among JP Morgan Chase Bank, N.A., as administrative agent for the First Priority Secured Parties (as defined therein), Jefferies Finance LLC, as administrative agent for the Second Priority Secured Parties (as defined therein), the Company and Par Piceance Energy Equity LLC. Incorporated by reference to Exhibit 10.8 to the Company’s Current Report on Form 8-K filed on September 7, 2012.
10.10	Pledge and Security Agreement, dated August 31, 2012, by the company and certain of its subsidiaries in favor of Jefferies Finance LLC. Incorporated by reference to Exhibit 10.9 to the Company’s Current Report on Form 8-K filed on September 7, 2012.
10.11	Form of Indemnification Agreement between the company and its Directors and Executive Officers. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on October 19, 2012.***

10.12	Letter Agreement dated as of September 17, 2013 but effective as of January 1, 2013, by and between Equity Group Investments and the company. Incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2013.
10.13	Framework Agreement dated as of September 25, 2013, by and among Hawaii Pacific Energy, LLC, Tesoro Hawaii, LLC and Barclays Bank PLC. Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 8-K filed on September 27, 2013.
10.14	Storage and Services Agreement dated as of September 25, 2013, by and among Tesoro Hawaii, LLC and Barclays Bank PLC. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.15	Agency and Advisory Agreement dated as of September 25, 2013, by and among Tesoro Hawaii, LLC and Barclays Bank PLC. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.16	Inventory First Lien Security Agreement dated as of September 25, 2013, by and among Tesoro Hawaii, LLC and Wells Fargo Bank, N.A, as inventory collateral agent. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.17	First Lien Mortgage dated as of September 25, 2013, by and among Tesoro Hawaii, LLC and Wells Fargo Bank, N.A, as inventory collateral agent. Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.18	Intercreditor Agreement dated as of September 25, 2013, by and among Barclays Bank PLC, Wells Fargo Bank, N.A, as inventory collateral agent, Deutsche Bank AG New York Branch, as ABL loan collateral agent and as administrative agent pursuant to the ABL Credit Agreement, Hawaii Pacific Energy, LLC and Tesoro Hawaii, LLC. Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.19	Membership Interests First Lien Pledge Agreement dated as of September 25, 2013, by and between Hawaii Pacific Energy, LLC and Wells Fargo Bank, N.A, as inventory collateral agent. Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.20	ABL Credit Agreement dated as of September 25, 2013, by and among Tesoro Hawaii, LLC and other borrowers party thereto, Hawaii Pacific Energy, LLC, the Lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and ABL loan collateral agent. Incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.21	ABL Loan Second Lien Security Agreement dated as of September 25, 2013, by and between Tesoro Hawaii, LLC and Wells Fargo Bank, National Association, as inventory collateral agent. Incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.22	ABL Loan First Lien Security Agreement dated as of September 25, 2013, by and between Tesoro Hawaii, LLC and Deutsche Bank AG New York Branch, as ABL loan collateral agent. Incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.23	Second Lien Mortgage dated as of September 25, 2013, by and between Tesoro Hawaii, LLC and Deutsche Bank AG New York Branch, as collateral agent. Incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.24	Membership Interests Second Lien Pledge Agreement dated as of September 25, 2013, by and between Hawaii Pacific Energy, LLC and Deutsche Bank AG New York Branch, as ABL loan collateral agent. Incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.25	Inventory Second Lien Security Agreement dated as of September 25, 2013, by and between Tesoro Hawaii, LLC and Deutsche Bank AG New York Branch, as collateral agent. Incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K filed on September 27, 2013.
10.26	Environmental Agreement dated as of September 25, 2013, by and among Tesoro Corporation, Tesoro Hawaii, LLC and Hawaii Pacific Energy, LLC. Incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2013.
10.27	Credit Agreement dated as of November 14, 2013, by and among the company, the Lenders party thereto and Bank of Hawaii, as administrative agent for the Lenders. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 19, 2013.
10.28	Employment Offer Letter with William Monteleone dated September 25, 2013. Incorporated by reference to Exhibit 10.43 to the Company's Amendment No. 3 to Annual Report on Form 10-K/A filed on July 2, 2014.***

10.29	Employment Offer Letter with Christopher Micklas dated December 9, 2013***.
10.30	Award Notice of Restricted Stock with William Monteleone dated December 31, 2012. Incorporated by reference to Exhibit 10.46 to the Company's Amendment No. 3 to Annual Report on Form 10-K/A filed on July 2, 2014.***
10.31	Award Notice of Restricted Stock with William Monteleone dated December 31, 2013. Incorporated by reference to Exhibit 10.49 to the Company's Amendment No. 3 to Annual Report on Form 10-K/A filed on July 2, 2014.***
10.32	Award Notice of Restricted Stock with Christopher Micklas dated December 9, 2013.***
10.33	Employment Offer Letter with Joseph Israel dated December 12, 2014. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 17, 2014. ***
10.34	Award Notice of Restricted Stock with Joseph Israel dated January 5, 2015. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 7, 2015.***
10.35	Nonstatutory Stock Option Agreement with Joseph Israel dated January 5, 2015. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 7, 2015.***
10.36	Form of Subscription and Lock-Up Agreement. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.37	Form of Award of Restricted Stock (Stock Purchase Plan). Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.38	Form of Nonstatutory Stock Option Agreement (Stock Purchase Plan). Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.39	Par Petroleum Corporation Discretionary Long Term Incentive Plan for 2014 dated June 12, 2014. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.40	Form of Award of Restricted Stock (Discretionary Long Term Incentive Plan). Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.41	Form of Award of Restricted Stock Units (Discretionary Long Term Incentive Plan). Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.42	Par Petroleum Corporation NAV (Net Asset Value) Unit Plan dated June 12, 2014. Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.43	Form of NAV Units Plan Award. Incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.44	Par Petroleum Corporation Directors' Deferred Compensation Plan dated June 12, 2014. Incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.45	Deferral Election Form. Incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on July 11, 2014.***
10.46	Amended and Restated Uncommitted Credit Agreement dated as of February 20, 2015, by and among Texadian Energy, Inc., Texadian Energy Canada Limited, BNP Paribas and the other lenders from time to time party thereto and BNP Paribas, as the administrative agent and collateral agent for the lenders and as an issuing bank, daylight overdraft bank and swing line lender. Incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on February 25, 2015.
10.47	Third Amendment to Delayed Draw Term Loan and Bridge Credit Agreement dated as of March 11, 2015, by and among the Company, the Guarantors party thereto, the Term Lenders party thereto and Jefferies Finance LLC, as administrative agent for the Lenders. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 11, 2015.
10.48	Credit Agreement dated as of April 1, 2015, by and among Koko'oha Investments, Inc., Mid Pac Petroleum, LLC, Bank of Hawaii and the other lenders party thereto, and Bank of Hawaii, as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 2, 2015.
10.49	Pledge Agreement dated as of April 1, 2015, by Hawaii Pacific Energy, LLC in favor of Jefferies Finance LLC. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 2, 2015.

10.50	Limited Recourse Guaranty dated as of April 1, 2015, by Hawaii Pacific Energy, LLC. Incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K filed on April 2, 2015.
10.51	Fourth Amendment to Delayed Draw Term Loan and Bridge Loan Credit Agreement dated as of April 1, 2015, by and among the Company, the Guarantors party thereto, the Term Lenders party thereto and Jefferies Finance LLC, as administrative agent for the lenders. Incorporated by reference to Exhibit 10.4 to the Company’s Current Report on Form 8-K filed on April 2, 2015.
10.52	Second Amendment and Waiver to ABL Credit Agreement dated as of March 30, 2015, by and among Hawaii Independent Energy, LLC, Hawaii Pacific Energy, LLC, the Lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent for the Lenders. Incorporated by reference to Exhibit 10.5 to the Company’s Current Report on Form 8-K filed on April 2, 2015.
10.53	First Amendment to Credit Agreement dated as of March 30, 2015 among HIE Retail, LLC, Bank of Hawaii, American Savings Bank, F.S.B. and Central Pacific Bank, and Bank of Hawaii, as administrative and collateral agent for the Lenders. Incorporated by reference to Exhibit 10.6 to the Company’s Current Report on Form 8-K filed on April 2, 2015.
10.54	Form of Award of Restricted Stock (Discretionary Long Term Incentive Plan). Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on April 2, 2015. ***
10.55	Form of Award of Restricted Stock Units (Discretionary Long Term Incentive Plan). Incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K filed on April 2, 2015. ***
10.56	Form of Nonstatutory Stock Option Agreement (Discretionary Long Term Incentive Plan). Incorporated by reference to Exhibit 10.4 to the Company’s Current Report on Form 8-K filed on April 2, 2015. ***
10.57	Termination of Stockholders Agreement dated April 10, 2015 by and among Par Petroleum Corporation, Zell Credit Opportunities Fund, L.P., ZCOF Par Petroleum Holdings, LLC, Pandora Select Partners, LP, Whitebox Multi-Strategy Partners, LP, Whitebox Credit Arbitrage Partners, LP, Whitebox Concentrated Convertible Arbitrage Partners, LP, and Whitebox Asymmetric Partners, LP. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 13, 2015.
10.58	Par Petroleum (and subsidiaries) Incentive Compensation Plan. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on May 12, 2015. ***
10.59	Letter Agreement dated as of December 30, 2014, among HIE Retail, LLC, Bank of Hawaii, American Savings Bank, F.S.B. and Central Pacific Bank. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed May 15, 2015.
10.60	Second Amendment to Credit Agreement dated as of May 15, 2015, among HIE Retail, LLC, Hawaii Pacific Energy, LLC, Bank of Hawaii, American Savings Bank, F.S.B. and Central Pacific Bank, and Bank of Hawaii, as administrative and collateral agent for the Lenders. Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed May 15, 2015.
10.61	Supply and Offtake Agreement dated as of June 1, 2015, between Hawaii Independent Energy, LLC and J. Aron & Company. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed June 2, 2015.
10.62	Storage Facilities Agreement dated as of June 1, 2015, between Hawaii Independent Energy, LLC and J. Aron & Company. Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed June 2, 2015.
10.63	Marketing and Sales Agreement dated as of June 1, 2015, between Hawaii Independent Energy, LLC and J. Aron & Company. Incorporated as Exhibit 10.3 to the Company’s Current Report on Form 8-K filed June 2, 2015.
10.64	Pledge and Security Agreement dated as of June 1, 2015, between Hawaii Independent Energy, LLC and J. Aron & Company. Incorporated by reference to Exhibit 10.4 to the Company’s Current Report on Form 8-K filed June 2, 2015.
10.65	Equity Pledge Agreement dated as of June 1, 2015, between Hawaii Pacific Energy, LLC and J. Aron & Company. Incorporated by reference to Exhibit 10.5 to the Company’s Current Report on Form 8-K filed June 2, 2015.

10.66	Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of June 1, 2015, by Hawaii Independent Energy, LLC for the benefit of J. Aron & Company. Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed June 2, 2015.
10.67	Environmental Indemnity Agreement dated as of June 1, 2015, by Hawaii Independent Energy, LLC in favor of J. Aron & Company. Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed June 2, 2015.
10.68	Fifth Amendment to Delayed Draw Term Loan and Bridge Loan Credit Agreement dated as of June 1, 2015, by and among of Par Petroleum Corporation, the Guarantors party thereto, the Term Lenders party thereto and Jefferies Finance LLC, as administrative agent for the lenders. Incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed June 2, 2015.
10.69	Employment Offer Letter with William C. Pate dated October 12, 2015. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 14, 2015. ***
10.70	Initial Award with William C. Pate dated October 12, 2015. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 14, 2015. ***
10.71	Amendment to Employment Offer Letter with Joseph Israel dated October 12, 2015. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed October 14, 2015. ***
10.72	Credit Agreement, dated as of December 17, 2015, among Mid Pac Petroleum, LLC, HIE Retail, LLC, the Subsidiary Guarantors party thereto, the lending institutions named therein, and KeyBank National Association, as the administrative agent and as a letter of credit issuer. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 18, 2015.
10.73	Sixth Amendment to Delayed Draw Term Loan and Bridge Loan Credit Agreement dated as of December 17, 2015, among Par Pacific Holdings, Inc., the Guarantors party thereto, the Term Lenders party thereto and Jefferies Finance LLC, as administrative agent for the lenders. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 18, 2015.
10.74	Unit Purchase Agreement dated February 22, 2016, by and among Laramie Energy, LLC, Par Piceance Energy Equity LLC, and the other parties thereto. *
10.75	Equity Commitment Letter dated December 17, 2015, by and between Par Pacific Holdings, Inc. and Piceance Energy, LLC. *
14.1	Par Pacific Holdings, Inc. Code of Business Conduct and Ethics for Employees, Executive Officers and Directors, effective December 3, 2015. *
21.1	Subsidiaries of the Registrant.*
23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of EKS&H LLLP*
23.3	Consent of Netherland, Sewell & Associates, Inc.*
23.4	Consent of Deloitte & Touche LLP related to the financial statements of Laramie Energy, LLC as of and for the year ended December 31, 2015. *
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.*
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. *
99.1	Report of Netherland, Sewell & Associates, Inc. regarding the registrants Proved Reserves as of December 31, 2015.*
99.2	Laramie Energy, LLC Financial Statements and Independent Auditors' Report, for the fiscal years ended December 31, 2015, 2014, and 2013. *
101.INS	XBRL Instance Document.**

101.SCH	XBRL Taxonomy Extension Schema Documents.**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.**

* Filed herewith. Schedules and similar attachments to Exhibits 10.4 and 10.74 have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish supplementally a copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

** These interactive data files are furnished and deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended and otherwise are not subject to liability under those sections.

*** Management contract or compensatory plan or arrangement.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015, 2014 and 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Par Pacific Holdings, Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheets of Par Pacific Holdings, Inc. (formerly Par Petroleum Corporation) and subsidiaries (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2015 . These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits. We did not audit the financial statements of Laramie Energy, LLC, an equity method investee of the Company, as of December 31, 2014 and for the years ended December 31, 2014 and 2013 . The Company's investment in Laramie Energy, LLC constituted 14% of consolidated total assets as of December 31, 2014 and the Company's interest in the net income (loss) of Laramie Energy, LLC constituted 6% and 4% of consolidated net loss for the years ended December 31, 2014 and 2013 , respectively. The financial statements of Laramie Energy, LLC as of December 31, 2014 and for the years ended December 31, 2014 and 2013 were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Laramie Energy, LLC, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Par Pacific Holdings, Inc. and subsidiaries as of December 31, 2015 and 2014 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 , in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015 , based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
March 3, 2016

Report of Independent Registered Public Accounting Firm

To the Members of
Laramie Energy, LLC
Denver, Colorado

We have audited the balance sheet of Laramie Energy, LLC (formerly Piceance Energy, LLC) (the "Company") as of December 31, 2014, and the related statements of operations, members' equity, and cash flows for each of the two years in the period ended December 31, 2014, and the related notes to the financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laramie Energy, LLC as of December 31, 2014 and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/ EKS&H LLLP
EKS&H LLLP

February 27, 2015, except for Note 1, as to which the date is February 26, 2016
Denver, Colorado

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 167,788	$ 89,210
Restricted cash	748	749
Trade accounts receivable	68,342	111,953
Inventories	219,437	243,853
Prepaid and other current assets	75,437	15,024
Total current assets	531,752	460,789
Property and equipment		
Property, plant and equipment	220,863	123,323
Proved oil and gas properties, at cost, successful efforts method of accounting	1,122	1,122
Total property and equipment	221,985	124,445
Less accumulated depreciation and depletion	(26,845)	(11,510)
Property and equipment, net	195,140	112,935
Long-term assets		
Investment in Laramie Energy, LLC	76,203	104,657
Intangible assets, net	34,368	7,506
Goodwill	41,327	20,786
Other long-term assets	13,471	28,563
Total assets	$ 892,261	$ 735,236
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 11,000	$ 29,100
Obligations under inventory financing agreements	237,709	197,394
Accounts payable	27,428	33,064
Current portion of contingent consideration	19,880	—
Other accrued liabilities	69,023	51,248
Total current liabilities	365,040	310,806
Long-term liabilities		
Long-term debt, net of current maturities	154,212	101,739
Common stock warrants	8,096	12,123
Contingent consideration	7,701	9,131
Long-term capital lease obligations	1,175	1,295
Other liabilities	15,426	7,983
Total liabilities	551,650	443,077
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock, $0.01 par value: 3,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value; 500,000,000 shares authorized at December 31, 2015 and 2014, 41,009,924 shares and 37,068,886 shares issued at December 31, 2015 and 2014, respectively	410	371
Additional paid-in capital	515,165	427,287
Accumulated deficit	(174,964)	(135,053)
Accumulated other comprehensive loss	—	(446)
Total stockholders' equity	340,611	292,159
Total liabilities and stockholders' equity	$ 892,261	$ 735,236

See accompanying notes to consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31, 2015	2014	2013
Revenues	$ 2,066,337	$ 3,108,025	$ 886,014
Operating expenses			
Cost of revenues	1,787,368	2,937,472	857,066
Operating expense, excluding depreciation, depletion and amortization expense	136,338	140,900	27,251
Lease operating expense	5,283	5,673	5,676
Depreciation, depletion and amortization	19,918	14,897	5,982
Impairment expense	9,639	—	—
Loss (gain) on sale of assets, net	—	624	(50)
Trust litigation and settlements	—	—	6,206
General and administrative expense	44,271	34,304	21,494
Acquisition and integration expense	2,006	11,687	9,794
Total operating expenses	2,004,823	3,145,557	933,419
Operating income (loss)	61,514	(37,532)	(47,405)
Other income (expense)			
Interest expense and financing costs, net	(20,156)	(17,995)	(13,285)
Loss on termination of financing agreements	(19,669)	(1,788)	(6,141)
Other income (expense), net	(291)	(312)	758
Change in value of common stock warrants	(3,664)	4,433	(10,159)
Change in value of contingent consideration	(18,450)	2,849	—
Equity earnings (losses) from Laramie Energy, LLC	(55,983)	2,849	(2,941)
Total other income (expense), net	(118,213)	(9,964)	(31,768)
Loss before income taxes	(56,699)	(47,496)	(79,173)
Income tax benefit	16,788	455	—
Net loss	$ (39,911)	$ (47,041)	$ (79,173)
Loss per share			
Basic	$ (1.06)	$ (1.44)	$ (4.01)
Diluted	$ (1.06)	$ (1.44)	$ (4.01)
Weighted-average number of shares outstanding			
Basic	37,678	32,739	19,740
Diluted	37,678	32,739	19,740

See accompanying notes to consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Year Ended December 31,		
	2015	**2014**	**2013**
Net loss	$ (39,911)	$ (47,041)	$ (79,173)
Other comprehensive income (loss):			
Reclassification of other post-retirement benefits loss to net income	1,082	—	
Other post-retirement benefits loss	(636)	(446)	—
Total other comprehensive income (loss)	446	(446)	
Comprehensive loss	$ (39,465)	$ (47,487)	$ (79,173)

See accompanying notes to consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net loss	$ (39,911)	$ (47,041)	$ (79,173)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation, depletion and amortization	19,918	14,897	5,982
Impairment expense	9,639	—	—
Loss on termination of financing agreements	19,669	1,788	6,141
Gain on termination of other post-retirement benefits	(5,550)	—	—
Non-cash interest expense	12,449	13,470	10,601
Change in value of common stock warrants	3,664	(4,433)	10,159
Change in value of contingent consideration	18,450	(2,849)	—
Deferred taxes	(16,489)	(257)	179
Loss (gain) on sale of assets, net	—	624	(50)
Stock-based compensation	5,165	3,970	1,161
Unrealized loss (gain) on derivative contracts	10,896	(1,015)	—
Equity (earnings) losses from Laramie Energy, LLC	55,983	(2,849)	2,941
Net changes in operating assets and liabilities:			
Trade accounts receivable	54,529	5,608	(40,278)
Collateral posted with broker for derivative transactions	(20,927)	—	—
Prepaid and other assets	(35,697)	(5,966)	(2,569)
Inventories	31,913	61,529	69,211
Obligations under inventory financing agreements	34,845	(112,884)	(38,999)
Accounts payable and other accrued liabilities	(26,188)	20,804	19,017
Net cash provided by (used in) operating activities	132,358	(54,604)	(35,677)
Cash flows from investing activities			
Acquisition of Par Hawaii, Inc., net of cash acquired	(64,331)	(10,000)	—
Capital expenditures	(22,345)	(14,300)	(7,768)
Proceeds from sale of assets	—	595	2,850
Acquisition of Par Hawaii Refining, LLC, including working capital settlement	—	(582)	(559,279)
Investment in Laramie Energy, LLC	(27,529)	(12)	(303)
Net cash used in investing activities	(114,205)	(24,299)	(564,500)
Cash flows from financing activities			
Proceeds from sale of common stock, net of offering costs	76,056	103,949	199,170
Proceeds from exercise of common stock warrants	39	5	18
Proceeds from borrowings	208,158	363,620	159,800
Repayments of borrowings	(227,212)	(331,530)	(121,909)
Net repayments on deferred payment arrangement	(1,436)	—	—
Payment of deferred loan costs	(7,335)	(6,045)	(2,264)
Purchase of common stock for retirement	(1,034)	—	—
Proceeds from inventory financing agreements	271,000	—	378,238
Payments for termination of supply and exchange agreements	(257,811)	—	—
Restricted cash released	—	53	19,000
Net cash provided by financing activities	60,425	130,052	632,053
Net increase in cash and cash equivalents	78,578	51,149	31,876
Cash and cash equivalents at beginning of period	89,210	38,061	6,185
Cash and cash equivalents at end of period	$ 167,788	$ 89,210	$ 38,061
Supplemental cash flow information:			
Cash received (paid) for:			
Interest	$ (6,891)	$ (4,526)	$ (2,186)
Taxes	402	243	—
Non-cash investing and financing activities			
Accrued capital expenditures	$ 2,102	$ 2,328	$ —
Stock issued used to settle bankruptcy claims	—	2,677	2,605
Value of warrants reclassified to equity	7,691	786	3,741

See accompanying notes to consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total
	Shares	Amount	Capital	Deficit	Loss	Equity
Balance, January 1, 2013	15,008	$ 150	$ 109,446	$ (8,839)	$ —	$ 100,757
Issuance of common stock, net of offering costs of $830 thousand	14,388	144	199,026	—	—	199,170
Bankruptcy claim settlements	209	2	2,603	—	—	2,605
Exercise of common stock warrants	184	2	3,739	—	—	3,741
Stock-based compensation	362	3	1,161	—	—	1,164
Net loss	—	—	—	(79,173)	—	(79,173)
Balance, December 31, 2013	30,151	301	315,975	(88,012)	—	228,264
Reverse stock split	—	1	(1)	—	—	—
Issuance of common stock, net of offering costs of $237 thousand	6,525	65	103,884	—	—	103,949
Bankruptcy claim settlements	146	1	2,676	—	—	2,677
Exercise of common stock warrants	51	1	785	—	—	786
Stock-based compensation	196	2	3,968	—	—	3,970
Other comprehensive loss	—	—	—	—	(446)	(446)
Net loss	—	—	—	(47,041)	—	(47,041)
Balance, December 31, 2014	37,069	371	427,287	(135,053)	(446)	292,159
Issuance of common stock, net of offering costs of $1.0 million	3,500	35	76,021	—	—	76,056
Exercise of common stock warrants	404	4	7,726	—	—	7,730
Stock-based compensation	98	1	5,164	—	—	5,165
Purchase of common stock for retirement	(61)	(1)	(1,033)	—	—	(1,034)
Other comprehensive income	—	—	—	—	446	446
Net loss	—	—	—	(39,911)	—	(39,911)
Balance, December 31, 2015	41,010	$ 410	$ 515,165	$ (174,964)	$ —	$ 340,611

See accompanying notes to consolidated financial statements.

Note 1—Overview

Par Pacific Holdings, Inc. (formerly known as Par Petroleum Corporation) and its wholly owned subsidiaries ("Par" or the "Company") manages and maintains interests in energy and infrastructure businesses. Currently, we operate in three primary business segments:

1) **Refining** - Our refinery in Kapolei, Hawaii produces ultra-low sulfur diesel, gasoline, jet fuel, marine fuel and other associated refined products primarily for consumption in Hawaii.

2) **Retail** - Our retail outlets sell gasoline, diesel and retail merchandise throughout the island of Oahu as well as the neighboring islands of Maui, Hawaii and Kauai. Our retail network includes Tesoro and "76" branded retail sites, company-operated convenience stores, sites operated in cooperation with 7-Eleven and other sites operated by third parties.

3) **Logistics** - We own and operate terminals, pipelines, a single-point mooring and trucking operations to distribute refined products throughout the island of Oahu as well as the neighboring islands of Maui, Hawaii, Molokai and Kauai.

We also own a 32.4% equity investment in Laramie Energy, LLC (" Laramie Energy "), a joint venture entity operated by Laramie Energy II, LLC (" Laramie ") and focused on producing natural gas in Garfield, Mesa and Rio Blanco Counties, Colorado.

In addition to the three operating segments described above, we have two additional reportable segments: (i) Texadian (formerly the "Commodity Marketing and Logistics segment") and (ii) Corporate and Other. Texadian focuses on sourcing, marketing, transporting and distributing crude oil and refined products in the U.S. and Canada. Corporate and Other includes administrative costs and several small non-operated oil and gas interests that were owned by our predecessor.

Note 2—Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Par Pacific Holdings, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Certain amounts previously reported in our consolidated financial statements for prior periods have been reclassified to conform to the current presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. Actual amounts could differ from these estimates. Significant estimates include the fair value of assets and liabilities, inventory valuation, derivatives, asset retirement obligations, and contingencies and litigation accruals.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with original maturities of three months or less. The carrying value of cash equivalents approximates fair value because of the short-term nature of these investments.

Restricted Cash

Restricted cash consists of cash not readily available for general purpose cash needs. Restricted cash relates to bankruptcy matters and cash held at commercial banks to support letter of credit facilities.

Allowance for Doubtful Accounts

We establish provisions for losses on trade receivables if it becomes probable we will not collect all or part of the outstanding balances. We review collectibility and establish or adjust our allowance as necessary using the specific identification method. As of December 31, 2015 and 2014 , we did not have a significant allowance for doubtful accounts.

Inventories

Commodity inventories are stated at the lower of cost and net realizable value using the first-in, first-out accounting method ("FIFO"). We value merchandise along with spare parts, materials and supplies at average cost.

Beginning in June 2015, our refining segment acquires substantially all of its crude oil from J. Aron & Company ("J.Aron") under supply and offtake agreements as described in Note 10—Inventory Financing Agreements . The crude oil remains in the legal title of J. Aron and is stored in our storage tanks governed by a storage agreement. Legal title to the crude oil passes to us at the tank outlet. After processing, J. Aron takes title to the refined products stored in our storage tanks until sold to our retail locations or to third parties. We record the inventory owned by J. Aron on our behalf as inventory with a corresponding obligation on our balance sheet because we maintain the risk of loss until the refined products are sold to third parties and are obligated to repurchase the inventory.

Prior to the supply and offtake agreements with J. Aron, our refining and distribution segment acquired substantially all of its crude oil from Barclays Bank PLC ("Barclays") under supply and exchange agreements as described in Note 10—Inventory Financing Agreements .

Investment in Laramie Energy, LLC

We account for our Investment in Laramie Energy, LLC using the equity method as we have the ability to exert significant influence, but do not control its operating and financial policies. Our proportionate share of net income (loss) of this entity is included in Equity earnings (losses) from Laramie Energy, LLC in the consolidated statements of operations. The investment is reviewed for impairment when events or changes in circumstances indicate that there has been an other than temporary decline in the value of the investment. Please read Note 3—Investment in Laramie Energy, LLC .

Property, Plant and Equipment

We capitalize the cost of additions, major improvements and modifications to property, plant and equipment. The cost of repairs and normal maintenance of property, plant and equipment is expensed as incurred. Major improvements and modifications of property, plant and equipment are those expenditures that either extend the useful life, increase the capacity or improve the operating efficiency of the asset or improve the safety of our operations. We compute depreciation of property, plant and equipment using the straight-line method, based on the estimated useful life of each asset as follows:

Assets	Lives in Years
Refining	8 to 47
Logistics	3 to 30
Retail	14 to 18
Corporate	3 to 7
Software	3

We record property under capital leases at the lower of the present value of minimum lease payments using our incremental borrowing rate or the fair value of the leased property at the date of lease inception. We depreciate leasehold improvements and property acquired under capital leases over the shorter of the lease term or the economic life of the asset.

We review property, plant and equipment and other long-lived assets whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment is indicated when the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying value. If this occurs, an impairment loss is recognized for the difference between the fair value and carrying value. Factors that indicate potential impairment include a significant decrease in the market value of the asset, operating or cash flow losses associated with the use of the asset and a significant change in the asset's physical condition or use.

Natural Gas and Oil Properties

We account for our natural gas and oil exploration and development activities using the successful efforts method of accounting. Under such method, costs of productive exploratory wells, development dry holes and productive wells and undeveloped leases are capitalized. Natural gas and oil lease acquisition costs are also capitalized. Exploration costs, including personnel costs, certain geological or geophysical expenses and delay rentals for natural gas and oil leases, are charged to expense as incurred. Exploratory drilling costs are initially capitalized, then evaluated quarterly and charged to expense if and when the well is determined not to contain reserves in commercial quantities. The sale of a partial interest in a proved property is accounted for as a cost recovery and no gain or loss is recognized as long as this treatment does not significantly affect the units-of-production depletion rate. A gain or loss is recognized for all other sales of producing properties.

Unproved properties are assessed quarterly on a property-by-property basis and any impairment in value is charged to expense. If the unproved properties are determined to be productive, the related costs are transferred to proved oil and natural gas properties and are depleted. Proceeds from sales of partial interests in unproved leases are accounted for as a recovery of cost without recognizing any gain or loss until all costs have been recovered.

Depletion of capitalized acquisition, exploration and development costs is computed using the units-of-production method by individual fields (common reservoirs) based on proved producing natural gas and crude oil reserves as the related reserves are produced. Associated leasehold costs are depleted using the unit-of-production method based on total proved natural gas and crude oil reserves as the related reserves are produced.

Our natural gas and crude oil assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable.

Asset Retirement Obligations

We record asset retirement obligations (“AROs”) in the period in which we have a legal obligation, whether by government action or contractual arrangement, to incur these costs and can make a reasonable estimate of the liability. Our AROs arise from our refining, logistics, and retail operations, as well as plugging and abandonment of wells within our natural gas and crude oil operations. AROs are calculated based on the present value of the estimated removal and other closure costs using our credit-adjusted risk-free rate. When the liability is initially recorded, we capitalize the cost by increasing the book value of the related long-lived tangible asset. The liability is accreted to its estimated settlement value with accretion expense recognized in Depreciation, depletion and amortization ("DD&A") on our consolidated statement of operations and the related capitalized cost is depreciated over the asset’s useful life. The difference between the settlement amount and the recorded liability is recorded as a gain or loss on asset disposals in our consolidated statements of operations. We estimate settlement dates by considering our past practice, industry practice, contractual terms, management’s intent and estimated economic lives.

We cannot currently estimate the fair value for certain AROs primarily because we cannot estimate settlement dates (or range of dates) associated with these assets. These AROs include hazardous materials disposal (such as petroleum manufacturing by-products, chemical catalysts and sealed insulation material containing asbestos) and removal or dismantlement requirements associated with the closure of our refining facility, terminal facilities or pipelines, including the demolition or removal of certain major processing units, buildings, tanks, pipelines or other equipment.

Goodwill and Other Intangible Assets

Goodwill represents the amount the purchase price exceeds the fair value of net assets acquired in a business combination. Goodwill is not amortized, but is tested for impairment annually on October 1. We assess the recoverability of the carrying value of goodwill during the fourth quarter of each year or whenever events or changes in circumstances indicate that the carrying amount of the goodwill of a reporting unit may not be fully recoverable. We first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the qualitative assessment indicates that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, a two-step quantitative test is required. If required, we will compare the carrying value of the net assets of the reporting unit to the estimated fair value of the reporting unit. If the carrying value exceeds the estimated fair value of the reporting unit, an impairment indicator exists and an estimate of the impairment loss is calculated.

Our intangible assets include relationships with suppliers and shippers, favorable railcar leases, trade names and trademarks. These intangible assets will be amortized over their estimated useful lives on a straight-line basis. We evaluate the carrying value of our intangible assets when impairment indicators are present. When we believe impairment indicators may exist, projections of the undiscounted future cash flows associated with the use of and eventual disposition of the intangible assets are prepared. If the projections indicate that their carrying values are not recoverable, we reduce the carrying values to their estimated fair values.

Environmental Matters

We capitalize environmental expenditures that extend the life or increase the capacity of facilities as well as expenditures that prevent environmental contamination. We expense costs that relate to an existing condition caused by past operations and that do not contribute to current or future revenue generation. We record liabilities when environmental assessments and/or remedial efforts are probable and can be reasonably estimated. Cost estimates are based on the expected timing and extent of remedial actions required by governing agencies, experience gained from similar sites for which environmental assessments or remediation have been completed and the amount of our anticipated liability considering the proportional liability and financial abilities of other responsible parties. Usually, the timing of these accruals coincides with the completion of a feasibility study or our commitment to a formal plan of action. Estimated liabilities are not discounted to present value and environmental expenses are recorded in Operating expenses in our consolidated statements of operations.

Derivatives and Other Financial instruments

We are exposed to commodity price risk related to crude oil and refined products. We manage this exposure through the use of various derivative commodity instruments. These instruments include exchange traded futures and over-the-counter swaps, forwards and options.

For our forward contracts that are derivatives, we have elected the normal purchase normal sale exclusion, as it is our policy to fulfill or accept the physical delivery of the product and we will not net settle. Therefore, we did not recognize the unrealized gains or losses related to these contracts in our consolidated financial statements. We apply the accrual method of accounting to contracts qualifying for the normal purchase and sales exemption.

All derivative instruments, not designated as normal purchases or sales, are recorded in the balance sheet as either assets or liabilities measured at their fair values. Changes in the fair value of these derivative instruments are recognized currently in earnings. We have not designated any derivative instruments as cash flow or fair value hedges and therefore, do not apply hedge accounting treatment.

In addition, we may have other financial instruments, such as warrants or embedded debt features, that may be classified as liabilities when either (a) the holders possess rights to net cash settlement, (b) physical or net equity settlement is not in our control or (c) the instruments contain other provisions that cause us to conclude that they are not indexed to our equity. Our former delayed draw term loan facility contained certain puts that were accounted for as embedded derivatives. We have also accounted for our obligation to repurchase crude oil and refined products from J.Aron at the termination of the Supply and Offtake Agreements as an embedded derivative. These liabilities were initially recorded at fair value and subsequently adjusted to fair value at the end of each reporting period through earnings.

Please read Note 12—Derivatives and Note 13—Fair Value Measurements for information regarding our derivatives and other financial instruments.

Income Taxes

We use the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss ("NOLs") and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the results of operations in the period that includes the enactment date. The realizability of deferred tax assets is evaluated quarterly based on a “more likely than not” standard and, to the extent this threshold is not met, a valuation allowance is recorded.

We recognize the impact of an uncertain tax position only if it is more likely than not of being sustained upon examination by the relevant taxing authority based on the technical merits of the position. As a general rule, our open years for Internal Revenue Service (“IRS”) examination purposes are 2012, 2013 and 2014. However, since we have net operating loss carryforwards, the IRS has the ability to make adjustments to items that originate in a year otherwise barred by the statute of limitations in order to re-determine tax for an open year to which those items are carried. Therefore, in a year in which a net operating loss deduction is claimed, the IRS may examine the year in which the net operating loss was generated and adjust it accordingly for purposes of assessing additional tax in the year the net operating loss deductions was claimed. Any penalties or interest as a result of an examination will be recorded in the period assessed.

Stock-Based Compensation

We recognize the cost of share-based payments on a straight-line basis over the period the employee provides service, generally the vesting period and include such costs in General and administrative expense in the consolidated statements of operations. The grant date fair value of restricted stock awards are equal to the market price of our common stock on the date of grant. The fair value of stock options are estimated using the Black-Scholes option-pricing model as of the date of grant.

Revenue Recognition

We recognize revenue when it is realized or realizable and earned. Revenue is realized or realizable and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable and collectability is reasonably assured. Revenue that does not meet these criteria is deferred until the criteria are met.

Certain transactions include sale and purchase transactions entered into with the same counterparty that are deemed to be in contemplation with one another and are recorded on a net basis and included in Cost of revenues on our consolidated statements of operations.

Refining and Retail

We recognize revenues upon delivery of goods or services to a customer. For goods, this is the point at which title and risk of loss is transferred and when payment has either been received or collection is reasonably assured. Revenues for services are recorded when the services have been provided. We include transportation fees charged to customers in Revenues in our consolidated statements of operations, while the related transportation costs are included in Cost of revenues .

Federal excise and state motor fuel taxes, which are collected from customers and remitted to governmental agencies within our refining and retail segments are excluded from both Revenues and Cost of revenues in our consolidated statements of operations.

Logistics

We recognize revenues as goods or services are provided to a customer. Substantially all of our logistics revenues represent intercompany transactions that are eliminated in consolidation.

Texadian

We earn revenues from the sale and transportation of crude oil and the rental of railcars. Accordingly, revenues and related costs from sales of crude oil are recorded when title transfers to the buyer. Transportation revenues are recognized when title passes to the customer, which is when risk of ownership transfers to the purchaser and physical delivery occurs. Revenues from the rental of railcars are recognized ratably over the lease periods.

Other Post-Retirement Benefits - Medical

On December 31, 2015, we terminated our post-retirement medical plan and extinguished the remaining benefit obligation. Prior to this termination, the plan was unfunded and benefit obligation was recorded within Other long-term liabilities. Changes in the plan's funded status were recognized in Other comprehensive loss in the period the change occurs.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Fair value measurements are categorized with the highest priority given to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority given to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 – Assets or liabilities for which the item is valued based on quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2 – Assets or liabilities valued based on observable market data for similar instruments.
Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market; instruments valued based on the best available data, some of which is internally-developed and considers risk premiums that a market participant would require.

The level in the fair value hierarchy within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. Our policy is to recognize transfers in and/or out of fair value hierarchy levels as of the end of the reporting period for which the event or change in circumstances caused the transfer. We have consistently applied these valuation techniques for the periods presented. We use data from peers as well as external sources in the determination of the volatility and risk free rates used in the valuation of our common stock warrants and contingent consideration. For these instruments, a sensitivity analysis is performed as well to determine the impact of inputs on the ending fair value estimate. The fair value of the J. Aron repurchase obligation derivative is measured using estimates of the prices and differentials assuming settlement at the end of the reporting period.

Income (Loss) Per Share

Basic income (loss) per share ("EPS") is computed by dividing net income (loss) by the sum of the weighted-average number of common shares outstanding and the weighted-average number of shares issuable under the warrants. Please read Note 17—Income (Loss) Per Share for further information. The warrants are included in the calculation of basic EPS because they are issuable for minimal consideration. Unvested restricted stock is excluded from the computation of basic EPS as these shares are not considered earned until vesting occurs.

Foreign Currency Transactions

We may, on occasion, enter into transactions denominated in currencies other than the U.S. dollar, which is our functional currency. Gains and losses resulting from changes in currency exchange rates between the functional currency and the currency in which a transaction is denominated are included in Other income (expense), net , in the accompanying consolidated statement of operations in the period in which the currency exchange rates change.

Accounting Principles Not Yet Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU No. 2014-09"). The FASB's objective was to provide a more robust framework to improve comparability of revenue recognition practices across entities by removing most industry and transaction specific guidance, align GAAP with International Financial Reporting Standards and provide more useful information to financial statement users. This authoritative guidance changes the way entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* ("ASU No. 2015-14"), which defers the effective date of ASU 2015-09 by one year. ASU No. 2014-09 is now effective for interim and annual periods beginning after December 15, 2017 and early adoption is permitted for interim and annual periods beginning after December 15, 2016. ASU No. 2014-09 allows for either full retrospective adoption or modified retrospective adoption. We are in the process of determining the method of adoption and the impact this guidance will have on our financial condition, results of operations and cash flows.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"). ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2016 and early adoption is permitted. We do not expect the adoption of ASU 2014-15 to have a material impact on our financial condition, results of operations and cash flows.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 changes the consolidation analysis required under GAAP by eliminating the presumption that a general partner should consolidate a limited partnership and modifying the evaluation of whether limited partnerships are Variable Interest Entities ("VIEs") or voting interest entities. Under the amended guidance, limited partners would be required to consolidate a partnership if the limited partner retains certain powers and obligations. The amendments in this ASU are effective for annual periods beginning after December 15, 2016 and interim periods beginning after December 15, 2017. ASU 2015-02 allows for either full retrospective adoption or modified retrospective adoption. Early adoption is permitted, but the guidance must be applied as of the beginning of the annual period containing the adoption date. We are in the process of determining the method of adoption and the impact this guidance will have on our financial condition, results of operations and cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize all leases, including operating leases, on the balance sheet as a lease asset or lease liability, unless the lease is a short-term lease. ASU 2016-02 also requires additional disclosures regarding leasing arrangements. ASU 2016-02 is effective for interim periods and fiscal years beginning after December 15, 2018, and early application is permitted. We are in the process of determining the method of adoption and the impact this guidance will have on our financial condition, results of operations and cash flow.

Accounting Principles Adopted

In April 2015, the FASB issued ASU No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 changes the balance sheet classification of debt issuance costs. Under previous GAAP, debt issuance costs were reported on the balance sheet as assets and amortized as interest expense. ASU 2015-03 requires that debt issuance costs be presented as a reduction from the carrying amount of the related debt liability, which is similar to the presentation of debt discounts or premiums. Debt issuance costs will continue to be amortized to interest expense using the effective interest method. In August 2015, the FASB issued ASU No. 2015-15, *Interest – Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements* ("ASU 2015-15"). ASU 2015-15 clarifies that the guidance in ASU 2015-03 does not apply to debt issuance costs related to line-of-credit arrangements. Debt issuance costs related to line-of-credit arrangements will continue to be presented as an asset. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2015. ASU 2015-03 should be adopted on a retrospective basis and early adoption is permitted. We adopted this ASU as of December 31, 2015 and have applied the requirements retrospectively to all periods presented. The adoption of this ASU resulted in the reclassification of $5.8 million of debt issuance costs as of December 31, 2014 from Other long-term assets to Long-term debt, net of current maturities on our consolidated balance sheets.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory* ("ASU 2015-11"). ASU 2015-11 changes the inventory measurement principle for entities using the FIFO or average cost methods. For entities utilizing one of these methods, the inventory measurement principle changed from lower of cost or market to the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory measured using last-in, first-out or the retail inventory method. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2016. ASU 2015-11 should be adopted prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. We adopted this ASU as of December 31, 2015. The adoption of this ASU did not have a material impact on our financial condition, results of operations and cash flows.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Under ASU 2015-16, the effect on earnings resulting from changes to the provisional amounts, calculated as if the accounting had been completed as of the acquisition date, must be recorded in the reporting period in which the adjustment amounts are determined rather than retrospectively. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2015. ASU 2015-16 should be adopted prospectively to adjustments to provisional amounts occurring after the effective date of the update and earlier application is permitted for financial statements that have not been issued. We adopted this ASU during the quarter ended September 30, 2015 and applied its amendments to the measurement period adjustments made during the year ended December 31, 2015 . Please read Note 4—Acquisitions for further information.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"). ASU 2015-17 is part of the FASB's initiative to reduce the complexity in accounting standards. ASU 2015-17 requires entities to present deferred tax assets and deferred tax liabilities as non-current in a classified balance sheet. The amendments in this ASU simplify current guidance in ASC 740-10-45-4 that requires separate presentation of deferred tax assets and liabilities as current and non-current in a classified balance sheet based on the classification of the related asset or liability. ASU 2015-17 is effective for public companies for annual periods beginning after December 15, 2017 and interim periods beginning after December 15, 2018. Earlier application is permitted as of the beginning of an interim or annual reporting period. We adopted this ASU as of December 31, 2015. The adoption of this ASU did not have a material impact on our consolidated balance sheets as of December 31, 2015 and 2014 .

Note 3—Investment in Laramie Energy, LLC

We have an ownership interest in Laramie Energy, formerly known as Piceance Energy, LLC, a joint venture entity focused on producing natural gas in Garfield, Mesa and Rio Blanco Counties, Colorado. Laramie Energy has a $400 million revolving credit facility secured by a lien on its natural gas and crude oil properties and related assets with a borrowing base currently set at $110 million . As of December 31, 2015 and 2014 , the balance outstanding on the revolving credit facility was approximately $77.3 million and $98 million , respectively. We are guarantors of Laramie Energy ’s credit facility, with recourse limited to the pledge of our equity interest of our wholly-owned subsidiary, Par Piceance Energy Equity, LLC. Under the terms of its credit facility, Laramie Energy is generally prohibited from making future cash distributions to its owners, including us.

On March 9, 2015 , we entered into an amendment to the Limited Liability Company Agreement and made a cash capital contribution of $13.8 million to Laramie Energy . On May 29, 2015 , we made an additional cash capital contribution of $13.8 million . As a result of our contributions to Laramie Energy , our ownership interest increased from 33.34% to 34.0% .

On July 31, 2015 , an unaffiliated third-party invested an aggregate of $19 million in Laramie Energy in the form of cash and property. As a result of this transaction, our ownership interest decreased from 34.0% to 32.4% .

At December 31, 2015 , we conducted an impairment test related to our equity investment in Laramie Energy . As a result of the decline in crude oil prices during 2015, we concluded that our equity investment in Laramie Energy was impaired and recognized an other-than-temporary impairment charge of $41.1 million on our consolidated statement of operations for the year ended December 31, 2015 .

The change in our equity investment in Laramie Energy is as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Beginning balance	$ 104,657	$ 101,796	$ 104,434
Equity earnings (loss) from Laramie Energy	(15,713)	2,278	(3,516)
Accretion of basis difference	811	571	575
Impairment	(41,081)	—	—
Investments	27,529	12	303
Ending balance	$ 76,203	$ 104,657	$ 101,796

Summarized financial information for Laramie Energy is as follows (in thousands):

	December 31,	
	2015	2014
Current assets	$ 8,511	$ 13,168
Non-current assets	514,206	468,379
Current liabilities	18,158	17,103
Non-current liabilities	98,624	105,774

	Year Ended December 31,		
	2015	2014	2013
Natural gas and oil revenues	$ 42,870	$ 80,471	$ 61,091
Income (loss) from operations	(40,984)	3,512	(5,196)
Net income (loss)	(49,159)	6,576	(8,977)

Laramie Energy's net loss for year ended December 31, 2015 includes $24.6 million and $16.6 million of DD&A expense and unrealized losses on derivative instruments, respectively. Additionally, 2015 also includes $12.3 million of impairments of unproved properties. Laramie Energy's net income for the year ended December 31, 2014 includes $32.8 million and $9.8 million of DD&A expense and unrealized gains on derivative instruments, respectively. Laramie Energy's net loss for the year ended December 31, 2013 includes $26.6 million and $1.1 million of DD&A expense and unrealized losses on derivative instruments, respectively.

At December 31, 2015 and 2014 , our equity in the underlying net assets of Laramie Energy exceeded the carrying value of our investment by approximately $55.4 million and $14.7 million , respectively. This difference arose due to lack of control and marketability discounts and an other-than-temporary impairment of our equity investment in Laramie Energy. We attributed this difference to natural gas and crude oil properties and are amortizing the difference over 15 years based on the estimated timing of production of proved reserves.

On December 17, 2015 , we entered into an equity commitment letter with Laramie Energy, pursuant to which we agreed to purchase certain membership interests of Laramie Energy for an aggregate cash purchase price of $55 million , subject to certain financing commitments by various lenders and additional equity investors and other conditions, in connection with the closing of a purchase and sale agreement whereby Laramie Energy agreed to acquire certain properties in the Piceance Basin for $157.5 million ("Laramie Property Purchase"), subject to customary purchase price adjustments and other conditions. Effective February, 22, 2016, we entered into a Unit Purchase Agreement with Laramie Energy and certain equity investors, which is subject to the closing of the Laramie Property Purchase, pursuant to which certain equity investors made capital contributions of an aggregate $100 million in exchange for an aggregate 208,522 common units and 30,000 preferred units. On the same date, Laramie Energy also amended and restated its limited liability company agreement to reflect the terms and conditions of the Unit Purchase Agreement, revise certain tax provisions, allow for certain consent rights, and provide for the redemption of certain units and grant board appointment rights upon certain terms and conditions. The transaction closed on March 1, 2016 and, upon the closing of the transaction, Laramie Energy assumed ownership and operatorship of the purchased properties and our ownership interest in Laramie Energy increased from 32.4% to 42.3% .

Note 4—Acquisitions

Mid Pac Acquisition

On April 1, 2015 , we completed the acquisition of Par Hawaii Inc. ("PHI," formerly Koko'oha Investments, Inc.), a Hawaii corporation that owns 100% of the outstanding membership interests of Mid Pac Petroleum, LLC ("Mid Pac"). Net cash consideration was $74.4 million , including the working capital settlement of $1 million paid in September 2015. The cash consideration includes advance deposits of $15 million , of which $10 million was paid in 2014, prior to closing. In connection with the acquisition, Mid Pac 's pre-existing debt was fully repaid on the closing date for $45.3 million . The acquisition and debt repayment were funded with cash on hand and $55 million of borrowings under the Credit Agreement with the Bank of Hawaii (" Mid Pac Credit Agreement"). Please read Note 11—Debt for further discussion.

We accounted for the acquisition of Mid Pac as a business combination whereby the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. Goodwill recognized in the transaction was attributable to opportunities expected to arise from combining our operations with Mid Pac 's and utilization of our net operating loss carryforwards, as well as other intangible assets that do not qualify for separate recognition. In addition, we recorded certain other identifiable intangible assets including trade names and customer relationships. These intangible assets will be amortized over their estimated useful lives on a straight-line basis, which approximates their consumptive life. Please read Note 9—Goodwill and Intangible Assets for further discussion. None of the goodwill or intangible assets are expected to be deductible for income tax reporting purposes.

A summary of the preliminary estimated fair value of the assets acquired and liabilities assumed is as follows (in thousands):

Cash	$	10,007
Accounts receivable		9,905
Inventories		5,375
Prepaid and other current assets		1,444
Property, plant and equipment		40,997
Land		34,800
Goodwill [(1)]		27,531
Intangible assets		33,647
Other non-current assets		1,228
Accounts payable and other current liabilities		(11,331)
Deferred tax liability		(16,759)
Other non-current liabilities		(7,235)
Total	$	129,609

[(1)] We allocated $13.8 million , $2.8 million and $11.0 million of goodwill to our refining, retail and logistics reporting units, respectively.

We have recorded a preliminary estimate of the fair value of the assets acquired and liabilities assumed and expect to finalize the purchase price allocation during 2016. The primary areas of the purchase price allocation that are not yet finalized relate to income taxes and contingent liabilities. We incurred $0.8 million and $6.4 million of acquisition costs related to the Mid

Pac acquisition for the years ended December 31, 2015 and 2014 . These costs are included in acquisition and integration costs on our consolidated statement of operations.

The results of operations of Mid Pac were included in our refining , retail and logistics segments results beginning April 1, 2015 . For the year ended December 31, 2015 , our results of operations included Mid Pac 's revenues of $147.6 million and net income of $10.6 million , respectively. The following unaudited pro forma financial information presents our consolidated revenues and net income (loss) as if the Mid Pac acquisition had been completed on January 1, 2014 (in thousands):

	Year Ended December 31,	
	2015	2014
Revenues	$ 2,093,587	$ 3,361,739
Net loss	(54,941)	(28,501)

Par Hawaii Refining Acquisition

On September 25, 2013 , we completed the acquisition of Tesoro Hawaii which owned and operated a petroleum refinery in Kapolei, Hawaii, certain pipeline assets, floating pipeline mooring equipment, refined products terminals and retail assets selling fuel products and merchandise on the islands of Oahu, Maui and Hawaii. Following the acquisition, Tesoro Hawaii was renamed Hawaii Independent Energy, LLC (“HIE”). Effective December 28, 2015, HIE was renamed Par Hawaii Refining, LLC (" PHR "). The purchase price was $75 million plus net working capital and inventories at closing plus certain contingent earnout payments of up to $40 million . As a part of the purchase price, we also funded approximately $24.3 million of start-up expenses and for a major overhaul of a co-generation turbine used at the refinery prior to closing. The purchase price was paid with a portion of the net proceeds from the private placement common stock sale (please read Note 15—Stockholders' Equity), amounts received pursuant to the Supply and Exchange Agreements (please read Note 10—Inventory Financing Agreements) and the ABL Facility (please read Note 11—Debt).

The contingent earnout payments, if any, are to be paid annually following each of the three calendar years beginning January 1, 2014 through the year ending December 31, 2016, in an amount equal to 20% of the consolidated annual gross margin of PHR in excess of $165 million during such calendar years, with an annual cap of $20 million . In the event that the refinery ceases operations or we dispose of any facility used in the acquired business, our obligation to make earnout payments could be modified and/or accelerated. As of December 31, 2015 , no amounts have been paid related to the contingent earnout and our estimated contingent consideration liability was $27.6 million . In January 2016, we paid $1.0 million related the year ended December 31, 2014.

We accounted for the acquisition of PHR as a business combination whereby the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. Goodwill recognized in the transaction was attributable to opportunities expected to arise from combining our operations with PHR ’s and utilization of our net operating loss carryforwards, as well as other intangible assets that do not qualify for separate recognition. In addition, we recorded certain other identifiable intangible assets including trade names and trademarks. These intangible assets will be amortized over their estimated useful lives on a straight-line basis, which approximates their consumptive life.

During 2014, we finalized the acquisition purchase price allocation. The primary purchase price allocation adjustments related to the finalization of the post-retirement medical plan, working capital settlements and allocating value to underground storage tanks installed by Tesoro Corporation in conjunction with the Environmental Agreement. Please read Note 16—Benefit Plans and Note 14—Commitments and Contingencies for additional information. We believe these adjustments did not have a material impact on prior periods.

A summary of the final estimated fair value of the assets acquired and liabilities assumed is as follows (in thousands):

Inventory	$	418,750
Trade accounts receivable		59,553
Prepaid and other current assets		2,497
Property, plant and equipment		59,670
Land		39,800
Goodwill		13,796
Intangible assets		4,596
Accounts payable and other current liabilities		(18,542)
Contingent consideration liability		(11,980)
Other non-current liabilities		(7,561)
Total	$	560,579

The acquisition was partially funded from proceeds totaling approximately $378.2 million from the Supply and Exchange Agreements. Please read Note 10—Inventory Financing Agreements for further information. None of the goodwill or intangible assets are expected to be deductible for income tax reporting purposes. Acquisition costs of approximately $7 million are included in Acquisition and integration expense on our consolidated statement of operations for the year ended December 31, 2013.

The unaudited pro forma financial information for the year ended December 31, 2013 presented below assumes that the acquisition occurred as of January 1, 2013 (in thousands):

Revenues	$	2,986,800
Net income		(122,000)

Revenue and earnings for PHR subsequent to the acquisition are included in the refining , retail and logistics segments in Note 19—Segment Information .

Note 5—Inventories

Inventories at December 31, 2015 and 2014 consist of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreements (1)	Total
December 31, 2015			
Crude oil and feedstocks	$ 18,404	$ 68,126	$ 86,530
Refined products and blendstock	28,023	87,608	115,631
Warehouse stock and other	17,276	—	17,276
Total	$ 63,703	$ 155,734	$ 219,437
December 31, 2014			
Crude oil and feedstocks	—	62,594	62,594
Refined products and blendstock	47,922	118,375	166,297
Warehouse stock and other	14,962	—	14,962
Total	$ 62,884	$ 180,969	$ 243,853

(1) Please read Note 10—Inventory Financing Agreements for further information.

The reserve for the lower of cost or net realizable value of inventory was $23.7 million and $ 2.4 million as of December 31, 2015 and December 31, 2014 , respectively.

Note 6—Prepaid and Other Current Assets

Prepaid and other current assets at December 31, 2015 and 2014 consist of the following (in thousands):

	December 31,	
	2015	2014
Advances to suppliers for crude purchases	$ 36,247	$ —
Collateral posted with broker for derivative transactions	20,926	—
Prepaid insurance	6,773	8,188
Derivative assets	4,577	1,015
Other	6,914	5,821
Total	$ 75,437	$ 15,024

Note 7—Property, Plant and Equipment

Major classes of property, plant and equipment consist of the following (in thousands):

	December 31,	
	2015	2014
Land	$ 74,600	$ 39,800
Buildings and equipment	139,908	81,488
Other	6,355	2,035
Total property, plant and equipment	220,863	123,323
Proved oil and gas properties	1,122	1,122
Less accumulated depreciation and depletion	(26,845)	(11,510)
Property, plant and equipment, net	$ 195,140	$ 112,935

Depreciation and depletion expense was approximately $15.3 million , $11.2 million and $3.7 million for the years ended December 31, 2015 , 2014 and 2013 , respectively.

Note 8—Asset Retirement Obligations

The table below summarizes the changes in our asset retirement obligations (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Beginning balance	$ 2,580	$ 3,172	$ 512
Obligations acquired	5,725	—	2,601
Accretion expense	604	239	59
Revision in estimate	—	(831)	—
Ending balance	$ 8,909	$ 2,580	$ 3,172

The revision in estimate during the year ended December 31, 2014 resulted from a revised valuation of the retirement obligation related to the removal of the underground tanks at our retail locations.

Note 9—Goodwill and Intangible Assets

During the year s ended December 31, 2015 and 2014 , the change in the carrying amount of goodwill was as follows (in thousands):

Balance at January 1, 2014	$	20,603
Par Hawaii Refining acquisition purchase price allocation adjustments [1]		183
Balance at December 31, 2014		20,786
Acquisition of Mid Pac [1]		27,531
Impairment expense		(6,990)
Balance at December 31, 2015	$	41,327

[1] Please read Note 4—Acquisitions for further discussion.

At September 30, 2015, we conducted an interim goodwill impairment test of our Texadian reporting unit due to (i) a reduction in the forecasted results of operations during our annual budgeting process; (ii) the decision to cancel the charter on the barges used to move crude oil from Canada to the U.S. Gulf Coast due to lower forecasted commodity prices and (iii) negative cash flows from the business during 2015. Upon completion of the goodwill impairment test, we determined the goodwill associated with the Texadian reporting unit was fully impaired resulting in a charge of $7.0 million in our consolidated statement of operations for the year ended December 31, 2015 . In assessing the value of the reporting unit, we primarily used an income approach with a weighted-average discount rate of 15% . On October 1, 2015, we conducted an impairment test of the remaining goodwill and intangible assets and found no further impairment necessary.

Intangible assets consist of the following (in thousands):

	December 31,	
	2015	2014
Intangible assets:		
Supplier relationships	$ —	$ 3,360
Railcar leases	3,249	3,249
Historical shipper status	—	2,200
Trade names and trademarks	6,267	4,689
Customer relationships	32,064	—
Total intangible assets	41,580	13,498
Accumulated amortization:		
Supplier relationships	—	(516)
Railcar leases	(1,950)	(1,301)
Historical shipper status	—	(2,200)
Trade name and trademarks	(3,540)	(1,975)
Customer relationships	(1,722)	—
Total accumulated amortization	(7,212)	(5,992)
Net:		
Supplier relationships	—	2,844
Railcar leases	1,299	1,948
Historical shipper status	—	—
Trade name and trademarks	2,727	2,714
Customer relationships	30,342	—
Total intangible assets, net	$ 34,368	$ 7,506

At September 30, 2015, we conducted an impairment test related to the intangible assets in our Texadian reporting unit. As of result of canceling the charter on the barges used to transport crude from Canada to the U.S. Gulf Coast in the Texadian business, we concluded that the supplier relationships intangible asset was fully impaired and recognized an impairment charge of $2.6 million in our consolidated statement of operations for the year ended December 31, 2015 .

Amortization expense was approximately $4.4 million , $3.7 million and $2.3 million for the years ended December 31, 2015 , 2014 and 2013 , respectively. Intangible assets acquired from Mid Pac have an average useful life of 13.6 years . Expected amortization expense for each of the next five years and thereafter is as follows (in thousands):

Year Ended	Amount
2016	$ 4,457
2017	3,307
2018	2,658
2019	2,658
2020	2,658
Thereafter	18,630
	$ 34,368

Note 10—Inventory Financing Agreements

Supply and Offtake Agreements

On June 1, 2015, we entered into several agreements with J. Aron to support the operations of our refinery (the "Supply and Offtake Agreements"). The Supply and Offtake Agreements have a term of three years with two one -year extension options upon mutual agreement of the parties.

During the term of the Supply and Offtake Agreements, we and J. Aron will identify mutually acceptable contracts for the purchase of crude oil from third parties. Per the Supply and Offtake Agreements, J. Aron will provide up to 94 thousand barrels per day of crude oil to our refinery. Additionally, we agreed to sell and J. Aron agreed to buy, at market prices, refined products produced at our refinery. We will then repurchase the refined products from J. Aron prior to selling the refined products to our retail operations or third parties. The agreements also provide for the lease to J. Aron of crude oil and certain refined product storage facilities. Following expiration or termination of the agreements, we are obligated to purchase the crude oil and refined product inventories then owned by J. Aron and located at the leased storage facilities at then current market prices. Our obligations under the agreements are secured by a security interest on substantially all of the assets of PHR , a security interest on the equity interests held by our wholly-owned subsidiary, Par Petroleum, LLC in PHR and a mortgage whereby PHR granted to J. Aron a lien on all real property and improvements owned by PHR , including our refinery.

While title to the crude oil and certain refined product inventories will reside with J. Aron, the Supply and Offtake Agreements will be accounted for similar to a product financing arrangement; therefore, the crude oil and refined products inventories will continue to be included on our consolidated balance sheet until processed and sold to a third party. Each reporting period, we record a liability in an amount equal to the amount we expect to pay to repurchase the inventory held by J. Aron based on current market prices.

For the year ended December 31, 2015 , we incurred approximately $6.9 million in handling fees related to the Supply and Offtake Agreements, which are included in Cost of revenues on our consolidated statements of operations. For the year ended December 31, 2015 , Interest expense and financing costs, net on our consolidated statements of operations includes approximately $1.5 million of expenses related to the Supply and Offtake Agreements.

The Supply and Offtake Agreements also include a deferred payment arrangement ("Deferred Payment Arrangement") whereby we can defer payments owed under the agreements up to the lesser of $125 million or 85% of the eligible accounts receivable and inventory. Upon execution of the Supply and Offtake Agreements, we paid J. Aron a deferral arrangement fee of $1.3 million . The deferred amounts under the deferred payment arrangement will bear interest at a rate equal to 90-day LIBOR plus 3.75% per annum. We also agreed to pay a deferred payment availability fee equal to 0.75% of the unused capacity under the deferred payment arrangement. Amounts outstanding under the Deferred Payment Arrangement are included in Obligations under inventory financing agreements on our consolidated balance sheets. Changes in the amount outstanding under the Deferred Payment Arrangement are included within Cash flows from financing activities on the consolidated statements of cash flows. As of December 31, 2015 , the capacity of the Deferred Payment Arrangement was $63.6 million and we had $35.3 million outstanding.

Under the Supply and Offtake Agreements, we pay or receive certain fees from J. Aron based on changes in market prices over time. On September 1, 2015, we entered into an agreement ("Fee Agreement") to fix this market fee for the period from October 1, 2015 through November 30, 2016 whereby J. Aron agreed to pay us a total of $18 million to be settled in fourteen equal monthly payments. The receivable from J. Aron was recorded as a reduction to our Obligations under inventory financing agreements pursuant to our Master Netting Agreement. The $18 million receivable from J. Aron will be recognized in earnings throughout the term of the Fee Agreement. As of December 31, 2015 , the receivable was $12.6 million . In February 2016, we entered into another Fee Agreement to fix the market price fee for the remainder of the term of the Supply and Offtake Agreements. The additional amount that J.Aron has agreed to pay is $14.6 million to be settled in eighteen equal monthly payments.

The agreements also provide us with the ability to economically hedge price risk on our inventories and crude oil purchases. Please read Note 12—Derivatives for further information.

Supply and Exchange Agreements

On September 25, 2013, PHR entered into several agreements with Barclays Bank PLC ("Barclays"), referred to collectively as the Supply and Exchange Agreements, for the purpose of managing its working capital and the crude oil and refined product inventory at the refinery. Effective July 31, 2014, we supplemented the Supply and Exchange Agreements by entering into the Refined Product Supply Master Confirmation, pursuant to which Barclays may provide refined product supply and intermediation arrangements to us.

Pursuant to the Supply and Exchange Agreements, Barclays held title to all of the crude oil in the tanks at the refinery and to a majority of our refined product inventory in our tanks at the refinery. Barclays also prepaid us for certain inventory held at locations outside of our refinery. We held title to the inventory during the refining process. Barclays sold the crude oil to us as it was discharged out of the refinery's tanks. We exchanged refined product owned by Barclays stored in our tanks for equal volumes of refined product produced by our refinery when we executed third-party sales of refined product.

For the year s ended December 31, 2015 , 2014 and 2013 , we incurred approximately $6.9 million , $16.5 million and $3.7 million in handling fees related to the Supply and Exchange Agreements, respectively, which are included in Cost of revenues on our consolidated statements of operations. For the year s ended December 31, 2015 , 2014 and 2013 , Interest expense and financing costs, net on our consolidated statements of operations includes approximately $2.3 million , $4.2 million and $1.1 million of expenses related to the Supply and Exchange Agreements, respectively.

Upon execution of the Supply and Offtake Agreements, we terminated the Supply and Exchange Agreements with Barclays, subject to certain obligations to reimburse Barclays for third-party claims. We recognized a loss of $17.4 million on the termination of the agreement which consisted of (i) a loss of $13.3 million for the cash settlement value of the liability which had previously been measured assuming settlement with inventory on hand and (ii) a loss of $5.6 million for the acceleration of deferred financing costs. These losses were partially offset by a $1.5 million exit fee received from Barclays. The net loss of $17.4 million related to the termination of the Supply and Exchange Agreements is included in Loss on termination of financing agreements on our consolidated statements of operations for the year ended December 31, 2015 . The cash paid to settle the obligation is included in Payments for termination of supply and exchange agreements in our consolidated statements of cash flows for the year ended December 31, 2015 .

Note 11—Debt

The following table summarizes our outstanding debt as of December 31, 2015 and 2014 (in thousands):

	December 31,	
	2015	2014
KeyBank Credit Agreement	$ 110,000	$ —
Term Loan	60,119	89,701
HIE Retail Credit Agreement	—	22,750
Texadian Uncommitted Credit Agreement	—	26,500
Principal amount of long-term debt	170,119	138,951
Less unamortized discount	(899)	(2,341)
Less deferred financing costs	(4,008)	(5,771)
Total debt, net of unamortized discount and deferred financing costs	165,212	130,839
Less current maturities	(11,000)	(29,100)
Long-term debt, net of current maturities	$ 154,212	$ 101,739

Annual maturities of our long-term debt for the next five years and thereafter are as follows (in thousands):

Year Ended	Amount Due
2016	$ 11,000
2017	11,000
2018	71,119
2019	11,000
2020	11,000
Thereafter	55,000
Total	$ 170,119

Additionally, as of December 31, 2015 , we had approximately $1.2 million in letters of credit outstanding under the Texadian Uncommitted Credit Agreement.

KeyBank Credit Agreement

On December 17, 2015 , we entered into the KeyBank Credit Agreement in the form of a revolving credit facility up to $5 million (" KeyBank Revolving Credit Facility "), which provides for revolving loans and for the issuance of letters of credit and a term loan agreement (“ KeyBank Term Loans ”), which provided term loans totaling $110 million . The proceeds of the KeyBank Term Loans were used to repay in full existing indebtedness under the HIE Retail Credit Agreement and Mid Pac Credit Agreement, to pay transaction fees and expenses and to repay a portion of existing indebtedness under the Term Loan and Bridge Loan Credit Agreement and to facilitate a cash distribution to Par. As of December 31, 2015 , we have not made any borrowings under the KeyBank Revolving Credit Facility .

The KeyBank Term Loans mature in seven years and are fully payable on December 17, 2022 . Principal on the KeyBank Term loans will be repaid quarterly over the term of the loans. The KeyBank Revolving Credit Facility matures on December 17, 2020 and no more than seven borrowings of Eurodollar loans may be outstanding at any time. Letters of credit issued under the KeyBank Revolving Credit Facility are not to expire later than 30 days prior to the maturity date of the KeyBank Revolving Credit Facility.

The KeyBank Term Loans and advances under the KeyBank Revolving Credit Facility bear interest at a fluctuating rate (i) during the periods such revolving loan or term loan, as applicable, equal to a Base Rate Loan, the Base Rate plus the Applicable Margin (as specified below) and (ii) during the periods such revolving loan or term loan, as applicable, equal to a Eurodollar Loan, the relevant Adjusted Eurodollar Rate for such Eurodollar Loan for the applicable interest period plus the Applicable Margin (as specified below). The effective interest rate for 2015 on the outstanding loan was 3.625% .

The applicable margins for the KeyBank Term Loans and advances under the KeyBank Revolving Credit Facility are as specified below:

Level	Leverage Ratio	Applicable Margin for Base Rate Loans	Applicable Margin for Eurodollar Loans
1	< 3.00x	1.50%	2.50%
2	3.00x - 3.50x	1.75%	2.75%
3	3.50x - 4.00x	2.00%	3.00%
4	> 4.00x	2.25%	3.25%

We agreed to pay certain fees in connection with the KeyBank Credit Agreement , including usage fees for letters of credit and commitment fees for the unused revolver commitment under the KeyBank Revolving Credit Facility .

Pursuant to the KeyBank Credit Agreement , we are required to comply with various affirmative and negative covenants affecting our business and operations, including compliance with an interest coverage ratio of less than 2.50 to 1.00, a debt service coverage ratio of less than 1.25 to 1.00, and a maximum leverage ratio, calculated on a trailing four-quarters basis, determined as follows:

Period (fiscal quarters)	Maximum Leverage Ratio
December 31, 2015 — December 31, 2017	4.50 to 1.00
March 31, 2018 — December 31, 2018	4.25 to 1.00
March 31, 2019 and each fiscal quarter-end thereafter	4.00 to 1.00

The loans and letters of credit issued under the KeyBank Credit Agreement are secured by a security interest in and lien on substantially all of the assets of HIE Retail and Mid Pac , a pledge by Par Petroleum, LLC of 100% of its ownership interest in HIE Retail and a pledge by Par Hawaii Inc. of 100% of its ownership interest in Mid Pac .

Term Loan

On July 11, 2014 , we and certain subsidiaries entered into a Delayed Draw Term Loan and Bridge Loan Credit Agreement ("Credit Agreement"), amending and restating a previous borrowing arrangement with the lenders, to provide us with a term loan of up to $50 million ("Term Loan") and a bridge loan of up to $75 million ("Bridge Loan"). The lenders under the Credit Agreement include ZCOF Par Petroleum Holdings, LLC and Highbridge International, LLC, who are also our stockholders. Proceeds from the Term Loan were used to fund the additional deposit per the Mid Pac merger agreement, to pay transaction costs, and for working capital and general corporate purposes.

In July 28, 2014 , the Credit Agreement was amended and we borrowed an additional $35 million ("Advance") under the Term Loan and on September 10, 2014 , we extended the repayment date of the Advance to March 31, 2015 .

We had no borrowings under the Bridge Loan and on September 3, 2014 , we terminated the Bridge Loan and expensed approximately $1.8 million of financing costs associated with this loan that is included in Loss on termination of financing agreements in our consolidated statement of operations for the year ended December 31, 2014 .

On March 11, 2015 , we entered into a Third Amendment to the Credit Agreement whereby we extended the repayment date of the Advance to March 31, 2016 . Upon the execution of the KeyBank Credit Agreement on December 17, 2015 , we repaid the full amount outstanding under the Advance on December 22, 2015 .

The Term Loan matures on July 11, 2018 and bears interest at either 10% per annum if paid in cash or 12% per annum if paid in kind, at our election, and has an original issue discount of 5% . The Term Loan is secured by a lien on substantially all of our assets and our subsidiaries, excluding Texadian Energy Inc. ("TEI"), Texadian Energy Canada Limited (“Texadian Canada”), certain of our immaterial subsidiaries and Par Petroleum, LLC and its subsidiaries (collectively “the Guarantors”). All our obligations under the Term Loan are unconditionally guaranteed by the Guarantors.

ABL Facility

On September 25, 2013, in connection with the acquisition of PHR , we entered into an asset-based senior secured revolving credit facility ("ABL Facility") of up to $125 million , of which up to $50 million was available for issuances of letters of credit. The ABL Facility was secured by a lien on substantially all of PHR 's assets. We borrowed $15 million on September 25, 2013 under the ABL Facility to fund the acquisition of PHR .

Upon the execution of the Supply and Offtake Agreements in June 2015 (see Note 10—Inventory Financing Agreements), we repaid in full and terminated the ABL Facility and recognized $1.8 million of financing costs associated with the termination of the agreement, which is included within Loss on termination of financing agreements on our consolidated statements of operations for the year ended December 31, 2015 .

HIE Retail Credit Agreement

On November 14, 2013, HIE Retail, entered into a Credit Agreement ("Retail Credit Agreement") in the form of a senior secured loan of up to $30 million and a senior secured revolving line of credit of up to $5 million .

On May 15, 2015, HIE Retail entered into an amendment to the Retail Credit Agreement that terminated the retail revolver, extended the maturity date of $22 million of the existing term loan until March 31, 2022, and provided additional term loan borrowings of up to $7.9 million , on the same terms as the previous term loan.

We repaid in full and terminated the Retail Credit Agreement in December 2015 upon entering into the KeyBank Credit Agreement and expensed $58 thousand of financing costs associated with the Retail Credit Agreement.

Texadian Uncommitted Credit Agreement

On June 12, 2013, TEI and its wholly-owned subsidiary Texadian Canada, entered into an Uncommitted Credit Agreement to provide for loans and letters of credit, on an uncommitted and discretionary basis, in an aggregate amount outstanding not to exceed $50 million . Loans and letters of credit issued under the Uncommitted Credit Agreement were secured by a security interest in and lien on substantially all of TEI's assets, a pledge by TEI of 65% of its ownership interest in Texadian Canada and a pledge by us of 100% of our ownership interest in TEI. The Uncommitted Credit Agreement required TEI to comply with various covenants, including covenants regarding the minimum net working capital and minimum tangible net worth of TEI. The Uncommitted Credit Facility did not permit, at any time, TEI's consolidated leverage ratio to be greater than 5.00 to 1.00 or its consolidated gross asset coverage to be equal to or less than zero.

On February 20, 2015, the Uncommitted Credit Agreement was amended and restated, increasing the uncommitted loans and letters of credit capacity to $200 million and extending the maturity date. The agreement expired in February 2016.

As of December 31, 2015 , we had $2.0 million of letters of credit outstanding related to this agreement.

Mid Pac Credit Agreement

On April 1, 2015, PHI and Mid Pac entered into the Mid Pac Credit Agreement in the form of a senior secured term loan in the amount of $50 million and a senior secured revolving line of credit in the aggregate principal amount of up to $5 million scheduled to mature on April 1, 2018. We borrowed the full amount of the loans at the closing. The proceeds of the loans were used to repay certain existing debt of PHI and Mid Pac totaling $45.3 million , pay a portion of the acquisition consideration and for general corporate purposes. We repaid in full and terminated the Mid Pac Credit Agreement upon entering into the KeyBank Credit Agreement and expensed $381 thousand of financing costs associated with the Mid Pac Credit Agreement, which is included within Loss on termination of financing agreements on our consolidated statements of operations for the year ended December 31, 2015 .

Cross Default Provisions

Included within each of our debt agreements are customary cross default provisions that require the repayment of amounts outstanding on demand should an event of default occur and not be cured within the permitted grace period, if any. As of December 31, 2015 , we are in compliance with all of our credit agreements.

Guarantors

In connection with our shelf registration statement on Form S-3, which was filed with the SEC on June 1, 2015 and declared effective on June 23, 2015 (“Registration Statement”), we may sell non-convertible debt securities and other securities in one or more offerings with an aggregate initial offering price of up to $750 million . Any non-convertible debt securities issued under the Registration Statement may be fully and unconditionally guaranteed (except for customary release provisions), on a joint and several basis, by some or all of our subsidiaries, other than subsidiaries that are “minor” within the meaning of Rule 3-10 of Regulation S-X (the “Guarantor Subsidiaries”). The Company has no “independent assets or operations” within the meaning of Rule 3-10 of Regulation S-X and certain of the Guarantor Subsidiaries may be subject to restrictions on their ability to distribute funds to the Company, whether by cash dividends, loans or advances.

Note 12—Derivatives

We utilize crude oil commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil and future sales of refined products. The derivative contracts that we execute to manage our price risk include exchange traded futures, options and over-the-counter (“OTC”) swaps. Our futures, options and OTC swaps are marked-to-market and changes in the fair value of these contracts are recognized within Cost of revenues on our consolidated statements of operations.

We are obligated to repurchase the crude oil and refined products from J.Aron at the termination of the Supply and Offtake Agreements. We have determined that this obligation contains an embedded derivative, similar to forward purchase contracts of crude oil and refined products. As such, we have accounted for this embedded derivative at fair value with changes in the fair value recorded in Cost of revenues on our consolidated statement of operations.

We have entered into forward purchase contracts for crude oil and forward sales contracts of refined products. We elect the normal purchases normal sales (“NPNS”) exception for all forward contracts that meet the definition of a derivative and are not expected to net settle. Any gains and losses with respect to these forward contracts designated as NPNS are not reflected in earnings until the delivery occurs. During 2014, we entered into certain physical forward crude oil contracts that did not qualify for or for which we did not elect the NPNS exception. Changes in the fair value of those contracts were recorded in earnings.

We are exposed to interest rate volatility in our outstanding debt and in the Supply and Offtake Agreements. We may enter into interest rate swaps, interest rate caps, interest rate collars or other similar contracts to manage our interest rate risk. As of December 31, 2015 , we had not executed such contracts, however in February 2016, we entered into interest rate swaps with an aggregate notional amount of $200 million at an average fixed rate of 1.1% . The interest rate swaps mature in February 2019 and March 2021.

We elect to offset fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. Our consolidated balance sheets present derivative assets and liabilities on a net basis. Please read Note 13—Fair Value Measurements for the gross fair value and net carrying value of our derivative instruments. Our cash margin that is required as collateral deposits cannot be offset against the fair value of open contracts except in the event of default.

At December 31, 2015 , our open commodity derivative contracts represent:

- futures and OTC swaps purchases of 403 thousand barrels that economically hedge our forecasted sales of refined products;
- sold OTC swaps of 95 thousand barrels that economically hedge our refined products inventory;
- futures sales of 239 thousand barrels that economically hedge our physical inventory for our Texadian segment; and
- option collars of 52 thousand barrels per month through December 2017 that economically hedge our internally consumed fuel.

The following table provides information on the fair value amounts (in thousands) of these derivatives as of December 31, 2015 and 2014 and their placement within our consolidated balance sheets.

		December 31,	
	Balance Sheet Location	**2015**	**2014**
		Asset (Liability)	
Commodity derivatives [1]	Prepaid and other current assets	$ 4,577	$ 1,015
Commodity derivatives [1]	Other accrued liabilities	(9,534)	—
Commodity derivatives [1]	Other liabilities	(4,925)	—
J. Aron repurchase obligation derivative	Obligations under inventory financing agreements	9,810	—

[1] Does not include cash collateral of $20.9 million recorded in Prepaid and other current assets and $7.0 million in Other long-term assets as of December 31, 2015 .

The following table summarizes the pre-tax gain (loss) recognized in our consolidated statement of operations resulting from changes in fair value of derivative instruments not designated as hedges charged directly to earnings (in thousands):

		Year Ended December 31,		
	Statement of Operations Classification	**2015**	**2014**	**2013**
Commodity derivatives	Cost of revenues	$ 14,367	$ 8,228	$ 410
J. Aron repurchase obligation derivative	Cost of revenues	12,654	—	—

Note 13—Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Purchase Price Allocation of Mid Pac

The fair values of the assets acquired and liabilities assumed as a result of the Mid Pac acquisition were estimated as of the date of the acquisition using valuation techniques described in notes (1) through (7) described below.

	Fair Value	Valuation Technique
	(in thousands)	
Net working capital	$ 15,400	(1)
Property, plant and equipment	40,997	(2)
Land	34,800	(3)
Goodwill	27,531	(4)
Intangible assets	33,647	(5)
Other non-current assets	1,228	(7)
Deferred tax liability	(16,759)	(6)
Other non-current liabilities	(7,235)	(7)
Total	$ 129,609	

(1) Current assets acquired and liabilities assumed were recorded at their net realizable value.

(2) The fair value of the property, plant and equipment was estimated using the cost approach. Under the cost approach, the total replacement cost of the property is determined based on industry sources with adjustments for regional factors. The total cost is then adjusted for depreciation based on the physical age of the assets and obsolescence. We consider this to be a Level 3 fair value measurement.

(3) The fair value of the land was estimated using the sales comparison approach. Under this approach, the sales prices of similar properties are adjusted to account for differences in land characteristics. We consider this to be a Level 3 fair value measurement.

(4) The excess of the purchase price paid over the fair value of the identifiable assets acquired and liabilities assumed is allocated to goodwill.

(5) The fair value of customer relationships was estimated using the Excess Earnings Method. Significant inputs used in this model include estimated revenue attributable to the customer relationship and estimated attrition rates. The fair value of the trade names and trademarks was estimated using the Relief from Royalty Method. Significant inputs used in this model include estimated revenue attributable to the trade names and trademarks and a royalty rate. We consider this to be a Level 3 fair value measurement.

(6) The deferred tax liability was determined based on the differences between the tax bases of the assets acquired and liabilities assumed and the values of those assets and liabilities recognized on our consolidated balance sheets as of the date of acquisition.

(7) Other non-current assets and liabilities were recorded at their estimated net present value. We consider this to be a Level 3 fair value measurement.

Purchase Price Allocation of PHR

The final fair values of the assets acquired and liabilities assumed as a result of the PHR acquisition were estimated as of the date of the acquisition and finalized during the quarter ended September 30, 2014 using valuation techniques described in notes (1) through (7) described below.

	Fair Value	Valuation Technique
	(in thousands)	
Net working capital	$ 462,258	(1)
Property, plant and equipment	59,670	(2)
Land	39,800	(3)
Goodwill	13,796	(4)
Intangible assets	4,596	(5)
Contingent consideration liability	(11,980)	(6)
Other non-current liabilities	(7,561)	(7)
Total	$ 560,579	

(1) Current assets acquired and liabilities assumed were recorded at their net realizable value.

(2) The fair value of the property, plant and equipment was estimated using the cost approach. Under the cost approach, the total replacement cost of the property is determined based on industry sources with adjustments for regional factors. The total cost is then adjusted for depreciation based on the physical age of the assets and obsolescence. We consider this to be a Level 3 fair value measurement.

(3) The fair value of the land was estimated using the sales comparison approach. Under this approach, the sales prices of similar properties are adjusted to account for differences in land characteristics. We consider this to be a Level 3 fair value measurement.

(4) The excess of the purchase price paid over the fair value of the identifiable assets acquired and liabilities assumed is allocated to goodwill.

(5) The fair value of the trade names and trademarks was estimated using a form of the income approach, the Relief from Royalty Method. Significant inputs used in this model include estimated revenue attributable to the trade names and trademarks and a royalty rate. An increase in the estimated revenue or royalty rate would result in an increase in the value attributable to the trade names and trademarks. We consider this to be a Level 3 fair value measurement.

(6) The fair value of the liability for contingent consideration was estimated using Monte Carlo simulation. Significant inputs used in the model include estimated future gross margin, annual gross margin volatility and a present value factor. An increase in estimated future gross margin, volatility or the present value factor would result in an increase in the liability. We consider this to be a Level 3 fair value measurement.

(7) Other non-current assets and liabilities are recorded at their estimated net present value.

Investment in Laramie Energy

At December 31, 2015 , we conducted an impairment test related to our equity investment in Laramie Energy . As a result of the decline in commodity prices during 2015, we concluded that our equity investment in Laramie Energy was impaired and recognized an other-than-temporary impairment charge of $41.1 million on our consolidated statement of operations for the year ended December 31, 2015 . We primarily used a market approach to determine the fair value of our equity investment in Laramie Energy as of December 31, 2015 . We used the income approach to corroborate our fair value measurement of Laramie Energy under the market approach. We consider this to be a Level 2 fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Common stock warrants

As of December 31, 2015 and 2014 , we had approximately 345 thousand and 749 thousand common stock warrants outstanding, respectively. We estimate the fair value of our outstanding common stock warrants using simulation models, which are considered to be a Level 3 fair value measurement. Significant inputs used in the simulation models include:

	December 31,	
	2015	2014
Stock price	$ 23.54	$ 16.25
Weighted-average exercise price	$ 0.10	$ 0.10
Term (years)	6.67	7.67
Risk-free interest rate	2.04%	2.01%
Expected volatility	43.0%	50.2%

The expected volatility is based on the 7 -year historical volatilities of comparable public companies. Based on the simulation models, the estimated fair value of the common stock warrants was $23.47 and $16.17 per share as of December 31, 2015 and 2014 , respectively. Since the common stock warrants were in the money upon issuance, we do not believe that changes in the inputs to the simulation models will have a significant impact to the value of the common stock warrants other than changes in the value of our common stock. Increases in the value of our common stock will increase the value of the common stock warrants. Likewise, decreases in the value of our common stock will result in a decrease in the value of the common stock warrants.

Derivative instruments

We utilize crude oil commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil and future sales of refined products. Please read Note 12—Derivatives for further information on derivatives.

We are obligated to repurchase the crude oil and refined products from J.Aron at the termination of the Supply and Offtake Agreements. We have determined that this obligation contains an embedded derivative, similar to forward purchase contracts of crude oil and refined products. As such, we have accounted for this embedded derivative at fair value with changes in the fair value recorded in Cost of revenues on our consolidated statement of operations.

We classify financial assets and liabilities according to the fair value hierarchy. Financial assets and liabilities classified as level 1 instruments are valued using quoted prices in active markets for identical assets and liabilities. These include our exchange traded futures. Level 2 instruments are valued using quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability. Our level 2 instruments include OTC swaps and options. These commodity derivatives are valued using market quotations from independent price reporting agencies and commodity exchange price curves that are corroborated with market data. Level 3 instruments are valued using significant unobservable inputs that are not supported by sufficient market activity. The valuation of our J. Aron repurchase obligation derivative requires that we make estimates of the prices and differentials assuming settlement at the end of the reporting period; therefore it is classified as level 3. We do not have other commodity derivatives classified as Level 3 at December 31, 2015 or 2014. Please read Note 12—Derivatives for further information on derivatives.

Contingent consideration

The cash consideration for our acquisition of PHR may be increased pursuant to an earnout provision. The liability is remeasured at the end of each reporting period using an estimate based on actual results to date and a Monte Carlo simulation analysis for future periods. Significant inputs used in the valuation model include estimated future gross margin, annual gross margin volatility and a present value factor. We consider this to be a Level 3 fair value measurement. See Note 14—Commitments and Contingencies for further discussion.

Financial Statement Impact

Our assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2015 and 2014 and their placement within our consolidated balance sheet consist of the following (in thousands):

	Balance Sheet Location	December 31, 2015	December 31, 2014
		Asset (Liability)	
Common stock warrants	Common stock warrants	$ (8,096)	$ (12,123)
Contingent consideration	Contingent consideration	(27,581)	(9,131)
Commodity derivatives [(1)]	Prepaid and other current assets	4,577	1,015
Commodity derivatives [(1)]	Other accrued liabilities	(9,534)	—
Commodity derivatives [(1)]	Other liabilities	(4,925)	—
J. Aron repurchase obligation derivative	Obligations under inventory financing agreements	9,810	—

[(1)] Does not include cash collateral of $20.9 million included in Prepaid and other current assets and $7.0 million in Other long-term assets as of December 31, 2015 .

The following table summarizes the pre-tax gain (loss) recognized in our consolidated statement of operations resulting from changes in fair value of derivative instruments not designated as hedges charged directly to earnings (in thousands):

	Statement of Operations Classification	Year Ended December 31, 2015	2014	2013
Common stock warrants	Change in value of common stock warrants	$ (3,664)	$ 4,433	$ (10,159)
Contingent consideration	Change in value of contingent consideration	(18,450)	2,849	—
Commodity derivatives	Cost of revenues	14,367	8,228	410
J. Aron repurchase obligation derivative	Cost of revenues	12,654	—	—

Fair value amounts by hierarchy level as of December 31, 2015 and 2014 are presented gross in the tables below (in thousands):

December 31, 2015	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-party Netting	Net Carrying Value on Balance Sheet [(1)]
Assets						
Commodity derivatives	$ 429	$ 33,797	$ —	$ 34,226	$ (29,649)	$ 4,577
J. Aron repurchase obligation derivative	—	—	9,810	9,810	(9,810)	—
Total	$ 429	$ 33,797	$ 9,810	$ 44,036	$ (39,459)	$ 4,577
Liabilities						
Common stock warrants	$ —	$ —	$ (8,096)	$ (8,096)	$ —	$ (8,096)
Contingent consideration	—	—	(27,581)	(27,581)	—	(27,581)
Commodity derivatives	(396)	(43,712)	—	(44,108)	29,649	(14,459)
J. Aron repurchase obligation derivative	—	—	—	—	9,810	9,810
Total	$ (396)	$ (43,712)	$ (35,677)	$ (79,785)	$ 39,459	$ (40,326)

	December 31, 2014					
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-party Netting	Net Carrying Value on Balance Sheet [1]
Assets						
Commodity derivatives	$ 1,015	$ —	$ —	$ 1,015	$ —	$ 1,015
Total	$ 1,015	$ —	$ —	$ 1,015	$ —	$ 1,015
Liabilities						
Common stock warrants	$ —	$ —	$ (12,123)	$ (12,123)	$ —	$ (12,123)
Contingent consideration	—	—	(9,131)	(9,131)	—	(9,131)
Total	$ —	$ —	$ (21,254)	$ (21,254)	$ —	$ (21,254)

[1] Does not include cash collateral of $28.0 million and $20 thousand as of December 31, 2015 and 2014 , respectively included on our consolidated balance sheets.

A roll forward of Level 3 derivative instruments measured at fair value on a recurring basis is as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Beginning balance	$ (21,254)	$ (29,316)	$ (10,945)
Settlements	7,691	780	3,723
Acquired	(2,844)	—	(11,980)
Total unrealized income (loss) included in earnings	(9,460)	7,282	(10,114)
Ending balance	$ (25,867)	$ (21,254)	$ (29,316)

The carrying value and fair value of long-term debt and other financial instruments as of December 31, 2015 and 2014 is as follows (in thousands):

	Carrying Value	Fair Value (1)
December 31, 2015		
KeyBank Credit Agreement (2)	$ 110,000	$ 110,000
Term Loan	60,119	62,037
Common stock warrants	8,096	8,096
Contingent consideration	27,581	27,581
December 31, 2014		
Term Loan	$ 87,360	$ 87,068
HIE Retail Credit Agreement (2)	22,750	22,750
Texadian Uncommitted Credit Agreement (2)	26,500	26,500
Common stock warrants	12,123	12,123
Contingent consideration	9,131	9,131

(1) The fair values of these instruments are considered Level 3 measurements in the fair value hierarchy.

(2) Fair value approximates carrying value due to the floating rate interest which approximates a current market value.

We estimate the fair value of the Term Loan using a discounted cash flow analysis and an estimate of the current yield of 9.63% and 14.11% as of December 31, 2015 and 2014 , respectively, by reference to market interest rates for term debt of comparable companies.

The fair value of all non-derivative financial instruments included in current assets, including cash and cash equivalents, restricted cash and trade accounts receivable, current liabilities and accounts payable approximate their carrying value due to their short term nature.

Note 14—Commitments and Contingencies

In the ordinary course of business, we are a party to various lawsuits and other contingent matters. We establish accruals for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on our liquidity, results of operations or financial condition.

Mid Pac Earnout and Indemnity Dispute

Pursuant to a Stock Purchase Agreement dated August 3, 2011 and amended October 25, 2011 (the "SPA"), Mid Pac purchased all the issued and outstanding stock of Inter Island Petroleum, Inc. ("Inter Island") from Brian J. and Wendy Barbata (collectively, the "Barbatas"). The SPA provides for an earnout payment to be made to the Barbatas in an amount equal to four times the amount by which the average of Inter Island's earnings before interest, taxes, depreciation and amortization during the relevant earnout period exceeds $3.5 million . The earnout payment is capped at a maximum of $4.5 million . Mid Pac contends that there are no amounts owed to the Barbatas for the earnout period. By letter dated May 29, 2014, the Barbatas disputed Mid Pac 's computation of the earnout, without explanation of the amount they claim to be owed or refutation of Mid Pac 's analysis. Mid Pac intends to vigorously oppose any such claims.

Any claims by the Barbatas may be offset by Mid Pac 's claims for indemnification under the SPA. By letters dated December 13, 2013 and April 25, 2014, Mid Pac has asserted indemnification claims against the Barbatas exceeding $1 million with respect to environmental losses arising from certain terminals operated by Inter Island and its subsidiaries. The Barbatas have disputed such claims.

Tesoro Earnout Dispute

The cash consideration for our acquisition of PHR is subject to increase pursuant to an earnout provision. For 2014, we contended that there were no amounts owed to Tesoro. Tesoro has disputed our calculation of the 2014 earnout amount and contended that approximately $1 million was owed. Pursuant to the Membership Interest Purchase Agreement dated June 17, 2013, the dispute will be submitted to a mutually acceptable independent accounting firm to be engaged by the parties, as arbiter, to determine the amount owed, if any. In January 2016, the arbiter ruled in favor of Tesoro and we recorded a charge of $1 million during the fourth quarter of 2015.

United Steelworkers Union Dispute

A portion of our employees at the refinery are represented by the United Steelworkers Union ("USW"). On March 23, 2015, the union ratified a four-year extension of the collective bargaining agreement. On January 13, 2016, a claim against us was brought to the United States National Labor Relations Board ("NLRB") alleging a refusal to bargain collectively and in good faith. The Company intends to vigorously oppose such claim.

Environmental Matters

Like other petroleum refiners and exploration and production companies, our operations are subject to extensive and periodically changing federal and state environmental regulations governing air emissions, wastewater discharges and solid and hazardous waste management activities. Many of these regulations are becoming increasingly stringent and the cost of compliance can be expected to increase over time.

Periodically, we receive communications from various federal, state and local governmental authorities asserting violations of environmental laws and/or regulations. These governmental entities may also propose or assess fines or require corrective actions for these asserted violations. We intend to respond in a timely manner to all such communications and to take appropriate corrective action. We do not anticipate that any such matters currently asserted will have a material impact on our financial condition, results of operations or cash flows.

Regulation of Greenhouse Gases

The U.S. Environmental Protection Agency ("EPA") has begun regulating greenhouse gases ("GHG") under the Clean Air Act. New construction or material expansions that meet certain GHG emissions thresholds will likely require that, among other things, a GHG permit be issued in accordance with the Clean Air Act regulations and we will be required in connection with such permitting to undertake a technology review to determine appropriate controls to be implemented with the project in order to reduce GHG emissions.

Furthermore, the EPA is currently developing refinery-specific GHG regulations and performance standards that are expected to impose GHG emission limits and/or technology requirements. These control requirements may affect a wide range of refinery operations. Any such controls could result in material increased compliance costs, additional operating restrictions for our business and an increase in cost of the products we produce, which could have a material adverse effect on our financial position, results of operations and liquidity.

On September 29, 2015, the EPA announced a final rule updating standards that control toxic air emissions from petroleum refineries, addressing, among other things, flaring operations, fenceline air quality monitoring and additional emission reductions from storage tanks and delayed coking units. Affected existing sources will be required to comply with the new requirements no later than 2018, with certain refiners required to comply earlier depending on the relevant provision and refinery construction date. We do not anticipate that compliance with this rule will have a material impact on our financial condition, results of operations or cash flows.

In 2007, the State of Hawaii passed Act 234, which required that GHG emissions be rolled back on a statewide basis to 1990 levels by the year 2020. Although delayed, the Hawaii Department of Health has issued regulations that would require each major facility to reduce CO_2 emissions by 16% by 2020 relative to a calendar year 2010 baseline (the first year in which GHG emissions were reported to the EPA under 40 CFR Part 98). Those rules are pending final approval by the Government of Hawaii. The refinery's capacity to reduce fuel use and GHG emissions is limited. However, the state's pending regulation allows and the refinery should be able to demonstrate, that additional reductions are not cost-effective or necessary in light of the state's current GHG inventory and future year projections. The pending regulation allows for "partnering" with other facilities (principally power plants) which have already dramatically reduced greenhouse emissions or are on schedule to reduce CO_2 emissions in order to comply with the state's Renewable Portfolio Standards.

Fuel Standards

In 2007, the U.S. Congress passed the EISA, which, among other things, set a target fuel economy standard of 35 miles per gallon for the combined fleet of cars and light trucks in the U.S. States by model year 2020 and contained a second Renewable Fuel Standard (the "RFS2"). In August 2012, the EPA and National Highway Traffic Safety Administration jointly adopted regulations that establish an average industry fuel economy of 54.5 miles per gallon by model year 2025. The RFS2 requires an increasing amount of renewable fuel usage, up to 36 billion gallons by 2022. In the near term, the RFS2 will be satisfied primarily with fuel ethanol blended into gasoline. The RFS2 may present production and logistics challenges for both the renewable fuels and petroleum refining and marketing industries in that we may have to enter into arrangements with other parties or purchase credits from the EPA to meet our obligations to use advanced biofuels, including biomass-based diesel and cellulosic biofuel, with potentially uncertain supplies of these new fuels.

In October 2010, the EPA issued a partial waiver decision under the Clean Air Act to allow for an increase in the amount of ethanol permitted to be blended into gasoline from 10% ("E10") to 15% ("E15") for 2007 and newer light duty motor vehicles. In January 2011, the EPA issued a second waiver for the use of E15 in vehicles model years 2001- 2006. There are numerous issues, including state and federal regulatory issues, which need to be addressed before E15 can be marketed on a large scale for use in traditional gasoline engines. Consequently, unless either the state or federal regulations are revised, qualified Renewable Identification Numbers ("RINS") will be required to fulfill the federal mandate for renewable fuels.

In March 2014, the EPA published a final Tier 3 gasoline standard that lowers the allowable sulfur level in gasoline to 10 parts per million ("ppm") and also lowers the allowable benzene, aromatics and olefins content of gasoline. The effective date for the new standard, January 1, 2017, gives refiners nationwide little time to engineer, permit and implement substantial modifications; however, approved small volume refineries have until January 1, 2020 to meet the standard. In September 2015, our refinery was granted small volume refinery status by the EPA. Along with credit and trading options, potential capital upgrades for the refinery are being evaluated.

There will be compliance costs and uncertainties regarding how we will comply with the various requirements contained in the EISA and other fuel-related regulations. We may experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

Environmental Agreement

On September 25, 2013, Hawaii Pacific Energy (a wholly-owned subsidiary of Par created for purposes of the HIE acquisition), Tesoro and PHR entered into an Environmental Agreement ("Environmental Agreement"), which allocated responsibility for known and contingent environmental liabilities related to the acquisition of PHR , including the Consent Decree as described below.

Consent Decree

Tesoro is currently negotiating a consent decree with the EPA and the U.S. Department of Justice concerning alleged violations of the federal Clean Air Act related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates, including the Hawaii refinery. It is anticipated that the Consent Decree will be finalized sometime during 2016 and will require certain capital improvements to our refinery to reduce emissions of air pollutants.

We estimate the cost of compliance with the final decree could be $20 million to $30 million . However, Tesoro is responsible under the Environmental Agreement for reimbursing PHR for all reasonable third-party capital expenditures incurred for the construction, installation and commissioning of such capital projects and for the payment of any fines or penalties imposed on PHR arising from the Consent Decree to the extent related to acts or omission of Tesoro or PHR prior to the Closing Date. Tesoro's obligation to reimburse PHR for such fines and penalties is not subject to a monetary limitation; however, the obligation relating to fines and penalties terminates on the third anniversary of the Closing Date.

Indemnification

In addition to its obligation to reimburse us for capital expenditures incurred pursuant to the Consent Decree, Tesoro agreed to indemnify us for claims and losses arising out of related breaches of Tesoro's representations, warranties and covenants in the Environmental Agreement, certain defined "corrective actions" relating to pre-existing environmental conditions, third-party claims arising under environmental laws for personal injury or property damage arising out of or relating to releases of hazardous materials that occurred prior to the Closing Date, any fine, penalty or other cost assessed by a governmental authority in connection with violations of environmental laws by PHR prior to the Closing Date, certain groundwater remediation work, fines or penalties imposed on PHR by the Consent Decree related to acts or omissions of Tesoro prior to the Closing Date and to claims and losses related to the Pearl City Superfund Site.

Tesoro's indemnification obligations are subject to certain limitations as set forth in the Environmental Agreement. These limitations include a deductible of $1 million and a cap of $15 million for certain of Tesoro's indemnification obligations related to certain pre-existing conditions as well as certain restrictions regarding the time limits for submitting notice and supporting documentation for remediation actions.

Recovery Trusts

We emerged from the reorganization of Delta Petroleum on August 31, 2012 ("Emergence Date") when the plan of reorganization ("Plan") was consummated. On the Emergence Date, we formed the Delta Petroleum General Recovery Trust ("General Trust"). The General Trust was formed to pursue certain litigation against third parties, including preference actions, fraudulent transfer and conveyance actions, rights of setoff and other claims, or causes of action under the U.S. Bankruptcy Code and other claims and potential claims that the Debtors hold against third parties.

We are the beneficiary of the General Trust, subject to the terms of the respective trust agreement and the Plan. Since the Emergence Date, the General Trust has filed various claims and causes of action against third parties before the Bankruptcy Court, which actions are ongoing. Upon liquidation of the various claims and causes of action held by the General Trust, the proceeds, less certain administrative reserves and expenses, will be transferred to us. It is unknown at this time what proceeds, if any, we will realize from the General Trust's litigation efforts.

As of December 31, 2015 , a total of twelve claims totaling approximately $23.1 million remain to be resolved by the Recovery Trustee. We have agreed to settle six of these claims for aggregate consideration of approximately $666 thousand , subject to final documentation and payment, and have filed or will file notices of objection with respect to liability for the other claims.

The largest remaining proof of claim was filed by the U.S. Government for approximately $22.4 million relating to ongoing litigation concerning a plugging and abandonment obligation in Pacific Outer Continental Shelf Lease OCS-P 0320, comprising part of the Sword Unit in the Santa Barbara Channel, California. We believe the probability of issuing stock to satisfy the full claim amount is remote, as the obligations upon which such proof of claim is asserted are joint and several among all working interest owners and Delta, our predecessor, owned an approximate 2.4% working interest in the unit.

The settlement of claims is subject to ongoing litigation and we are unable to predict with certainty how many shares will be required to satisfy all claims. Pursuant to the Plan, allowed claims are settled at a ratio of 54.4 shares per $1,000 of claim. At December 31, 2015 , we have reserved approximately $1.1 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end.

Capital Leases

Within our retail segment, we have capital lease obligations related primarily to the leases of five retail stations with initial terms of 17 years and generally five years remaining on the current term, with four five-year renewal options . Minimum annual lease payments including interest, for capital leases are as follows (in thousands):

2016	$	712
2017		672
2018		578
2019		433
2020		—
Thereafter		—
Total minimum lease payments		2,395
Less amount representing interest		308
Total minimum rental payments	$	2,087

Operating Leases

We have various cancelable and noncancelable operating leases related to land, vehicles, office and retail facilities, railcars and other facilities used in the storage, transportation and sale of crude oil and refined products. The majority of the future lease payments relate to retail stations and facilities used in the storage, transportation and sale of crude oil and refined products. We have operating leases for most of our retail stations with primary terms of up to 50 years with an average of 12 years remaining and generally containing renewal options and escalation clauses. Leases for facilities used in the storage, transportation and sale of crude oil and refined products have various expiration dates extending to 2044 .

Our railcar leases contain an empty mileage indemnification provision whereby if the empty mileage exceeds the loaded mileage, we are charged for the empty mileage at the rate established by the tariff of the railroad on which the empty miles accrued.

Minimum annual lease payments for operating leases to which we are legally obligated and having initial or remaining non-cancelable lease terms in excess of one year are as follows (in thousands):

2016	$	27,443
2017		18,269
2018		12,864
2019		10,351
2020		5,805
Thereafter		24,192
Total minimum rental payments	$	98,924

Rent expense for the years ended December 31, 2015 , 2014 and 2013 was approximately $17.7 million , $30.2 million and $6.2 million , respectively.

Major Customers

For the years ended December 31, 2015 , 2014 and 2013 , no individual customer accounted for more than 10% of our consolidated revenue .

Other

On April 22, 2013, Texadian entered into a terminaling and storage agreement whereby the operator would provide storage facilities, access to a marine terminal and pipelines and railcar offloading services. The initial term of the agreement was for a period of four years and Texadian 's minimum commitment during the initial term was approximately $28 million . Effective February 1, 2015, Texadian and the counterparty (i) terminated this terminaling and storage agreement and (ii) entered into a new agreement with an initial term of one year. This agreement expired in February 2016.

Note 15—Stockholders' Equity

Common Stock

Our certificate of incorporation contains restrictions on the transfer of certain of our securities in order to preserve the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any “net unrealized built-in loss” within the meaning of Section 382 of the Internal Revenue Service Code, of us or any direct or indirect subsidiary thereof. These restrictions include provisions regarding approval by our Board of Directors of transfers of common stock by holders of five percent or more of the outstanding common stock. Our debt agreements restrict the payment of dividends.

Effective on January 29, 2014 for trading purposes, we amended our certificate of incorporation to implement a one-for-ten (1:10) reverse stock split of our issued and outstanding common stock, par value $0.01 per share. All references in the financial statements to the number of shares of common stock or warrants, price per share and weighted-average number of common stock shares outstanding prior to the 1:10 reverse stock split have been adjusted to reflect this stock split on a retroactive basis, unless otherwise noted.

On November 25, 2015 , we issued an aggregate of 3.4 million shares of our common stock to certain pre-existing investors and other investors in a registered direct offering (the “Offering”) at a purchase price of $22.00 per share. The total gross proceeds from the Offering were approximately $74.8 million , before deducting expenses of approximately $1.0 million , for net proceeds of approximately $73.8 million .

In July 2014, we issued, at no charge, one transferable subscription right with respect to each share of our common stock then outstanding. Holders of subscription rights were entitled to purchase 0.21 shares of our common stock for each subscription right held at an exercise price of $16.00 per whole share. The rights offering was fully subscribed and we issued approximately 6.4 million shares of our common stock resulting in net proceeds of approximately $101.5 million in August 2014. We incurred approximately $237 thousand of offering costs which are included as a reduction of Additional paid-in capital on our consolidated balance sheet.

On September 25, 2013, we completed a private placement transaction and issued approximately 14.4 million shares of common stock resulting in net proceeds of approximately $199.2 million . We incurred approximately $830 thousand of offering costs which are included as a reduction of Additional paid-in capital on our consolidated balance sheet.

Registration Rights Agreements

In connection with our emergence from bankruptcy on August 31, 2012, we entered into a registration rights agreement (“Registration Rights Agreement”) providing the stockholders party thereto (“Stockholders”) with certain registration rights.

The Registration Rights Agreement states that at any time after the consummation of a qualified public offering, any Stockholder or group of Stockholders that, together with its or their affiliates, holds more than fifteen percent of the Registrable Shares (as defined in the Registration Rights Agreement), will have the right to require us to file with the SEC a registration statement for a public offering of all or part of its Registrable Shares (each a “Demand Registration”), by delivery of written notice to the company (each, a “Demand Request”).

Within 90 days after receiving the Demand Request, we must file with the SEC the registration statement with respect to the Demand Registration, subject to certain limitations as set forth in the Registration Rights Agreement. We are required to use commercially reasonable efforts to cause the registration statement to be declared effective as soon as practicable after such filing.

In addition, subject to certain exceptions, if we propose to register any class of common stock for sale to the public, we are required, subject to certain conditions, to include all Registrable Shares with respect to which we have received written requests for inclusion.

In connection with the closing of a private placement, we entered into an additional registration rights agreement with the purchasers of the shares. Under this registration rights agreement, we agreed to file a registration statement relating to the shares of common stock with the SEC within 60 days after the closing date of the sale which would be declared effective within 180 days of the closing date of the sale. We also agreed to use commercially reasonable efforts to keep the registration statement effective until the earliest to occur of (i) the disposition of all registrable securities, (ii) the availability under Rule 144 of the Securities Act of 1933, as amended, for each holder of registrable securities to immediately freely resell such registrable securities without volume restrictions or (iii) the third anniversary of the effective date of the registration statement.

This registration rights agreement also provides the right for a holder or group of holders of more than $50 million of registrable securities to demand that we conduct an underwritten public offering of the registrable securities. However, the demanding holders are limited to a total of three such underwritten offerings, with no more than one demand request for an underwritten offering made in any 365 day period. Additionally, this registration rights agreement contains customary indemnification rights and obligations for both us and the holders of registrable securities.

If this registration statement does not remain effective for the applicable effectiveness period described above then from the that date until cured, we must pay, as liquidated damages and not as a penalty, an amount in cash equal to 0.25% of the purchaser's allocated purchase price per calendar month, not to exceed 0.75% of the allocated purchase price.

The registration rights granted in each rights agreement are subject to customary indemnification and contribution provisions, as well as customary restrictions such as suspension periods and, if a registration is for an underwritten offering, limitations on the number of shares to be included in the underwritten offering imposed by the managing underwriter.

Incentive Plans

Our incentive compensation plans are described below.

Long Term Incentive Plan

On December 20, 2012, our Board of Directors ("Board") approved the Par Petroleum Corporation 2012 Long Term Incentive Plan ("Incentive Plan"). Under the Incentive Plan, the Board, or a committee of the Board, may grant incentive stock options, nonstatutory stock options, restricted stock and restricted stock units to directors and other employees or those of our subsidiaries. The maximum number of shares that may be granted under the 2012 Incentive Plan is 1.6 million shares of common stock. At December 31, 2015, 120 thousand shares were available for future grants and awards.

In the fourth quarter of 2015, our Board authorized an increase in the number of shares issuable under the Incentive Plan to 4.0 million shares of common stock. This authorization is subject to shareholder approval.

Restricted stock and restricted stock units awarded under the Incentive Plan are subject to restrictions, terms and conditions, including forfeitures, as may be determined by the Board. During the period in which such restrictions apply, unless specifically provided otherwise in accordance with the terms of the Incentive Plan, the recipient of the restricted stock or stock unit would be the record owner of the shares and have all of the rights of a stockholder with respect to the shares, including the right to vote and the right to receive dividends or other distributions made or paid with respect to the shares. The fair value of the restricted stock and stock units is generally determined based upon the quoted market price of our common stock on the date of grant. These awards generally vest ratably over a four-year period.

Stock options are issued with an exercise price equal to the fair market value of our common stock on the date of grant and are subject to such other terms and conditions as may be determined by the Board. The options generally expire eight years from the grant date, unless granted by the Board for a shorter term. Option grants generally vest ratably over a four -year period.

Stock Purchase Plan

On June 12, 2014, the Board adopted a Stock Purchase Plan (as amended, the "SPP") plan. The SPP is limited to the Company's qualifying executive officers and directors who qualify as accredited investors under Rule 501(a) of the Securities Act of 1933, as amended. The SPP provides that each participant may, subject to compliance with securities laws and other regulations and only during "window periods" as described in our insider trading policy as in effect from time to time, until the later to occur of (a) December 31, 2015 or (b) the eighteen month anniversary of the date that the participant commenced his or her employment or service with us, purchase, in a single transaction, up to $1 million of shares of our common stock ("the SPP Shares") at a per share purchase price equal to the closing price of the common stock on the date of purchase. The sale or transfer of the SPP Shares by such participant would be limited for the earlier of (i) two years from the date of purchase or (ii) the termination of the participant's service with us or any affiliates for any reason. Additionally, the SPP provides that each purchasing participant will be granted a number of shares of restricted common stock under the Incentive Plan equal to 20% of the SPP Shares purchased with 50% of the restricted common stock vesting on each of the two annual anniversaries of the date of grant. Each purchasing participant will also be granted nonstatutory stock options with a 5 -year term to purchase a number of shares of common stock under the Incentive Plan (with an exercise price equal to the Fair Market Value as defined in the Incentive Plan on the date of grant) equal to certain specified percentages of the SPP Shares purchased based on a Black Scholes model with 50% of the options vesting on each of the two annual anniversaries of the date of grant. Such percentages are as follows: 50% for a non-employee chairman of the Board, 35% for non-employee members of the Board and 50% - 70% for executive officers.

Restricted Stock Awards

The following table summarizes our restricted stock activity (in thousands, except per share amounts):

	Shares	Weighted-Average Grant Date Fair Value
Unvested balance at January 1, 2013	219	$ 12.00
Granted	356	18.32
Vested	(51)	12.00
Forfeited	—	—
Unvested balance at December 31, 2013	524	16.29
Granted	239	18.49
Vested	(196)	15.04
Forfeited	—	—
Unvested balance at December 31, 2014	567	17.65
Granted	214	18.24
Vested	(229)	17.29
Forfeited	(114)	19.51
Unvested balance at December 31, 2015	438	$ 18.84

For the years ended December 31, 2015 , 2014 and 2013 , we recognized compensation costs of approximately $3.7 million , $4.8 million and $1.2 million , respectively in General and administrative expenses within our consolidated statements of operations related to restricted stock awards under our Incentive Plan. As of December 31, 2015 , 2014 and 2013 , there was approximately $7.1 million , $7.5 million and $8.1 million , of total unrecognized compensation costs related to restricted stock awards, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.91 years, 3.75 years and 4.37 years, respectively.

On September 8, 2014, we entered into a separation agreement with our former chief operating officer and he retired. Pursuant to the separation agreement, we agreed to vest approximately 110 thousand shares of unvested restricted common stock issued under the Incentive Plan as follows: (i) approximately 27 thousand shares vested on December 31, 2014 and (ii) approximately 83 thousand shares vested upon the closing of the Mid Pac acquisition. Such shares would have been forfeited under the original terms of the restricted stock grant. As a result of this modification, we recorded $1.7 million of compensation costs during the year ended December 31, 2014.

Stock Option Grants

The fair value of each option is estimated on the grant date using the Black-Scholes option-pricing model. The expected term represents the period of time that options are expected to be outstanding and is based upon the term of the option. The expected volatility represents the extent to which our stock price is expected to fluctuate between the grant date and the expected term of the award. We do not use an expected dividend yield in our fair value measurement as we are restricted from payment of dividends. The risk-free rate is the implied yield available on U.S. Treasury securities with a remaining term equal to the expected term of the option at the date of grant. The weighted-average assumptions used to measure stock options granted during 2015 and 2014 are presented below.

	2015	2014
Expected life from date of grant (years)	6.4	5.0
Expected volatility	35.0%	35.0%
Expected dividend yield	—%	—%
Risk-free interest rate	1.81%	1.76%

The following table summarizes our stock option activity (in thousands, except per share amounts):

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding balance at January 1, 2015	401	$ 16.18	5.5	$ —
Issued	257	20.68		
Forfeited / canceled	(17)	15.12		
Outstanding balance at December 31, 2015	641	$ 17.77	4.9	$ 2.5
Exercisable, end of year	175			$ 1.4

For the years ended December 31, 2015 and 2014, we recognized compensation costs of approximately $1.5 million and $0.2 million , respectively in General and administrative expenses within our consolidated statements of operations. There were no stock options granted during the year ended December 31, 2013. The estimated weighted-average grant-date fair value per share of options granted during the year ended December 31, 2015 and 2014 was $8.36 and $5.91 , respectively.

As of December 31, 2015 and 2014 , there was approximately $2.8 million and $2.2 million , respectively of total unrecognized compensation costs related to stock option awards, which are expected to be recognized on a straight-line basis over a weighted-average period of 1.93 years and 2.0 years, respectively.

In the fourth quarter of 2015, we issued an aggregate 1.05 million options to our new President and Chief Executive Officer, our Chairman and our Vice Chairman of our board of directors, each with an exercise price of $21.44 .These option grants are subject to shareholder approval and therefore are not considered granted.

Note 16—Benefit Plans

Defined Contribution Plan

We maintain several defined contribution plans for our employees. Eligible employees can enter the plans either immediately or after one year of service, depending on the plan. The plans permit employee contributions up to the IRS limits per year. For some plans, we contribute 3% of the employee's eligible compensation to the plan regardless of the employee's contribution. On all plans, we match a portion of all the employee's contributions up to 6% depending on the plan. In addition, we have a money purchase pension plan for certain eligible employees. Under this plan, we make contributions to employee directed investment accounts ranging from 5.5% to 8.5% of eligible compensation depending on the employee's age. For the years ended December 31, 2015 , 2014 and 2013 , we made contributions to the plans totaling approximately $1.4 million , $1.2 million and $502 thousand , respectively.

Other Post-Retirement Benefits - Medical

Prior to December 31, 2015, we sponsored a post-retirement medical plan to provide health care coverage continuation from the date of retirement to age 65 for qualifying employees. Employees hired before 2006 were generally eligible to participate in the plan after five years of service and reaching the age of 55 and would have paid 20% of the monthly insurance premium. Employees hired after 2006 were generally eligible to participate in the plan after five years of service and reaching the age of 55 and were required to pay 100% of the monthly insurance premium; however, after 10 years of service, they were only required to pay 50% of the monthly insurance premium.

On December 31, 2015, we terminated our post-retirement medical plan and extinguished the remaining benefit obligation of $6.6 million . The plan termination gain of $5.6 million is included as a reduction of Operating expense, excluding depreciation, depletion and amortization expense on our consolidated statement of operations for the year ended December 31, 2015.

The changes in the benefit obligation of our post-retirement medical plan as of and for the years ended December 31, 2015 , 2014 and 2013 were as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Benefit obligation at the beginning of year	$ 5,414	$ 4,505	$ —
Acquisition of Par Hawaii Refining	—	—	4,385
Service cost	370	260	69
Interest cost	212	194	52
Plan amendments	—	48	—
Plan termination	(6,632)	—	—
Actuarial loss (gain)	636	407	(1)
Projected benefit obligation at end of year	$ —	$ 5,414	$ 4,505

The post-retirement medical plan was an unfunded plan and therefore had no plan assets as of or during for the years ended December 31, 2015 , 2014 and 2013 .

The weighted-average discount rates used to determine the benefit obligations as of December 31, 2014 and 2013 were 3.50% and 4.50% respectively. The discount rates were selected by comparing the expected plan cash flows to the December 31, 2014 and 2013 Citigroup Pension Discount Curve. The weighted-average discount rate used to determine net periodic benefit costs for the years ended December 31, 2015 , 2014 and 2013 was 3.5% , 4.5% and 4.5% , respectively.

Note 17—Income (Loss) Per Share

Basic loss per share is computed by dividing net loss by the sum of the weighted-average number of common shares outstanding and the weighted-average number of shares issuable under the common stock warrants, representing 344 thousand shares, 749 thousand shares and 791 thousand shares as of December 31, 2015 , 2014 , and 2013, respectively. The common stock warrants are included in the calculation of basic loss per share because they are issuable for minimal consideration. The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2015	2014	2013
Net loss	$ (39,911)	$ (47,041)	$ (79,173)
Basic weighted-average common stock shares outstanding	37,678	32,739	19,740
Add dilutive effects of common stock equivalents (1)	—	—	—
Diluted weighted-average common stock shares outstanding	37,678	32,739	19,740
Basic and diluted loss per common share	$ (1.06)	$ (1.44)	$ (4.01)

(1) Entities with a net loss from continuing operations are prohibited from including potential common shares in the computation of diluted per share amounts. We have utilized the basic shares outstanding to calculate both basic and diluted loss per share.

For the years ended December 31, 2015 , 2014 and 2013 , our weighted-average potentially dilutive securities excluded from the calculation of diluted shares outstanding consisted of 27 thousand , 27 thousand and 135 thousand common stock equivalents related to unvested restricted stock and 50 thousand and 3 thousand common stock equivalents related to stock options, respectively. There were no potentially dilutive stock options for the year ended December 31, 2013 .

Note 18—Income Taxes

We have approximately $1.4 billion in net operating loss carryforwards ("NOL carryforwards"); however, we currently have a full valuation allowance against this tax asset. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future results of operations and tax planning strategies in making this assessment. Based upon the level of historical taxable income, significant book losses during the current and prior periods and projections for future results of operations over the periods in which the deferred tax assets are deductible, among other factors, management concluded that we did not meet the “more likely than not” requirement of ASC 740 in order to recognize deferred tax assets and a valuation allowance has been recorded for the full amount of our net deferred tax assets at December 31, 2015 and 2014 .

In connection with our emergence from bankruptcy on August 31, 2012, we experienced an ownership change as defined under Section 382 of the Code. Section 382 generally places a limit on the amount of NOL carryforwards and other tax attributes arising before an ownership change that may be used to offset taxable income after an ownership change. We believe that we have qualified for an exception to the general limitation rules. This exception under Code Section 382(l) (5) provides for substantially less restrictive limitations on our NOL carryforwards; however, the NOL carryforwards would have been eliminated if we had experienced another ownership change within the three year period following our Bankruptcy. Our amended and restated certificate of incorporation places restrictions upon the ability of the certain equity interest holders to transfer their ownership interest us. These restrictions are designed to provide us with the maximum assurance that another ownership change does not occur that could adversely impact our NOL carryforwards.

During the years ended December 31, 2015 , 2014 and 2013 , no adjustments were recognized for uncertain tax benefits.

Our net taxable income must be apportioned to various states based upon the income tax laws of the states in which we derive our revenue. Our NOL carryforwards will not always be available to offset taxable income apportioned to the various states. The states from which our refining, retail and logistics revenues are derived are not the same states in which our NOLs were incurred; therefore we expect to incur state tax liabilities on the net income of refining, retail and logistics operations.

During 2015, we recorded a benefit for the release of $16.8 million of our valuation allowance as we expect to be able to utilize a portion of our net operating loss ("NOL") carryforwards to offset future taxable income of Mid Pac. During 2016 and thereafter, we will continue to assess the realizability of our deferred tax assets based on consideration of actual and projected operating results and tax planning strategies. Should actual operating results improve, the amount of the deferred tax asset considered more likely than not to be realizable could be increased.

Income (loss) before income taxes related to our foreign operations was a loss of $0.9 million , $1.4 million and $0.1 million for the years ended December 31, 2015, 2014, and 2013, respectively.

Income tax expense (benefit) consisted of the following (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Current:			
U.S.—Federal	$ —	$ —	$ —
U.S.—State	—	(264)	(179)
Foreign	(299)	(80)	—
Deferred:			
U.S.—Federal	(14,685)	(14)	(14)
U.S.—State	(1,804)	(177)	193
Foreign	—	80	—
Total	$ (16,788)	$ (455)	$ —

Income tax expense was different from the amounts computed by applying U.S. Federal income tax rate of 35% to pretax income as a result of the following:

	Year Ended December 31,		
	2015	2014	2013
Federal statutory rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal benefit	3.2 %	1.3 %	(0.1)%
Expiration of capital loss carryover	(25.5)%	— %	— %
Change in valuation allowance	25.3 %	(38.8)%	(23.1)%
Permanent items	(7.6)%	3.6 %	(3.7)%
Provision to return adjustments	(0.8)%	(0.1)%	(8.1)%
Actual income tax rate	29.6 %	1.0 %	— %

Deferred tax assets (liabilities) are comprised of the following (in thousands):

	December 31,	
	2015	**2014**
Deferred tax assets:		
Net operating loss	$ 522,541	$ 528,782
State deferred tax assets	9,160	7,885
Capital loss carryforwards	12,193	26,141
Property and equipment	27,372	31,116
Investment in Laramie Energy	42,986	31,334
Contingent consideration	9,653	3,196
Other	9,234	6,112
Total deferred tax assets	633,139	634,566
Valuation allowance	(621,220)	(631,599)
Net deferred tax assets	11,919	2,967
Deferred tax liabilities:		
Property and equipment	$ —	$ —
Intangible assets	9,834	1,677
Other	2,023	1,272
State liabilities	62	57
Total deferred tax liabilities	11,919	3,006
Total deferred tax liability, net	$ —	$ (39)

We have NOL carryforwards as of December 31, 2015 of $1.4 billion for federal income tax purposes. If not utilized, the NOL carryforwards will expire during 2027 through 2033 . Our capital loss carryovers as of December 31, 2015 are $34.8 million . If not utilized, these carryovers will expire during 2016 . We also have Alternative Minimum Tax Credit Carryovers of $785 thousand . These credits do not expire; however, we must first generate regular taxable income before they can be used.

Note 19—Segment Information

During 2015, we changed our reportable segments to separate our retail and logistics operations from our refining operations due to a change in senior leadership, organizational structure, the acquisition of Mid Pac and to reflect how we currently make financial decisions and allocate resources. During 2015, we also began including all general and administrative and acquisition and integration costs in our Corporate and Other segment because we manage those costs on a consolidated basis. Additionally, effective in the fourth quarter of 2015, the crude oil and natural gas operations are included within the Corporate and Other reportable segment. Currently we report the results for the following five business segments: (i) Refining , (ii) Retail , (iii) Logistics , (iv) Texadian and (v) Corporate and Other. The carrying value of our equity investment in Laramie Energy is included in our Corporate and Other segment. Through December 31, 2015, substantially all of our revenues from our logistics segment represent intercompany transactions that are eliminated in consolidation.

We previously reported results for the following three business segments: (i) Refining, Distribution and Marketing, (ii) Natural Gas and Oil Production and (iii) Commodity Marketing and Logistics. We have recast the segment information for the years ended December 31, 2014 and 2013 to conform to the current period presentation. Summarized financial information concerning reportable segments consists of the following (in thousands):

For the year ended December 31, 2015	Refining	Logistics	Retail	Texadian	Corporate, Eliminations and Other [(1)]	Total
Revenues	$ 1,895,662	$ 82,671	$ 283,507	$ 132,472	$ (327,975)	$ 2,066,337
Costs of revenue	1,718,729	48,660	215,194	134,780	(329,995)	1,787,368
Operating expense, excluding DD&A	95,588	5,433	35,317	—	—	136,338
Lease operating expenses	—	—	—	—	5,283	5,283
Depreciation, depletion and amortization	9,522	3,117	5,421	854	1,004	19,918
Impairment expense	—	—	—	9,639	—	9,639
General and administrative expense	—	—	—	—	44,271	44,271
Acquisition and integration costs	—	—	—	—	2,006	2,006
Operating income (loss)	$ 71,823	$ 25,461	$ 27,575	$ (12,801)	$ (50,544)	$ 61,514
Interest expense and financing costs, net						(20,156)
Loss on termination of financing agreements						(19,669)
Other expense, net						(291)
Change in value of common stock warrants						(3,664)
Change in value of contingent consideration						(18,450)
Equity losses from Laramie Energy, LLC						(55,983)
Loss before income taxes						(56,699)
Income tax benefit						16,788
Net loss						$ (39,911)
Total assets	$ 516,482	$ 53,158	$ 115,544	$ 29,929	$ 177,148	$ 892,261
Goodwill	13,765	11,012	16,550	—	—	41,327
Capital expenditures	8,573	6,089	3,643	108	3,932	22,345

[(1)] Includes eliminations of intersegment revenues and cost of revenues of $330.0 million for the year ended December 31, 2015 .

For the year ended December 31, 2014	Refining	Logistics	Retail	Texadian	Corporate, Eliminations and Other (1)	Total
Revenues	$ 2,816,667	$ 70,457	$ 231,673	$ 189,160	$ (199,932)	$ 3,108,025
Costs of revenue	2,732,817	39,910	187,150	183,511	(205,916)	2,937,472
Operating expense, excluding DD&A	111,261	4,524	25,115	—	—	140,900
Lease operating expenses	—	—	—	—	5,673	5,673
Depreciation, depletion and amortization	6,008	1,881	2,353	2,018	2,637	14,897
Loss on sale of assets, net	—	—	—	—	624	624
General and administrative expense	—	—	—	—	34,304	34,304
Acquisition and integration costs	—	—	—	—	11,687	11,687
Operating income (loss)	$ (33,419)	$ 24,142	$ 17,055	$ 3,631	$ (48,941)	$ (37,532)
Interest expense and financing costs, net						(17,995)
Loss on termination of financing agreements						(1,788)
Other expense, net						(312)
Change in value of common stock warrants						4,433
Change in value of contingent consideration						2,849
Equity earnings from Laramie Energy, LLC						2,849
Loss before income taxes						(47,496)
Income tax benefit						455
Net loss						$ (47,041)
Total assets	$ 396,760	$ 19,070	$ 42,389	$ 87,695	$ 189,322	$ 735,236
Goodwill	—	—	13,796	6,990	—	20,786
Capital expenditures	8,720	3,259	487	300	1,534	14,300

(1) Includes eliminations of intersegment revenues and cost of revenues of $205.9 million for the year ended December 31, 2014 .

For the year ended December 31, 2013	Refining	Logistics	Retail	Texadian	Corporate, Eliminations and Other [1]	Total
Revenues	$ 755,406	$ 19,798	$ 48,913	$ 100,149	$ (38,252)	$ 886,014
Costs of revenue	769,038	11,075	39,461	83,483	(45,991)	857,066
Operating expense, excluding DD&A	20,440	988	5,823	—	—	27,251
Lease operating expenses	—	—	—	—	5,676	5,676
Depreciation, depletion and amortization	1,222	468	577	2,009	1,706	5,982
Gain on sale of assets, net	—	—	—	—	(50)	(50)
Trust litigation and settlements	—	—	—	—	6,206	6,206
General and administrative expense	—	—	—	—	21,494	21,494
Acquisition and integration costs	—	—	—	—	9,794	9,794
Operating (income) loss	$ (35,294)	$ 7,267	$ 3,052	$ 14,657	$ (37,087)	$ (47,405)
Interest expense and financing costs, net						(13,285)
Loss on termination of financing agreements						(6,141)
Other income, net						758
Change in value of common stock warrants						(10,159)
Equity earnings from Laramie Energy, LLC						(2,941)
Loss before income taxes						(79,173)
Income tax benefit						—
Net loss						$ (79,173)
Capital expenditures	$ 7,328	$ 242	$ 483	$ (1,300)	$ 1,015	$ 7,768

[1] Includes eliminations of intersegment revenues and cost of revenues of $46.0 million for the year ended December 31, 2013 .

Note 20—Related Party Transactions

Term Loan

Certain of our stockholders, or affiliates of our stockholders, are the lenders under our Term Loan. In previous years, they received common stock warrants exercisable for shares of common stock in connection with the origination of the Term Loan. Please read Note 11—Debt for further information.

Equity Group Investments ("EGI") and Whitebox - Service Agreements

On September 17, 2013, we entered into letter agreements (“Services Agreements”) with Equity Group Investments (“EGI”), an affiliate of Zell Credit Opportunities Fund, LP ("ZCOF") and Whitebox Advisors, LLC, ("Whitebox") each of which own 10% or more of our common stock directly or through affiliates. Pursuant to the Services Agreements, EGI and Whitebox agreed to provide us with ongoing strategic, advisory and consulting services that may include (i) advice on financing structures and our relationship with lenders and bankers, (ii) advice regarding public and private offerings of debt and equity securities, (iii) advice regarding asset dispositions, acquisitions or other asset management strategies, (iv) advice regarding potential business acquisitions, dispositions or combinations involving us or our affiliates, or (v) such other advice directly related or ancillary to the above strategic, advisory and consulting services as may be reasonably requested by us.

EGI and Whitebox will not receive a fee for the provision of the strategic, advisory or consulting services set forth in the Services Agreements, but may be periodically reimbursed by us, upon request, for (i) travel and out-of-pocket expenses, provided that in the event that such expenses exceed $50 thousand in the aggregate with respect to any single proposed matter, EGI or Whitebox, as applicable, will obtain our consent prior to incurring additional costs and (ii) provided that we provide prior consent to their engagement with respect to any particular proposed matter, all reasonable fees and disbursements of counsel, accountants and other professionals incurred in connection with EGI's or Whitebox's, as applicable, services under the Services Agreements. In consideration of the services provided by EGI and Whitebox under the Services Agreements, we agreed to indemnify each of them for certain losses incurred by them relating to or arising out of the Services Agreements or the services provided thereunder.

The Services Agreements have a term of one year and will be automatically extended for successive one -year periods unless terminated by either party at least 60 days prior to any extension date. For the year ended December 31, 2015 , $180 thousand in costs were incurred related to these agreements. There were no significant costs incurred related to these agreements during the years ended December 31, 2014 and 2013 .

In October 2015, the Company terminated the Services Agreement with Whitebox.

Note 21—Quarterly Financial Data (Unaudited)

Summarized quarterly data for the years ended December 31, 2015 and 2014 consist of the following (in thousands, except per share amounts):

	Year Ended December 31, 2015			
	Q1	Q2	Q3	Q4
Revenues	$ 543,611	$ 583,759	$ 495,503	$ 443,464
Operating income (loss)	17,857	27,460	26,274	(10,077)
Net income (loss)	462	11,723	14,740	(66,836) (1)
Net income (loss) per share				
Basic	$ 0.01	$ 0.31	$ 0.39	$ (1.72)
Diluted	$ 0.01	$ 0.31	$ 0.39	$ (1.72)

	Year Ended December 31, 2014			
	Q1	Q2	Q3	Q4
Revenues	$ 743,246	$ 802,137	$ 854,286	$ 708,356
Operating income (loss)	(14,802)	(24,380)	(36,598)	38,428
Net income (loss)	(14,568)	(24,677)	(39,456)	31,660
Net income (loss) per share				
Basic	$ (0.48)	$ (0.81)	$ (1.19)	$ 0.86
Diluted	$ (0.48)	$ (0.81)	$ (1.19)	$ 0.84

(1) During the fourth quarter of 2015, we recognized an impairment of $41.1 million on our equity investment in Laramie Energy. Please read Note 3—Investment in Laramie Energy, LLC .

Note 22—Supplemental Oil and Gas Disclosures (Unaudited)

Capitalized costs related to oil and gas activities are as follows (in thousands):

	December 31,	
	2015	2014
Company:		
Unproved properties	$ —	$ —
Proved properties	1,122	1,122
	1,122	1,122
Accumulated depreciation and depletion	(862)	(824)
	$ 260	$ 298
Company's share of Laramie Energy:		
Unproved properties	$ 9,253	$ 15,872
Proved properties	202,195	183,937
	211,448	199,809
Accumulated depreciation and depletion	(56,241)	(49,666)
	$ 155,207	$ 150,143

Costs incurred in oil and gas activities including costs associated with assets retirement obligations, are as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Company:			
Development costs incurred on proved undeveloped reserves	$ —	$ —	$ —
Development costs—other	—	102	142
Total	$ —	$ 102	$ 142
Company's share of Laramie Energy:			
Unproved properties acquisition costs	$ —	$ —	$ —
Development costs—other	21,747	15,599	6,380
Total	$ 21,747	$ 15,599	$ 6,380

For the years ended December 31, 2015, 2014 and 2013, neither we nor Laramie Energy incurred exploratory well costs so no amounts were capitalized or expensed during these respective periods. Accordingly, there were no suspended exploratory well costs at 2015, 2014 and 2013 that were being evaluated.

A summary of the results of operations for oil and gas producing activities, excluding general and administrative costs, is as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Company:			
Revenue			
Oil and gas revenues	$ 2,019	$ 5,984	$ 7,739
Expenses			
Production costs	5,283	5,673	5,696
Depletion and amortization	42	2,376	1,593
Exploration	—	—	—
Abandoned and impaired properties	—	—	—
Results of operations of oil and gas producing activities	$ (3,306)	$ (2,065)	$ 450
Company's share of Laramie Energy:			
Revenue			
Oil and gas revenues	$ 14,217	$ 26,829	$ 20,364
Expenses			
Production costs	11,047	11,225	9,362
Impairment of unproved properties	3,977	—	—
Depletion and amortization	8,226	10,921	8,855
Results of operations of oil and gas producing activities	$ (9,033)	$ 4,683	$ 2,147
Total results of operations of oil and gas producing activities	$ (12,339)	$ 2,618	$ 2,597

Oil and Gas Reserve Information

There are numerous uncertainties inherent in estimating quantities of proved crude oil and natural gas reserves. Crude oil and natural gas reserve engineering is a subjective process of estimating underground accumulations of crude oil and natural gas that cannot be precisely measured. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing and production subsequent to the date of the estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of crude oil and natural gas that are ultimately recovered.

Estimates of our crude oil and natural gas reserves and present values as of December 31, 2015 , 2014 and 2013 , were prepared by Netherland, Sewell & Associates, Inc., independent reserve engineers.

A summary of changes in estimated quantities of proved reserves for the years ended December 31, 2015 , 2014 and 2013 is as follows:

	Gas (MMcf)	Oil (MBbl)	NGLS (MBbl)	Total (MMcfe) [1]
Company:				
Balance at January 1, 2013	446	286	—	2,163
Revisions of quantity estimate	460	16	—	557
Extensions and discoveries	9	3	—	25
Production	(253)	(69)	—	(667)
Balance at December 31, 2013 [2]	662	236	—	2,078
Revisions of quantity estimate	65	(67)	21	(211)
Extensions and discoveries	8	1	—	14
Production	(134)	(93)	(4)	(716)
Balance at December 31, 2014 [3]	601	77	17	1,165
Revisions of quantity estimate	(330)	(35)	(15)	(630)
Extensions and discoveries	—	—	—	—
Production	(83)	(36)	(2)	(311)
Balance at December 31, 2015 [4]	188	6	—	224
Company's share of Laramie Energy:				
Balance at January 1, 2013	122,650	831	6,345	165,706
Revisions of quantity estimate	(3,944)	(404)	(1,589)	(15,900)
Extensions and discoveries	71,921	173	2,788	89,688
Production	(4,030)	(16)	(143)	(4,985)
Balance at December 31, 2013 [2]	186,597	584	7,401	234,509
Revisions of quantity estimate	8,876	34	(1,689)	(1,054)
Extensions and discoveries	21,108	128	489	24,808
Production	(4,831)	(18)	(125)	(5,689)
Balance at December 31, 2014 [3]	211,750	728	6,076	252,574
Revisions of quantity estimate	(99,548)	(316)	(2,718)	(117,752)
Extensions and discoveries	32,041	131	1,007	38,869
Acquisitions and divestures	(5,945)	(20)	(171)	(7,091)
Production	(4,745)	(20)	(149)	(5,759)
Balance at December 31, 2015 [4]	133,553	503	4,045	160,841
Total at December 31, 2015	133,741	509	4,045	161,065

[1] MMcfe is based on a ratio of 6 Mcf to 1 barrel.

[2] During 2013 , the Company's estimated proved reserves, inclusive of the Company's share of Laramie Energy's estimated proved reserves, increased by 68,718 MMcfe or approximately 41% . Extensions and discoveries related to our share of Laramie Energy's estimated proved reserves resulted in an increase of 89,688 MMcfe from the beginning of year reserves. These extensions and discoveries are primarily associated with successful completions by Laramie Energy.

[3] During 2014 , the Company's estimated proved reserves, inclusive of the Company's share of Laramie Energy's estimated proved reserves, increased by 17,152 MMcfe or approximately 7% . Extensions and discoveries related to our share of Laramie Energy's estimated proved reserves resulted in an increase of 24,808 MMcfe from the beginning of year reserves. These extensions and discoveries are primarily associated with successful completions by Laramie Energy.

[4] During 2015 , the Company's estimated proved reserves, inclusive of the Company's share of Laramie Energy's estimated proved reserves, decreased by 92,674 MMcfe or approximately 36.5% . Revisions of quantity estimate related to our share of Laramie Energy's estimated proved reserves resulted in a decrease of 117,752 MMcfe from the beginning of year reserves. These revisions of quantity estimate are primarily associated with wells becoming uneconomic during 2015.

	Gas (MMcf)	Oil (MBbl)	NGLS (MBbl)	Total (MMcfe) [1]
December 31, 2013				
Proved developed reserves				
Company	662	236	—	2,078
Company's share of Laramie Energy	45,072	165	1,627	55,829
Total	45,734	401	1,627	57,907
Proved undeveloped reserves				
Company	—	—	—	—
Company's share of Laramie Energy	141,525	419	5,774	178,680
Total	141,525	419	5,774	178,680
December 31, 2014				
Proved developed reserves				
Company	601	77	17	1,165
Company's share of Laramie Energy	48,855	195	1,226	57,381
Total	49,456	272	1,243	58,546
Proved undeveloped reserves				
Company	—	—	—	—
Company's share of Laramie Energy	162,895	533	4,850	195,193
Total	162,895	533	4,850	195,193
December 31, 2015				
Proved developed reserves				
Company	188	6	—	224
Company's share of Laramie Energy	65,499	248	1,931	78,573
Total	65,687	254	1,931	78,797
Proved undeveloped reserves				
Company	—	—	—	—
Company's share of Laramie Energy	68,054	255	2,114	82,268
Total	68,054	255	2,114	82,268

[1] MMcfe is based on a ratio of 6 Mcf to 1 barrel.

	CIG per MMbtu	WTI per Bbl
Base pricing, before adjustments for contractual differentials (Company and Laramie Energy): [1]		
December 31, 2013	$ 3.53	$ 96.91
December 31, 2014	4.36	94.99
December 31, 2015	2.39	50.28

[1] Proved reserves are required to be calculated based on the 12-month, first day of the month historical average price in accordance with SEC rules. The prices shown above are base index prices to which adjustments are made for contractual deducts and other factors.

Future net cash flows presented below are computed using applicable prices (as summarized above) and costs and are net of all overriding royalty revenue interests.

	December 31,		
	2015	2014	2013
	(in thousands)		
Company:			
Future net cash flows	$ 690	$ 10,452	$ 26,861
Future costs			
Production	345	7,760	21,999
Development and abandonment	25	37	319
Income taxes [1]	—	—	—
Future net cash flows	320	2,655	4,543
10% discount factor	(128)	(889)	(1,006)
Discounted future net cash flows	$ 192	$ 1,766	$ 3,537
Company's share of Laramie Energy:			
Future net cash flows	$ 425,596	$ 1,268,704	$ 984,205
Future costs			
Production	249,831	539,796	430,506
Development and abandonment	72,462	236,027	234,905
Income taxes [1]	—	—	—
Future net cash flows	103,303	492,881	318,794
10% discount factor	(63,302)	(322,282)	(229,469)
Discounted future net cash flows	$ 40,001	$ 170,599	$ 89,325
Total discounted future net cash flows	$ 40,193	$ 172,365	$ 92,862

[1] No income tax provision is included in the standardized measure of discounted future net cash flows calculation shown above as we do not project to be taxable or pay cash income taxes based on its available tax assets and additional tax assets generated in the development of its reserves because the tax basis of its oil and gas properties and NOL carryforwards exceeds the amount of discounted future net earnings.

The principal sources of changes in the standardized measure of discounted net cash flows for the years ended December 31, 2015 , 2014 and 2013 are as follows (in thousands):

	Company	Company's Share of Laramie Energy	Total
Balance at January 1, 2013	$ 8,010	$ 71,959	$ 79,969
Sales of oil and gas production during the period, net of production costs	(2,044)	(10,478)	(12,522)
Net change in prices and production costs	(3,833)	(2,588)	(6,421)
Changes in estimated future development costs	—	8,831	8,831
Extensions, discoveries and improved recovery	147	15,471	15,618
Revisions of previous quantity estimates, estimated timing of development and other	395	(4,948)	(4,553)
Previously estimated development and abandonment costs incurred during the period	—	3,142	3,142
Other	61	740	801
Accretion of discount	801	7,196	7,997
Balance at December 31, 2013	3,537	89,325	92,862
Sales of oil and gas production during the period, net of production costs	(1,288)	(3,763)	(5,051)
Net change in prices and production costs	(31)	35,837	35,806
Changes in estimated future development costs	118	(6,292)	(6,174)
Extensions, discoveries and improved recovery	85	4,914	4,999
Revisions of previous quantity estimates, estimated timing of development and other	(1,111)	27,632	26,521
Previously estimated development and abandonment costs incurred during the period	102	14,013	14,115
Other	—	—	—
Accretion of discount	354	8,933	9,287
Balance at December 31, 2014	1,766	170,599	172,365
Sales of oil and gas production during the period, net of production costs	(479)	(5,753)	(6,232)
Acquisitions and divestitures	—	(4,789)	(4,789)
Net change in prices and production costs	(679)	(153,564)	(154,243)
Changes in estimated future development costs	8	788	796
Extensions, discoveries and improved recovery	—	9,273	9,273
Revisions of previous quantity estimates, estimated timing of development and other	(601)	(8,621)	(9,222)
Previously estimated development and abandonment costs incurred during the period	—	15,008	15,008
Other	—	—	—
Accretion of discount	177	17,060	17,237
Balance at December 31, 2015	$ 192	$ 40,001	$ 40,193

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange of Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 3, 2016 .

PAR PACIFIC HOLDINGS, INC.

By: /s/ William Pate
William Pate
President and Chief Executive Officer

By: /s/ Christopher Micklas
Christopher Micklas
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on our behalf and in the capacities indicated and on March 3, 2016 .

Signature	**Title**
/s/ WILLIAM PATE William Pate	President and Chief Executive Officer (Principal Executive Officer)
/s/ CHRISTOPHER MICKLAS Christopher Micklas	Chief Financial Officer (Principal Financial Officer)
/s/ KELLY ROSSER Kelly Rosser	Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ MELVYN N. KLEIN Melvyn N. Klein	Chairman of the Board of Directors
/s/ ROBERT S. SILBERMAN Robert S. Silberman	Vice Chairman of the Board
/s/ WILLIAM MONTELEONE William Monteleone	Director
/s/ TIMOTHY CLOSSEY Timothy Clossey	Director
/s/ L. MELVIN COOPER L. Melvin Cooper	Director
/s/ CURTIS ANASTASIO Curtis Anastasio	Director
/s/ WALTER A. DODS, JR. Walter A. Dods, Jr.	Director
/s/ JOSEPH ISRAEL Joseph Israel	Director

Exhibit 4.9

AMENDMENT TO
PAR PACIFIC HOLDINGS, INC.
2012 LONG TERM INCENTIVE PLAN

Whereas, the Board of Directors of Par Pacific Holdings, Inc. and the Compensation Committee thereof has authorized the amendment of the Par Pacific Holdings, Inc. 2012 Long Term Incentive Plan (the " Plan ") to increase the number of shares of Stock (as defined in the Plan) that may be issued under the Plan to 4,000,000 and to provide individual limits for Awards intended to meet the performance-based compensation exception under Section 162(m) of the Internal Revenue Code of 1986, as amended, subject to stockholder approval.

Now, therefore, the Plan is hereby amended effective as of November 4, 2015, subject to stockholder approval on the earlier of the next stockholder's meeting following the effective date of this Amendment or within twelve (12) months of the effective date of this Amendment as follows; provided that with respect to any Awards granted for Stock or cash that are in excess of the Plan limits in Section 4.1 of the Plan as in effect on the date immediately preceding the effective date of this Amendment, such Awards may not be exercised or payable unless stockholder approval of this Amendment is obtained as provided herein, and any such Awards shall be forfeited and void if such stockholder approval is not timely obtained.

1. Section 4.1 shall be amended and restated in its entirety as follows:

4.1 Maximum Number of Shares Issuable

Subject to adjustment as provided in Sections 4.2 and 25 or as otherwise permitted under the Plan, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be Four Million (4,000,000) and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. The maximum aggregate number of such shares of Stock authorized for issuance in the foregoing sentence may be issued as Incentive Stock Options, Nonstatutory Stock Options, or as Restricted Stock under the Plan. Shares of Stock of an outstanding Award that for any reason expire or are terminated, forfeited or canceled or withheld for taxes or settled in a manner that all or some of the shares of Stock covered by an Award are not issued to a Participant (including, without limitation, shares of Stock withheld for the purchase price of an Award) shall again be available for issuance under the Plan.

During any period that the Company is a Publicly Held Corporation within the meaning of Code Section 162(m) the following rules shall apply to grants of Awards:

(a) Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock (including phantom or restricted units, Options, Stock appreciation rights, Restricted Stock, Other

Stock-Based Awards, Performance Awards or Dividends or Dividend Equivalents paid out in Stock) that may be granted in any calendar year pursuant to any Award held by any Participant shall be Three Million Five Hundred Thousand (3,500,000) shares of Stock.

(b) The maximum aggregate cash payout (including phantom or restricted units, Stock appreciation rights, Other Stock-Based Awards, Performance Awards or Dividends or Dividend Equivalents paid out in cash) with respect to Awards granted in any calendar year that may be made to any Participant shall be Eight Million Dollars ($8,000,000).

(c) With respect to any Option or Stock appreciation right granted to a Participant that is canceled or repriced, the number of shares of Stock subject to such Option or Stock appreciation right shall continue to count against the maximum number of shares of Stock that may be the subject of Options or Stock appreciation right granted to such Participant hereunder to the extent such is required in accordance with Section 162(m) of the Code.

(d) The limitations of subsections (a), (b) and (c) above shall be construed and administered so as to comply with the performance-based exception in Code Section 162(m).

IN WITNESS WHEREOF, Par Pacific Holdings, Inc. has caused this Amendment to the Plan to be duly executed in its name and on its behalf by its duly authorized officer.

PAR PACIFIC HOLDINGS, INC.

By: /s/ J. Matthew Vaughn
Name: J. Matthew Vaughn
Title: Senior Vice President and General Counsel

EXECUTION VERSION

THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

FOR

LARAMIE ENERGY, LLC

Dated as of February 22, 2016

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<u>List of Exhibits and Schedules</u>

THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
FOR
LARAMIE ENERGY, LLC

This Third Amended and Restated Limited Liability Company Agreement (this " Agreement ") of Laramie Energy, LLC, a Delaware limited liability company (f/k/a Piceance Energy, LLC) (the " Company "), dated as of February 22, 2016 (the " Effective Date "), is among the Members.

RECITALS

A. On May 10, 2012, Laramie II filed a Certificate of Formation (the " Certificate ") forming the Company as a limited liability company under the Delaware Limited Liability Company Act (as amended from time to time, the " Act "), and, effective December 23, 2015, the Company's name was changed from Piceance Energy, LLC to Laramie Energy, LLC;

B. Laramie II, as the sole member of the Company, entered into the Company's Limited Liability Company Agreement dated as of May 10, 2012 (the " Original Agreement "), as amended and restated in its entirety by that certain Amended and Restated Limited Liability Company Agreement of the Company dated August 31, 2012 (the " First Amended LLC Agreement "), which First Amended LLC Agreement superseded the Original Agreement;

C. Pursuant to that certain Amendment No. 1 to the First Amended LLC Agreement dated March 9, 2015 (the " Amendment 1 to First A&R LLC Agreement "), the Company admitted as Members the Avista Parties, Boswell, the DLJ IV Parties, and the Wells Fargo Member, and effected certain other amendments;

D. The First Amended LLC Agreement, as amended by Amendment 1 to First A&R LLC Agreement, was amended and restated in its entirety pursuant to the Second Amended and Restated Limited Liability Company Agreement of the Company dated July 27, 2015 (the " Second Amended LLC Agreement "), which Second Amended LLC Agreement superseded the First Amended LLC Agreement, as amended by Amendment 1 to First A&R Agreement;

E. Pursuant to that certain (i) Amendment No. 1 to the Second Amended LLC Agreement dated July 31, 2015 (" Amendment 1 to Second A&R LLC Agreement "), and (ii) Amendment No. 2 to the Second Amended LLC Agreement dated August 28, 2015 (" Amendment 2 to Second A&R LLC Agreement ", and together with the Amendment 1 to Second A&R LLC Agreement, the " Amended Agreement "), the Company admitted as Members the Mesa Member and the Incentive Member, respectively, and effected certain other amendments; and

F. The Parties hereto desire to amend and restate in its entirety the Amended Agreement in all respects and enter into this Agreement in order to (i) create an additional class of units called "Class A Preferred Units," (ii) admit Webster as a Member, (iii) revise the Sharing Ratios and the Sharing Percentages of the Members, (iv) incorporate herein the terms and provisions of Amendment

1 to Second A&R LLC Agreement and Amendment 2 to Second A&R LLC Agreement and (v) provide for certain other matters, all as permitted under the Act.

In consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members agree as follows:

ARTICLE i.
DEFINITIONS

In addition to the terms defined elsewhere in this Agreement, the following terms shall have the indicated meaning:

“ Accrued Dividends ” means, with respect to any Class A Preferred Unit, as of any date, the accrued and unpaid portion of the Quarterly Dividend Amount on such Class A Preferred Unit from, and including, the most recently preceding Quarterly Payment Date (or the date of the issuance of such Class A Preferred Unit, if such date is prior to the first Quarterly Payment Date) to, but not including, such date.

" Act " is defined in Recital A .

" Adjusted Capital Account Deficit " means, with respect to any Member, a deficit balance in such Member's Capital Account at the end of any Allocation Period after giving effect to the following adjustments: (a) credit to such Capital Account the additions, if any, permitted by Treasury Regulations §§ 1.704-1(b)(2)(ii)(*c*) (referring to obligations to restore a capital account deficit), 1.704-2(g)(1) (referring to "partnership minimum gain") and 1.704-2(i)(5) (referring to a partner's share of "partner nonrecourse debt minimum gain"), and (b) debit to such Capital Account the items described in §§ 1.704-1(b)(2)(ii)(*d*)(*4*), (*5*) and (*6*) of the Treasury Regulations. This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations §§ 1.704-1(b)(2)(ii)(*d*) and 1.704-2.

" Affiliate " means with respect to a Person, any other Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. As used in this definition, the word "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

" Agreement " is defined in the introductory paragraph.

" Allocation Period " means the period (a) commencing on the date hereof or, for any Allocation Period other than the first Allocation Period, the day following the end of a prior Allocation Period and (b) ending (i) on the last day of each fiscal year; (ii) the day preceding any day in which an adjustment to the Carrying Value of the Company’s properties pursuant to clauses (b)(i), (b)(ii), (b)(iii) or (b)(v) of the definition of Carrying Value occurs; (iii) immediately after any day in which an adjustment to the Carrying Value of the Company’s properties pursuant to clause (b)(iv) of the definition of Carrying Value occurs or (iv) on any other date determined by the Board.

" Amended Agreement " is defined in Recital E .

" Amendment 1 to First A&R LLC Agreement " is defined in Recital C .

" Amendment 1 to Second A&R LLC Agreement " is defined in Recital E .

" Amendment 2 to Second A&R LLC Agreement " is defined in Recital E .

" AMI " is defined in Section 5.9(b) .

" Assets " is defined in Section 2.5 .

" Available Cash " means, for a period of time, the excess of all cash receipts of the Company (including reductions in any reserves previously established by the Board acting reasonably to meet the business needs of the Company) over all cash disbursements of the Company (including operating expenses, repayment of all principal and interest, and additions to any reserves for twelve months of working capital and capital expenditures established by the Board acting reasonably to meet the business needs of the Company).

" Avista Parties " means ACP LE, L.P., a Delaware limited partnership, and ACP LE (Offshore), L.P., a Delaware limited partnership, collectively.

" Bank Revolving Credit Facility " means that certain Credit Agreement dated June 4, 2012 with JP Morgan Chase Bank, N.A. as Agent, as amended or restated from time to time.

" Bankruptcy " means, with respect to a Person, any of the following acts or events: (a) making an assignment for the benefit of creditors, (b) filing a voluntary petition in bankruptcy, (c) becoming the subject of an order for relief or being declared insolvent or bankrupt in any federal or state bankruptcy or insolvency proceeding, (d) filing a petition or answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law or regulation, (e) filing an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in a proceeding of the type described in clause (c) or (d) of this definition, (f) making an admission in writing of an inability to pay debts as they mature, (g) giving notice to any governmental authority that insolvency has occurred, that insolvency is pending, or that operations have been suspended, (h) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of all or any substantial part of its properties, or (i) the expiration of 90 days after the date of the commencement of a proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation if the proceeding has not been previously dismissed, or the expiration of 60 days after the date of the appointment, without such Person's consent or acquiescence, of a trustee, receiver, or liquidator of such Person or of all or any substantial part of such Person's properties, if the appointment has not previously been vacated or stayed, or the expiration of 60 days after the date of expiration of a stay, if the appointment has not been previously vacated.

" BHC Affiliate " is defined in Section 3.5(a) .

" BHC Investor " means a Member that is (i) subject to the BHCA, (ii) is designated as a systematically important financial institution under the Dodd-Frank Wall Street Reform and Consumer Protection Act; or (iii) is directly or indirectly "controlled" (as that term is defined in the BHCA) by a company that is subject to the BHCA or the Dodd-Frank Wall Street Reform and Consumer Protection Act.

" BHCA " means the Bank Holding Company Act of 1956, as amended.

" Board " or " Board of Managers " is defined in Section 5.1(a) .

" Board Member " is defined in Section 5.1(a) .

" Boswell " means Robert S. Boswell, an individual.

" Business " is defined in Section 2.5 .

" Business Day " means any day other than a Saturday or Sunday or other day upon which banks are authorized or required to close in the State of Delaware.

" Capital Account " is defined in Section 10.2(a) .

" Capital Contribution " means for any Member at the particular time in question the aggregate of the dollar amounts of any cash and cash equivalents contributed by such Member to the capital of the Company, plus the value, as reasonably determined by the Board, of any property contributed by such Member to the capital of the Company.

" Capital Interest Percentage " means, at any time of determination and as to any Member, the percentage of the total distributions that would be made to such Member if any outstanding unvested Class B Units became vested, the assets of the Company were sold for their respective Carrying Values, all liabilities of the Company were paid in accordance with their terms (limited in the case of non-recourse liabilities to the Carrying Value of the property securing such liabilities), all items of Company Profit, Loss, income, gain, loss and deduction were allocated to the Members in accordance with Article VIII, and the resulting net proceeds were distributed to the Members in accordance with Article XII; provided, however, that the Board may determine that the Members' Capital Interest Percentages should be determined based upon a hypothetical sale of the assets of the Company for their respective fair market values (instead of Carrying Values) in order to ensure that such percentages correspond to the Members' "proportionate interests in partnership capital" as defined in Treasury Regulations § 1.613A-3(e)(2)(ii). The foregoing definition of Capital Interest Percentage is intended to result in a percentage for each Member that corresponds with the Member's "proportionate interest in partnership capital" as defined in Treasury Regulations § 1.613A-3(e)(2)(ii), and Capital Interest Percentage shall be interpreted consistently therewith.

" Carrying Value " means, with respect to any property of the Company, such property's adjusted basis for U.S. federal income tax purposes (which, in the case of any Oil and Gas Property, shall be determined pursuant to Treasury Regulations § 1.613A-3(e)(3)(iii)(C)), except as follows:

(a) The initial Carrying Value of any property contributed by a Member to the Company shall be the fair market value of such property as of the date of such contribution.

(b) The Carrying Values of all properties shall be adjusted to equal their respective fair market values in connection with (i) the acquisition of an interest (or additional interest) in the Company by any new or existing Member in exchange for more than a *de minimis* Capital Contribution to the Company or in exchange for the performance of more than a *de minimis* amount of services to or for the benefit of the Company; (ii) the distribution by the Company to a Member of more than a *de minimis* amount of property as consideration for an interest in the Company; (iii) the liquidation of the Company within the meaning of Treasury Regulations § 1.704-1(b)(2)(ii)(*g*)(*1*) (other than pursuant to Code § 708(b)(1)(B)); (iv) the acquisition of an interest in the Company by any new or existing Member upon the exercise of a noncompensatory option in accordance with Treasury Regulations § 1.704-1(b)(2)(iv)(*s*); or (v) any other event to the extent determined by the Board to be permitted and necessary to properly reflect Carrying Values in accordance with the standards set forth in Treasury Regulations § 1.704-1(b)(2)(iv)(*q*); *provided* , *however* , that adjustments pursuant to clauses (b)(i), (b)(ii) and (b)(iv) above shall be made only if the Board reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company. If any noncompensatory options are outstanding upon the occurrence of an event described in clauses (b)(i) through (b)(v) above, the Company shall adjust the Carrying Values of its properties in accordance with Treasury Regulations §§ 1.704-1(b)(2)(iv)(*f*)(*1*) and 1.704-1(b)(2)(iv)(*h*)(*2*).

(c) The Carrying Value of property distributed to a Member shall be adjusted to equal the fair market value of such property as of the date of such distribution.

(d) The Carrying Value of all property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such property pursuant to Code § 734(b) (including any such adjustments pursuant to Treasury Regulations § 1.734-2(b)(1)), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations § 1.704-1(b)(2)(iv) *(m)* and clause (g) of the definition of Profits or Losses or Section 8.2(g) ; *provided* , *however* , that the Carrying Value of property shall not be adjusted pursuant to this clause (d) to the extent that the Board reasonably determines an adjustment pursuant to clause (b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d).

(e) If the Carrying Value of property has been determined or adjusted pursuant to clauses (a), (b) or (d) of this definition, such Carrying Value shall thereafter be adjusted by the Depreciation taken into account with respect to such property for purposes of computing Profits, Losses, Simulated Depletion and other items allocated pursuant to Article VIII and Article IX .

“ Cash Dividend Rate ” means ten percent (10%) per annum.

" Class A Preferred Unitholder " is defined in Section 2.6(f) .

" Class A Unitholder " is defined in Section 2.6(f).

" Class B Unitholder " is defined in Section 2.6(f) .

" Code " means the Internal Revenue Code of 1986, as amended from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future Law.

" Company " is defined in the introductory paragraph.

" Company Opportunity " is defined in Section 5.9(c) .

" Confidential Information " means information concerning the properties, operations, business, trade secrets, technical know-how and other non-public information and data of or relating to the Company, its properties and any technical information with respect to any project of the Company.

" Controlled Affiliate " means, with respect to a Member, a privately-held entity in which such Member owns 50% or more of the equity securities.

" Cumulative Assumed Tax Liability " means, with respect to any Member as of any fiscal year, the product of (a) the U.S. federal taxable income (excluding taxable income incurred in connection with (w) any income allocable to the Wells Fargo member as a result of its investment in Class A Units or Class A Preferred Units as described in Section 3.1(b)(ii), (x) an Initial Public Offering, (y) a Liquidation Event or (z) the forfeiture or repurchase of Class B Units from such Member or another Member) allocated by the Company to such Member in such fiscal year and all prior fiscal years, less the U.S. federal taxable loss allocated by the Company to such Member in such fiscal year and all prior fiscal years (taking into account for purposes of clause (a), (i) items determined at the Member level with respect to Oil and Gas Properties owned by the Company, as if such items were allocated at the Company level and (ii) any applicable limitations on the deductibility of capital losses); multiplied by (b) the highest applicable U.S. federal and net effective state and local income tax rate (taking into account the deductibility of state and local income taxes for federal income tax purposes, and including any tax rate imposed on "net investment income" by Code § 1411) applicable to an individual resident in the State of Colorado with respect to the character of U.S. federal taxable income or loss allocated by the Company to such Member (e.g., capital gains or losses, dividends, ordinary income, etc.) during each applicable fiscal year.

" Depreciation " means, for each Allocation Period an amount equal to the depreciation, amortization or other cost recovery deduction (excluding depletion) allowable for U.S. federal income tax purposes with respect to property for such Allocation Period, except that (a) with respect to any such property the Carrying Value of which differs from its adjusted tax basis for U.S. federal income tax purposes and which difference is being eliminated by use of the "remedial method" pursuant to Treasury Regulations § 1.704-3(d), Depreciation for such Allocation Period shall be the amount of book basis recovered for such Allocation Period under the rules prescribed by Treasury Regulations § 1.704-3(d)(2) and (b) with respect to any other such property the Carrying Value of which differs from its adjusted tax basis at the beginning of such Allocation Period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the U.S. federal income tax depreciation, amortization or other cost recovery deduction for such Allocation Period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis of any property at the beginning of such Allocation Period is zero dollars ($0.00), Depreciation with respect to such property shall be determined with reference to such beginning value using any reasonable method selected by the Board.

" Dispose " (including the correlative terms " **Disposed** " or " **Disposition** ") means any sale, assignment, transfer, conveyance, gift, pledge, distribution, hypothecation or other encumbrance or any other disposition or alienation, whether voluntary, involuntary or by operation of law, and whether effected directly, indirectly or by merger, consolidation, share exchange or similar transaction.

" DLJ IV Parties " means DLJ Merchant Banking Partners IV, L.P., a Delaware limited partnership, and Laram Holdings II, LLC, a Delaware limited liability company, collectively.

" Dodd Frank Act " is defined in Section 11.8 .

" Drag-Along Notice " is defined in Section 11.4 .

" Dragged Member " means any Member, other than the Dragging Member(s), that receives a Drag-Along Notice pursuant to Section 11.4 .

" Dragging Member(s) " means, in connection with a Transfer of Units subject to Section 11.4 , Class A Unitholders representing 67% or greater of the outstanding Class A Units, or any successor to such interests.

" Economic Risk of Loss " has the meaning set forth in Treasury Regulations § 1.752-2(a).

" Effective Date " is defined in the introductory paragraph.

" EnCap Parties " means EnCap Energy Capital Fund VI, L.P., a Texas limited partnership, and EnCap VI-B Acquisitions, L.P., a Texas limited partnership, collectively.

" Equity Owner " is defined in Section 11.3(c) .

" Excess Distribution " is defined in Section 7.1(c)(ii) .

" Existing Members " means the parties listed on Exhibit B .

“ Family Member ” means, when used with respect to a natural Person, such individual’s (i) spouse; (ii) children (natural or by adoption and stepchildren); (iii) children’s direct descendants; and (iv) parents, and includes (x) a trust established by such individual for the sole benefit of such individual or all or any of the individuals described in the immediately preceding clauses (i) through (iv) or (y) an entity entirely owned by all or any of the individuals described in the immediately preceding clauses (i) through (iv).

" First Amended LLC Agreement " is defined in Recital B .

“ FLP ” means, when used with respect to a natural Person, a “family limited partnership” or “family limited liability company” established by such Person for his benefit, and in which such Person is a general or limited partner, and for the sole benefit of all or any of such Person’s Family Members.

" Grant Agreement " is defined in Section 14.1(b) .

" Incentive Member" means Laramie Energy Employee Holdings, LLC, a Delaware limited liability company (f/k/a Piceance Energy Employee Holdings, LLC).

" Independent Accountant " means Deloitte & Touche LLP, or another reputable independent public accounting firm retained by the Company pursuant to this Agreement.

" Independent Petroleum Engineer " means Netherland, Sewell and Associates, Inc., or another reputable independent petroleum engineer retained by the Company pursuant to this Agreement.

“ Initial Public Offering ” means the first public offering of Units of the Company.

" Investment Company " has the meaning set forth in the Investment Company Act.

" Investment Company Act " means the Investment Company Act of 1940, as the same may be amended from time to time.

" Investor Parties " is defined in Section 5.10(a) .

" IPO " is defined in Section 11.9.

" Laramie II " means Laramie Energy II, LLC, a Delaware limited liability company.

" Laramie II Assets " means the "Laramie Assets" as such term is defined in that certain Contribution Agreement between Laramie II and Delta Petroleum Corporation dated June 4, 2012.

" Law " or " Laws " means all applicable federal, state, tribal and local laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, restrictions and other similar requirements, whether legislative, municipal, administrative or judicial in nature.

" Lien " means any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, charge, deposit arrangement, preference, priority, security interest, option, right of first refusal or other transfer restriction or encumbrance of any kind (including preferential purchase rights, conditional sales agreements or other title retention agreements, and the filing of or agreement to give any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction to evidence any of the foregoing).

" Liquidation Event " means the occurrence of any of the following: (i) a merger, business combination, consolidation, sale or disposition of all or substantially all of the assets of the Company, (ii) the Transfer, whether in a single transaction or a series of related transactions, of all or substantially all of the equity interests in the Company (by merger, exchange, consolidation or otherwise), (iii) a voluntary or involuntary reorganization or the entry into bankruptcy or insolvency proceedings and (iv) the winding up, dissolution or liquidation of the Company.

" Liquidation Preference " shall mean, with respect to each Class A Preferred Unit, $1,000 per Class A Preferred Unit plus any Accrued Dividends plus (without duplication) any amounts added to the Liquidation Preference pursuant to Section 7.1(b)(ii) on such Class A Preferred Unit.

" Major Decision " is defined in Section 5.2 .

" Member " means a Person designated as a Member of the Company on Exhibit A attached hereto, a Person admitted to the Company as a Class B Unitholder pursuant to a Grant Agreement, a Person admitted as an additional Member pursuant to Section 2.6 and a Person admitted as a substituted Member pursuant to Section 11.5 .

" Member Equity Interest " is defined in Section 11.3(c).

" Membership Interest " means, with respect to any Member, (a) that Member's status as a Member, (b) that Member's Capital Account and share of the Profits, Losses and other items of income, gain, loss, deduction and credits of, and the right to receive distributions (liquidating or otherwise) from, the Company under the terms of this Agreement, (c) all other rights, benefits and privileges enjoyed by that Member (under the Act or this Agreement) in its capacity as a Member, including that Member's rights to vote, consent and approve those matters described in this Agreement, and (d) all obligations, duties and liabilities imposed on that Member under the Act or this Agreement in its capacity as a Member. Membership Interests shall be denominated in Class A Units, Class B Units and Class A Preferred Units.

" Mesa Assets " means the "Assets" as such term is defined in that certain Purchase and Contribution Agreement between the Company and Mesa Member dated July 31, 2015.

" Mesa Member " means Mesa Piceance LLC, a Delaware limited liability company.

" Non-Voting Units " is defined in Section 3.5(a) .

" Notice of Additional Capital Contributions " means, with respect to any call for additional Capital Contributions from the Members, a written notice from the Board setting forth (a) the additional Capital Contribution required from each Member, and (b) the date on which such additional Capital Contributions are required to be made to the Company.

" Notice of Removal " is defined in Section 5.1(b)(iii).

" Observer " is defined in Section 5.1(b)(i) .

" Offered Interest " is defined in Section 11.3(a) .

" Offered Price " is defined in Section 11.3(a) .

" Offered Terms " is defined in Section 11.3(a) .

" Oil and Gas Property " means any asset which constitutes "property" within the meaning of Code § 614.

" Original Agreement " is defined in Recital B .

" Original Members " means Laramie II and Par.

“ Outside Date ” means the date that is six (6) years following the date of issuance of the Class A Preferred Units.

" Other Investments " is defined in Section 5.10(a)(i) .

" OXY Purchase and Sale Agreement " means that certain Purchase and Sale Agreement between and among the Company, as Buyer, and OXY USA Inc, OXY USA WTP LP, YT Ranch, LLC and Oxy Y-1, as Seller, dated December 17, 2015.

" Par " means Par Pacific Holdings, Inc., a Delaware corporation or Par Piceance Energy Equity LLC, a Delaware limited liability company and a wholly-owned subsidiary of Par Petroleum Corporation.

" Par Assets " means the "Delta Assets" as such term is defined in that certain Contribution Agreement between Laramie II and Delta Petroleum Corporation dated June 4, 2012.

" Payout " is defined in Exhibit 7.1 .

" Person " means a natural person, corporation, joint venture, partnership, limited liability partnership, limited partnership, limited liability limited partnership, limited liability company, trust, estate, business trust, association, governmental authority or any other entity.

“ PIK Amount ” means an amount, determined with regard to each Class A Preferred Unit for each calendar quarter in which the Board of Managers elects (or is deemed to elect) to not pay the Quarterly Dividend Amount pursuant to Section 7.1(b)(ii) , equal to the Liquidation Preference of such Class A Preferred Unit multiplied by one fourth of the then-applicable PIK Dividend Rate. The PIK Amount shall be deemed to include any Accrued Dividends with respect to the relevant quarter outstanding at the time that the Liquidation Preference is so increased.

“ PIK Dividend Rate ” means twelve percent (12%) per annum.

" PIK Election " is defined in Section 7.1(b)(ii).

" Preferred Unit Side Letter Agreement " means that certain side letter agreement dated as of February 22, 2016, among the Wells Fargo Member, Par and DLJ IV .

" Prior Unit Purchase Agreements " means (i) that certain Unit Purchase Agreement dated as of March 9, 2015, by and among the Company, Laramie II, Par, Boswell the Avista Parties, the Wells Fargo Member and the DLJ IV Parties and (ii) that certain Unit Purchase Agreement dated July 31,2015, by and between the Company and the Mesa Member.

" Profits " or " Losses " means, for each Allocation Period, an amount equal to the Company's taxable income or loss for such period, determined in accordance with Code § 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code § 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) any income of the Company that is exempt from U.S. federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(b) any expenditures of the Company described in Code § 705(a)(2)(B) or treated as Code § 705(a)(2)(B) expenditures pursuant to Treasury Regulations § 1.704-1(b)(2)(iv)(*i*), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses," shall be subtracted from such taxable income or loss;

(c) in the event the Carrying Value of any asset is adjusted pursuant to clause (b) or clause (c) of the definition of Carrying Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Carrying Value of the asset) or an item of loss (if the adjustment decreases the Carrying Value of the asset) from the disposition of such asset and shall, except to the extent allocated pursuant to Section 8.2 , be taken into account for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of property (other than Oil and Gas Property) with respect to which gain or loss is recognized for U.S. federal income tax purposes shall be computed by reference to the Carrying Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Carrying Value;

(e) gain resulting from any disposition of an Oil and Gas Property with respect to which gain is recognized for U.S. federal income tax purposes shall be treated as being equal to the corresponding Simulated Gain;

(f) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation;

(g) to the extent an adjustment to the adjusted tax basis of any asset pursuant to Code § 734(b) is required, pursuant to Treasury Regulations § 1.704-1(b)(2)(iv)(*m*)(*4*), to be taken into account in determining Capital Account balances as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or an item of loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(h) any items that are allocated pursuant to Section 8.2 shall not be taken into account in computing Profits and Losses, but the amounts of the items of income, gain, loss or deduction available to be specially allocated pursuant to Section 8.2 will be determined by applying rules analogous to those set forth in clauses (a) through (g) above.

" Proposed Purchaser " means a Person or group of Persons that a Member proposes as a purchaser of all or a portion of the Units of such Member.

" Proposing Member " is defined in Section 5.9(c) .

“ Quarterly Dividend Amount ” means an amount determined with regard to each Class A Preferred Unit for each calendar quarter beginning on the date of issuance of such Class A Preferred Unit, equal to the Liquidation Preference of such Class A Preferred Unit multiplied by one fourth of the then-applicable Cash Dividend Rate.

“ Quarterly Payment Date ” means the final Business Day of each calendar quarter.

" Recalculation Event " is defined in Section 3.5(a) .

" Redemption Date " is defined in Section 2.10(a).

“ Removal Date ” means the date that is two (2) years following the Outside Date.

" Replacement Managers " is defined in Section 5.1(b)(iii).

" Second Amended LLC Agreement " is defined in Recital D .

" Securities Act " means the Securities Act of 1933, as amended from time to time. Any reference herein to a specific section or sections of the Securities Act shall be deemed to include a reference to any corresponding provision of future law.

" Sharing Ratio " means, when used with respect to a Class A Unitholder, Class A Preferred Unitholder or Class B Unitholder (as applicable), a percentage, the numerator of which is the number of issued and outstanding Class A Units, Class A Preferred Units or Class B Units held by such Member, and the denominator of which is the total number of issued and outstanding Units of such class, as applicable.

" Sharing Percentage " is defined in Exhibit 7.1 .

" Simulated Basis " means the Carrying Value of any Oil and Gas Property. The Simulated Basis of each Oil and Gas Property shall be allocated to each Member in accordance with such Member's Capital Interest Percentage as of the time such Oil and Gas Property is acquired by the

Company (and any additions to such Simulated Basis resulting from expenditures required to be capitalized in such Simulated Basis shall be allocated among the Members in a manner designed to cause the Members' proportionate shares of such Simulated Basis to be in accordance with their Capital Interest Percentages as determined at the time of any such additions), and shall be reallocated among the Members in accordance with the Members' Capital Interest Percentages as determined immediately following the occurrence of an event giving rise to an adjustment to the Carrying Values of the Company's Oil and Gas Properties pursuant to clause (b) of the definition of Carrying Value. Notwithstanding the foregoing, to the extent permitted by the applicable Treasury Regulations, the Board may elect to allocate Simulated Basis in a manner other than based upon Capital Interest Percentages.

" Simulated Depletion " means, with respect to each Oil and Gas Property, a depletion allowance computed in accordance with U.S. federal income tax principles (as if the Simulated Basis of the property were its adjusted tax basis) and in the manner specified in Treasury Regulations § 1.704-1(b)(2)(iv)(*k*)(*2*). For purposes of computing Simulated Depletion with respect to any Oil and Gas Property, the Simulated Basis of such property shall be deemed to be the Carrying Value of such property, and in no event shall such allowance, in the aggregate, exceed such Simulated Basis.

" Simulated Gain " means the amount of gain realized from the sale or other disposition of an Oil and Gas Property as calculated in Treasury Regulations § 1.704-1(b)(2)(iv)(*k*)(*2*).

" Simulated Loss " means the amount of loss realized from the sale or other disposition of an Oil and Gas Property as calculated in Treasury Regulations § 1.704-1(b)(2)(iv)(*k*)(*2*).

" Tag-Along Notice " is defined in Section 11.3(a) .

" Tagged Member " is defined in Section 11.3(a) .

" Tagging Member " is defined in Section 11.3(a) .

" Tax Distribution " means, with respect to any Member for any fiscal year, the excess, if any, of (a) the Cumulative Assumed Tax Liability of such Member as of such fiscal year, over (b) the amount of distributions made to such Member pursuant to Sections 2.10 , 7.1(b) and 7.1(c) during such fiscal year and all prior fiscal years, plus the amount of distributions made to such Member pursuant to Section 7.3 with respect to all prior fiscal years.

" Tax Distribution Date " means, with respect to each fiscal year, the first March 15 following the end of such fiscal year.

" Transfer " means, with respect to any asset, including Units or any portion thereof, including any right to receive distributions from the Company or any other economic interest in the Company, a sale, assignment, transfer, distribution, conveyance, gift, exchange or other disposition of such asset, whether such disposition be voluntary, involuntary or by merger, exchange, consolidation or other operation of Law, including the following: (a) in the case of an asset owned by a natural person, a transfer of such asset upon the death of its owner, whether by will, intestate succession or otherwise, (b) in the case of an asset owned by a Person which is not a natural person, a distribution of such asset, including in connection with the dissolution, liquidation, winding up or termination of such Person (other than a liquidation under a deemed termination solely for tax purposes), and (c) a disposition in connection with, or in lieu of, a foreclosure of a Lien; *provided, however,* a Transfer shall not include the creation of a Lien.

" Treasury Regulations " means the final or temporary regulations issued by the Department of Treasury under the Code. Any reference herein to a specific section or sections of the Treasury Regulations shall be deemed to include a reference to any corresponding provision of future regulations under the Code.

" Unitholder " is defined in Section 2.6(e) .

" Units " means Class A Units, Class B Units and Class A Preferred Units.

" Unit Purchase Agreement " means that Unit Purchase Agreement entered into between and among the Company, the Wells Fargo Member, Par, the DLJ IV Parties, and Webster dated February 22, 2016.

" Webster " means Steven A. Webster, an individual.

" Wells Fargo Member " means Wells Fargo Central Pacific Holdings, Inc., a California corporation.

ARTICLE II.
THE LIMITED LIABILITY COMPANY

2.1 Formation .

(a) The Company was formed pursuant to the filing of the Certificate on May 10, 2012. The Members hereby unanimously adopt and approve the Certificate and all actions taken in connection with the filing of the Certificate. Laramie II shall have no further rights or obligations with respect to the Company that arise because of its having formed the Company. The consent of Laramie II shall be required for any amendment to this Section 2.1(a) .

(b) This Agreement amends and restates in its entirety the Amended Agreement.

(c) The Members agree that the Company shall be governed by the terms and conditions set forth in this Agreement. To the fullest extent permitted by the Act, this Agreement shall control as to any conflict between this Agreement and the Act or as to any matter provided for in this Agreement that is also provided for in the Act.

2.2 Name . The name of the Company shall be Laramie Energy, LLC.

2.3 **Certificate of Formation**. Laramie II caused a certificate of formation that complies with the requirements of the Act to be properly filed with the Delaware Secretary of State. Effective December 23, 2015, the Company's name was changed from Piceance Energy, LLC to Laramie Energy, LLC. The proper officers of the Company shall execute such further documents (including amendments to the certificate of formation) and take such further action as shall be appropriate or necessary to comply with the requirements of Law for the formation, qualification or operation of a limited liability company in all states and counties where the Company may conduct its business.

2.4 **Registered Office and Agent; Principal Place of Business**. The location of the registered office of the Company and the Company's registered agent at such address shall initially be 1401 Seventeenth Street, Suite 1400, Denver, Colorado 80202, and shall be subject to change as determined by the Board. The location of the principal place of business of the Company shall be 1401 Seventeenth Street, Suite 1400, Denver, Colorado 80202, or at such other location as the Board may from time to time select.

2.5 **Purpose**. The business of the Company shall be to **%3.** acquire and own oil and gas, surface real estate, and related assets (collectively, the " Assets "), (b) operate the Assets, including the maintenance, operation, construction, development and sale of the Assets, and (c) take such other actions and engage in such other activities as may be reasonably necessary or desirable to pursue or accomplish the foregoing (collectively, the " Business ").

2.6 **Classes of Units; Issuance of Additional Membership Interests**.

(a) The Company shall have three classes of Membership Interests: "Class A Units" "Class A Preferred Units" and "Class B Units". For the avoidance of doubt, the Class A Preferred Units shall not be deemed to be Class A Units for any purpose of this Agreement.

(b) As of the date hereof, there are 1,000,000 authorized Class A Units, of which that certain number of Class A Units as set forth on Exhibit A have been issued to the Class A Unitholders.

(c) As of the date hereof, there are 15,000 authorized Class B Units. The Company is hereby authorized to issue all of the Class B Units to Incentive Member.

(d) Upon the consummation of the transactions contemplated by the Unit Purchase Agreement, there shall be 30,000 authorized Class A Preferred Units.

(e) The Class A Units, the Class A Preferred Units and Class B Units shall be uncertificated.

(f) Each class of Membership Interests of the Company shall have the rights and privileges accorded such class as are set forth in this Agreement. Members that own Class A Units are herein sometimes called a " Class A Unitholder " or collectively the " Class A Unitholders ." Members that own Class A Preferred Units are herein sometimes called a " Class A Preferred Unitholder " or collectively the " Class A Preferred Unitholders ." Members that own Class B Units are herein sometimes called a " Class B Unitholder " or collectively the " Class B Unitholders ." The

Class A Unitholders, Class A Preferred Unitholders and Class B Unitholders are referred to herein each as a "Unitholder," and collectively as "Unitholders.

(g) Class B Units repurchased by or forfeited to the Company that are not reissued by the Company will be considered authorized but unissued, shall no longer be outstanding and shall be disregarded for determining the aggregate holdings of outstanding Class B Units.

(h) Subject to the provisions of Sections 5.2(c) and 5.9 the Board may from time to time (i) increase or decrease (but not below the total number of then outstanding Units) the total number of Units that the Company is authorized to issue and the number of Units constituting any class or series of Units, (ii) authorize the issuance of additional classes or series of Units and fix and determine the designation and the relative rights, preferences, privileges and restrictions granted to or imposed on such additional classes and series of Units (including the rights, preferences and privileges that are senior to or have preference over the rights, preferences or privileges of any then outstanding or authorized class or series of Units), and (iii) amend or restate this Agreement as necessary to effect any or all of the foregoing. Additional Units may be issued for such Capital Contributions as shall be approved in accordance with Article III and Sections 5.2(c) and 5.9. If the issuance of additional Units has been properly approved in accordance with this Agreement, the Persons to whom such additional Units have been issued shall automatically be admitted to the Company as Members with respect to such additional Units, subject to the satisfaction or waiver of the requirements set forth in Sections 11.6 and 11.7.

2.7 **The Members**. The name, business address and number of Units of each Member is set forth on Exhibit A attached hereto. Upon the admission of additional or substituted Members in accordance with this Agreement, the Board shall update Exhibit A attached hereto to reflect the then current ownership of Units. Notwithstanding anything to the contrary herein, the update by the Board of Exhibit A pursuant to this Section 2.7 shall not be considered an amendment to this Agreement.

2.8 **Voting**. To the extent that the vote of Members may be required hereunder, then each Class A Unitholder shall have one vote for each Class A Unit that it holds in all matters subject to a vote of Members and the affirmative act of the Members shall require the vote of at least 51% of the outstanding Class A Units. The Class A Preferred Unitholders and the Class B Unitholders shall have no right to vote (by virtue of their ownership of such Class A Preferred Units or Class B Units) in any matters subject to a vote of the Members, unless required pursuant to applicable law or as otherwise provided herein (including Section 5.11). Notwithstanding anything to the contrary in this Agreement or the Act, the Members acknowledge and agree that the matters described in Section 5.1 and Section 5.2 require the approval of the Board only and that no separate or additional Member vote, consent or approval shall be required in order for the Company to undertake such action.

2.9 **Term**. The Company shall have perpetual existence; *provided*, that the Company shall be dissolved upon the occurrence of an event set forth in Section 12.2.

2.10 **Redemption of Class A Preferred Units**.

(a) On or after the earliest to occur of (i) the Outside Date, or (ii) the consummation of an Initial Public Offering (any of the foregoing, a " Redemption Trigger "), the Company shall redeem in full in cash all, and not less than all, of the Class A Preferred Units at a price per Class A Preferred Unit equal to each such Class A Preferred Unit's Liquidation Preference then in effect (the date of the occurrence of such Redemption Trigger, the " Redemption Date ").

(b) The Company at any time (or from time to time) may, in the sole discretion of the Company, redeem all or a portion of the Class A Preferred Units in cash at a price per unit equal to the then applicable Liquidation Preference for each such Class A Preferred Unit, provided that any such optional redemption by the Company shall be in respect of Class A Preferred Units with an aggregate minimum original Liquidation Preference of $5,000,000 unless all of the outstanding Class A Preferred Units are redeemed in connection with such transaction.

(c) If on the Redemption Date, all of the Class A Preferred Units are not redeemed in full in cash by the Company, then until the date on which the Class A Preferred Units are fully redeemed and the aggregate Liquidation Preference is paid in full in cash, (i) all of the unredeemed Class A Preferred Units shall remain outstanding and continue to have the rights, preferences and privileges expressed herein, including the accrual and accumulation of dividends thereon as provided in Section 7.1 , and (ii) commencing on the Redemption Date, the Cash Dividend Rate shall be increased by 5% per annum, which shall accumulate daily as Accrued Dividends, and such rate shall increase by an additional 5% per annum upon each anniversary of the Redemption Date until such time as the Class A Preferred Units are redeemed in full in cash.

ARTICLE III.
CAPITAL CONTRIBUTIONS

3.1 Capital Contributions .

(a) The Existing Members have heretofore made the Capital Contributions to the Company and received the Units, as provided in this Agreement and as set forth in Exhibit B. Initial Capital Contributions of additional Members shall be governed by Section 2.6.

(b) No later than four (4) Business Days prior to the Closing of the transactions contemplated under the OXY Purchase and Sale Agreement, each of the below listed parties shall make Capital Contributions as follows, in accordance with the Unit Purchase Agreement; provided, that, such Capital Contributions shall be used by the Company solely for the transactions contemplated by the OXY Purchase and Sale Agreement, and to the extent that the Closing does not occur within 10 days following the date that such Capital Contributions are made, then the Company shall reimburse the below Capital Contributions to the applicable Members and the Members shall not hold such additional Class A Units and Class A Preferred Units:

(i) Par agrees to make, or cause to be made, a cash Capital Contribution to the Company in the amount of $55,000,000 in exchange for 153,631 Class A Units, at a purchase price of $358 per Unit;

(ii) The Wells Fargo Member agrees to make a cash Capital Contribution to the Company in the amount of $30,000,000 in exchange for (A) 30,000 Class A Preferred Units and (B) 12,992 Class A Units;

(iii) Webster agrees to make, or cause to be made, a cash Capital Contribution to the Company in the amount of $10,000,000 in exchange for 27,933 Class A Units, at a purchase price of $358 per Unit; and

(iv) The DLJ IV Parties agree to make, or cause to be made, a cash Capital Contribution to the Company in the amount of $5,000,000 in exchange for 13,966 Class A Units, at a purchase price of $358 per Unit.

(c) Following the consummation of the transactions contemplated by the Unit Purchase Agreement, as set forth in Section 3.1(b), each Member shall have made the Capital Contributions to the Company and received the Units as set forth in Exhibit A opposite such Member's name. All of the cash Capital Contribution referenced above shall be by wire transfer of immediately available funds to a Company account specified in writing by the Company.

3.2 Additional Capital Contributions .

(a) The Company is obligated to offer Units to the Members on a pro rata basis, based on the Members' Sharing Ratios, before offering Units to or accepting an offer to purchase Units from any other Person. Upon determination to seek additional Capital Contributions or upon a third party's offer to purchase Units from the Company, the Board shall deliver to the Members a Notice of Additional Capital Contributions at least thirty days in advance of the time such additional Capital Contributions are required to be made to the Company. The Notice of Additional Capital Contributions shall set forth the amount of additional Capital Contributions sought, each Member's pro rata portion of such amount, and the date by which such Capital Contribution is to be made. Each Member shall notify the Board within 10 days after delivery of the Notice of Additional Capital Contributions whether such Member elects to make its applicable Capital Contribution. If a Member delivers notice to the Board that it will not make the additional Capital Contribution or if the Member has not indicated an intent to make the additional Capital Contribution by expiration of the initial 10-day period from the delivery of the Notice of Additional Contributions, the Board shall give the other Member written notice of the uncommitted portion of the additional Capital Contribution sought and permit such other Member an additional ten days to commit to pay the uncommitted portion of the additional Capital Contributions. If the other Member declines or fails to respond during the ten-day period, then the Board may, for the 90-day period following such other Member's determination or failure to respond, offer to other Persons the opportunity to make the remaining uncommitted Capital Contribution, on the same terms as were available to the Members.

(b) Any additional Capital Contribution that a Member is required or elects to make shall be made to the Company in immediately available funds on or before the date specified in the applicable notice (which date shall not be less than 30 days prior to the delivery of such notice). As of the date hereof, no Member has any commitments to make any future additional Capital Contributions.

(c) The provisions of this Section 3.2 shall not apply in the context of the sale of the Company or other comparable transaction.

3.3 No Third Party Right to Enforce . No Person other than a Member shall have the right to enforce any obligation of a Member to contribute capital hereunder and specifically no lender or other third party shall have any such rights.

3.4 Return of Contributions . No Member shall be entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Account or its Capital Contributions. No unrepaid Capital Contribution shall constitute a liability of the Company or any Member. A Member is not required to contribute or to lend cash or property to the Company to enable the Company to return any Member's Capital Contributions. The provisions of this Section 3.4 shall not limit a Member's rights under Article XII .

3.5 BHCA Matters .

(i) Any Unit in the Company that is (i) held for its own account by a BHC Investor or by any affiliate (as defined in 12 U.S.C. Sec. 1841(k)) of such BHC Investor that is itself a BHC Investor (a " BHC Affiliate "), and (ii) determined in the aggregate to have voting rights with respect to a matter in excess of four and 99/100 percent (4.99%) (or such greater percentage as may be permitted under Section 4(c)(6) of the BHCA) of the voting rights of any Units pursuant to the applicable provisions of this Agreement (such determination to be made (A) at the time of admission of the BHC Investor or any of its BHC Affiliates to the Company, (B) at the time of admission of any additional Member to, or withdrawal of any Member from, the Company, or (C) at any other time when an adjustment is made to the Members' proportionate ownership of Units or voting rights attributable to such Units (each, a " Recalculation Event ")), shall be treated as " Non-Voting Units " except as provided below. In the event that the Units of a BHC Investor and its BHC Affiliates are determined in the aggregate to include Non-Voting Units, such BHC Investor and its BHC Affiliates may by notice to the Company and the other Members allocate voting Units and Non-Voting Units among themselves in such percentages as they may elect. Upon any Recalculation Event, each Unit held by a BHC Investor and any of its BHC Affiliates shall be recalculated, and only that portion of Units held by such BHC Investor and any of its BHC Affiliates that is determined as of the date of such Recalculation Event to have voting rights in excess of four and 99/100 percent (4.99%) with respect to a matter (or such greater percentage as may be permitted under Section 4(c)(6) of the BHCA) of Units, excluding Non-Voting Units as of such date, shall be Non-Voting Units.

(j) Except as provided in this paragraph (b), Non-Voting Units (whether or not subsequently Transferred in whole or in part to any other Person) shall not be entitled to vote or consent with respect to any matter under this Agreement or the Act, and shall be deemed to have waived any rights to vote or consent with respect to such matters. Non-Voting Units shall not be counted as Units of Members (either for purposes of determining the numerator or the denominator in any vote) for purposes of determining whether any vote required under this Agreement has been approved by the requisite percentage in interest of the Members; *provided* that a BHC Investor and its BHC Affiliates will be permitted to vote their Non-Voting Units on (i) any proposal to dissolve or continue the business of the Company (but not on the selection of any successor Board Members, and each BHC Investor and its BHC Affiliates irrevocably waive their right to vote any Non-Voting Units on the selection of successor Board Members under the Act, which waiver shall be binding upon such BHC Investor and its BHC Affiliates and any entities which succeed to their Units), and (ii) any matter that would significantly and adversely affect the rights, preferences or limited liability of such BHC Investor or its BHC Affiliates, such as modification of the terms of its Units in relation to the Units of other Members, the making of any distributions by the Company to any Member prior to making any required distributions to other Members, and other matters as to which non-voting shares are permitted to vote pursuant to 12 C.F.R. Sec. 225.2(q)(2), as in effect from time to time. Except as provided by the immediately preceding sentence, Non-Voting Units will not be counted (in either the numerator or the denominator of Units entitled to vote on any matter) as Units held by any Member for purposes of determining whether any vote or consent required has been approved under this Agreement or given by the requisite percentage in interest of the Members. Except as provided in this paragraph (b), Non-Voting Units will be identical in all respects to all other Units of the same class or series.

(k) Notwithstanding the foregoing, a BHC Investor may elect not to be governed by this <u>Section 3.5(c)</u> by giving written notice to the Company and each of the other Members stating that, as a result of a change in Law applicable to such BHC Investor or pursuant to such BHC Investor's reliance on Section 4(k) of the BHCA or otherwise, the BHC Investor and its BHC Affiliates are not prohibited from acquiring or controlling more than four and 99/100 percent (4.99%) of the voting Units held by the Members (or such greater percentage as may be permitted by Section 4(c)(6) of the BHCA), in which case the amount of the Units held by such BHC Investor and its BHC Affiliates specified in such notice to be subject to this provision shall be voting Units. Any such election by a BHC Investor may be rescinded at any time by written notice to the Company and each of the other Members, provided that any such rescission shall be irrevocable.

(l) The Company shall notify any BHC Investor as soon as reasonably practicable after a Recalculation Event of the voting rights of the Units of such BHC Investor and its BHC Affiliates, after giving effect to such event, as a percentage of the aggregate voting rights of Units of the Members pursuant to the applicable provisions of this Agreement.

ARTICLE IV.
REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 <u>General Representations and Warranties</u>. Each Member represents and warrants to the Board, the other Members and the Company as follows:

(d) It is the type of legal entity, as applicable, specified in <u>Exhibit A</u> of this Agreement, duly organized and in good standing under the laws of the jurisdiction of its organization and is qualified to do business and is in good standing in those jurisdictions where necessary to carry out the purposes of this Agreement;

(e) The execution, delivery and performance by it of this Agreement and all transactions contemplated herein are within its entity powers and have been duly authorized by all necessary entity actions;

(f) This Agreement constitutes its valid and binding obligation, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general principles of equity; and

(g) The execution, delivery and performance by it of this Agreement will not conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of %4. any applicable Law, %4. its governing documents, or %4. any agreement or arrangement to which it or any of its Affiliates is a party or which is binding upon it or any of its Affiliates or any of its or their assets.

4.2 **Conflict and Tax Representations**. Each Member represents and warrants to the other Members and the Company as follows:

(a) Such Member has been advised that %4. a conflict of interest exists among the Members' individual interests, %4. this Agreement has tax consequences and %4. it should seek independent counsel in connection with the execution of this Agreement;

(b) Such Member has had the opportunity to seek independent counsel and independent tax advice prior to the execution of this Agreement and no Person has made any representation of any kind to it regarding the tax consequences of this Agreement; and

(c) This Agreement and the language used in this Agreement are the product of all parties' efforts and each party hereby irrevocably waives the benefit of any rule of contract construction which disfavors the drafter of an agreement.

4.3 **Investment Representations and Warranties**. In acquiring an interest in the Company, each Member represents and warrants to the other Members and the Company that it is acquiring such interest for its own account for investment and not with a view to its sale or distribution. Each Member recognizes that investments such as those contemplated by this Agreement are speculative and involve substantial risk. Each Member further represents and warrants that the Board and the other Members have not made any guaranty or representation upon which it has relied concerning the possibility or probability of profit or loss as a result of its acquisition of an interest in the Company.

4.4 **Survival**. The representations and warranties set forth in this Article IV shall survive the execution and delivery of this Agreement and any documents of Transfer provided under this Agreement.

ARTICLE V.
COMPANY MANAGEMENT

5.1 Board of Managers .

(d) Establishment; Powers . A committee of individuals shall, unless otherwise restricted by Law or this Agreement, be delegated with responsibility for Member actions, shall approve all Major Decisions of the Company and other actions requiring Board approval hereunder and shall generally direct the management of the Company, subject to the authority granted to the officers of the Company, and exercise the powers of the Company (this committee is referred to as the " Board " or the " Board of Managers " and the individuals appointed to the Board are referred to as the " Board Members "). Except for situations in which the approval of the Members is required by this Agreement or by nonwaivable provisions of applicable law, decisions on behalf of the Members shall be made by the Board.

(e) Designation .

(i) The number of Board Members shall be six (6). Subject to clause (iii) below, Laramie II shall be entitled to appoint four (4) Board Members, one of whom shall be the Chief Executive Officer of Laramie II, and Par Piceance Equity LLC shall be entitled to appoint two (2) Board Members. Members can remove and replace their Board Member designees at any time, in their sole discretion. Notwithstanding the above, the Wells Fargo Member and the Mesa Member shall each be entitled to appoint one non-voting observer to attend the meetings of the Board (the " Observers "); *provided,* that the Mesa Member observer must be an employee, officer or member of Energy Trust Capital III LLC, the general partner of Energy Trust Partners III LP ("Energy Trust"); and *provided further,* that the Board, due to circumstances as determined by the Board, may hold a special meeting without providing notice to the Observers. The Board shall have the right (in its sole discretion) to exclude an Observer from all or any portion of a meeting of the Board. In no event shall the failure to notify the Observers of a meeting of the Board, or the lack of attendance by an Observer at a meeting of the Board, invalidate any action taken by the Board at such meeting.

(ii) Board Members shall be natural persons, but Board Members need not be residents of Delaware or Members of the Company.

(iii) If the Company fails to redeem the Class A Preferred Units in whole in cash on or before the Removal Date, then for so long as the Class A Preferred Units remain outstanding (x) the Class A Preferred Unitholders representing a majority of the outstanding Class A Preferred Units may (in addition to all other remedies that may be available to it herein, at Law or in equity, or otherwise, and notwithstanding anything to the contrary set forth in Section 6.1) in their sole discretion, remove three of the Managers appointed by Laramie II and one of the Managers appointed by Par Piceance Equity LLC as Managers of the Company by submitting a notice of removal to the Company (the " Notice of Removal "), and (y) the Class A Preferred Unitholders representing a majority of the outstanding Class A Preferred Units shall be entitled to nominate and appoint four Managers (such new Managers being the " Replacement Managers "). The removal of the Manager designated in the Notice of Removal shall be effective and occur automatically upon receipt by the Company of the Notice of Removal.

(f) Vacancies. If a Member fails to appoint a Board Member within thirty days of a vacancy arising, a successor shall be elected to hold office by a majority of Board Members then in office, regardless of whether a quorum exists, or at a special meeting of the Members if there are no Board Members remaining.

(g) Resignation. A Board Member may resign at any time by giving written notice to that effect to the Board. Any such resignation shall take effect at the time of the receipt of that notice or any later effective time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

(h) Meetings of the Board. The Board shall meet at such time as the Board may designate at the principal office of the Company or such other place as may be unanimously approved by the Board. Meetings of the Board shall be held on the call of any Member holding at least 10% of all Class A Units on a fully diluted basis. All meetings of the Board shall be held upon at least three Business Days' written notice to the Board Members, or upon such shorter notice as may be approved by all of the Board Members. Any Board Member may waive such notice. A record shall be maintained of each meeting of the Board.

(i) Conduct of Meetings. Any meeting of the Board Members may be held in person and by means of a conference, telephone or similar communication equipment by means of which all Board Members and other individuals participating in the meeting can hear each other, and such telephone or similar participation in a meeting shall constitute presence in person at the meeting.

(ii) Quorum. Four of the Board Members then in office shall constitute a quorum of the Board for purposes of conducting business. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting. If a quorum shall not be present at any meeting of the Board, then the Board Members present at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(iii) Voting. Any decisions to be made by the Board must be approved by the affirmative vote of a majority of the Board Members then serving on the Board, subject to any requirement of a greater vote under the Act or pursuant to this Agreement. Board Members may vote in person or by proxy executed in writing before the time of the meeting.

(iv) Attendance and Waiver of Notice. Attendance of a Board Member at any meeting shall constitute a waiver of notice of such meeting, except where a Board Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board need be specified in the notice or waiver of notice of such meeting.

(v) Actions Without a Meeting. Notwithstanding any provision contained in this Agreement, any action of the Board may be taken by written consent without a meeting if (A) the action is evidenced by written consent signed by a sufficient number of Board Members to approve the action at a meeting, and (ii) the Board Members are given three (3) Business Days advance written notice prior to such action being taken by written consent. Any such action taken by the Board without a meeting shall be promptly provided to the Board Members and all Members.

(i) Compensation of Board Members . No Board Member shall be entitled to receive compensation or expense reimbursement from the Company for his or her services as a Board Member. Nothing contained in this Agreement shall be construed to preclude a Board Member from serving the Company in any other capacity.

(j) Chairman of the Board . Laramie II's Chief Executive Officer shall serve as the initial Chairman of the Board. The chairman, in his or her capacity as the chairman of the Board, shall not have any of the rights or powers of an officer of the Company or any special voting rights (except to the extent that the chairman is also an officer).

(k) Minutes . Minutes of all meetings of the Board shall be kept and distributed to each Member and each Board Member as soon as reasonably practicable following each meeting. If no objection is raised in writing following receipt of minutes or in any event at the next meeting of the Board, then such minutes shall be deemed to be accurate and shall be binding on the Board Members and the Company with respect to the matters dealt with therein.

5.2 Major Decisions . Subject to Section 5.11, no Member, Board Member, officer, employee, agent or representative of the Company shall have any authority to bind or take any action on behalf of the Company with respect to any Major Decision unless such Major Decision has been unanimously approved by the Board, provided that following the delivery of a Notice of Removal and the appointment of Replacement Managers pursuant to Section 5.1(b)(iii) above, only the approval of the four Replacement Managers shall be required for any Major Decision. Each of the following matters or actions by the Company shall constitute a " Major Decision ":

(a) incurring any borrowings of any kind, including capital leases, or the issuance or restructuring of any debt of the Company or causing the Company to guaranty indebtedness, other than (i) the Bank Revolving Credit Facility, (ii) purchase money indebtedness up to $5,000,000 and (iii) unsecured trade indebtedness in an aggregate not to exceed $15,000,000;

(b) assuming or guaranteeing the performance of any obligation outside the ordinary course of business greater than $1,000,000;

(c) adding a new class of securities or increasing or decreasing the outstanding ownership of the Company or otherwise requiring additional Capital Contributions;

(d) admitting additional Members except pursuant to a Capital Contribution as described in Article III ;

(e) abandoning or selling assets with a value of $10,000,000 or greater in one transaction or a series of related transactions; except that a sale for cash of substantially all of the

Company's assets to an unaffiliated third party, and where no additional material benefits are received by Laramie II in connection therewith, shall not require unanimous approval and may be completed with majority Board approval;

(f) acquiring new assets with a value in excess of $25,000,000;

(g) committing to a Company Opportunity as described in Section 5.9 ;

(h) forming or joining a joint venture (excepting customary oil and gas industry exploration and development agreements, to the extent not otherwise prohibited by this Section 5.2) or subsidiary, or merging or consolidating with another entity;

(i) compromising or settling a lawsuit brought by or against the Company or confess judgment against the Company for amounts in excess of $1,000,000;

(j) entering into a material contract with, making any loan to, advancing payments to, redeeming or repurchasing Units from or authorizing any dividend or distributions to, Members, except for distributions pursuant to either Section 7.1(b) or Section 7.3 ;

(k) the liquidation, dissolution, or winding up of the Company; or reorganizing or recapitalizing the Company;

(l) amending or repealing this Agreement;

(m) filing a voluntary petition for bankruptcy, seeking a receiver, making an assignment for the benefit of its creditors, making an admission in writing of Company's inability to pay its debts;

(n) requiring the Members to make any Capital Contributions in addition to those required under Article III ;

(o) changing the Company's principal outside accounting firm;

(p) making any loans to any person outside the ordinary course of business;

(q) authorizing or issuing any Class B Units or other incentive equity interests in the Company or its subsidiaries;

(r) taking, or refraining from taking, any action that would result in the Company not being classified as a partnership for federal or applicable state tax income purposes; and

(s) transactions, agreements, contracts and undertakings with any Member's Affiliates.

5.3 Additional Board Activities .

(m) The Company's quarterly budgets and any quarterly capital expenses for individual or a group of related items not included in the quarterly budget in excess of $1,000,000 shall be approved by the Board at a meeting of the Board, and not by written consent.

(n) Any hedging activities beyond those expressly required by the Bank Revolving Credit Facility shall be approved by the Board at a meeting by the Board, and not by written consent.

5.4 Duties of Board Members and Officers .

(a) Each Board Member and each officer of the Company shall carry out his or its duties in good faith in a manner reasonably believed to be in the best interests of the Company. Each Board Member and each officer shall devote such time to the business and affairs of the Company as he or it may determine, in his or its reasonable discretion, is necessary for the efficient carrying on of the Company's business. To the extent permitted by the Act, neither any Board Member nor any Company officer shall have any fiduciary duties to the Company, and, subject to the preceding sentence, the Board Members' and officers' duties and liabilities are restricted by the provisions of this Agreement to the extent that any such provisions restrict the duties and liabilities of the Board Members and officers otherwise existing at law or in equity.

(b) Notwithstanding anything in this Agreement or in the Act to the contrary, but subject to Section 5.4(a) , a person, in performing his duties and obligations as a Board Member under this Agreement, shall be entitled to act or omit to act at the direction of the Member(s) that designated such person to serve on the Board of Managers, considering only such factors, including the separate interests of the designating Member(s), as such Board Member or Member(s) choose to consider, and any action of a Board Member or failure to act, taken or omitted in good faith reliance on the foregoing provisions shall not, as between the Company and the other Member(s), on the one hand, and the Board Member or Member(s) designating such Board Member, on the other hand, constitute a breach of any duty (including any fiduciary or other similar duty, to the extent such exists under the Act or any other applicable law, rule or regulation) on the part of such Board Member or Member(s) to the Company or any other Board Member or Member of the Company.

(c) The Members (and the Members on behalf of the Company) hereby:

(i) agree that (A) the terms of this Section 5.4 , to the extent that they modify or limit a duty or other obligation, if any, that a Board Member may have to the Company or any another Member under the Act or other applicable law, rule or regulation, are reasonable in form, scope and content; and (B) the terms of this Section shall control to the fullest extent possible if it is in conflict with a duty, if any, that a Board Member may have to the Company or another Member, under the Act or any other applicable law, rule or regulation; and

(ii) waive any duty or other obligation, if any, that a Member may have to the Company or another Member, pursuant to the Act or any other applicable law, rule or regulation, to the extent necessary to give effect to the terms of this Section 5.4 .

(d) The Members, on behalf of the Company, acknowledge, affirm and agree that (i) the Members would not be willing to make an investment in the Company, and no person designated by any of the Members to serve on the Board of Managers would be willing to so serve, in the absence of this Section 5.4, and (ii) they have reviewed and understand the provisions of §§18-1101(b) and (c) of the Act.

5.5 Reliance by Third Parties. No third party dealing with the Company shall be required to ascertain whether any Company officer or any person expressly authorized by the Board is acting in accordance with the provisions of this Agreement. All third parties may rely on a document executed by the Board or by any Company officer or by any person authorized in writing by the Board as binding on the Company. The foregoing provisions shall not apply to third parties who are Affiliates or family members of any such Person executing any such document. If any Board Member, any Member, any officer or other Person acts without authority, such action shall not be binding on the Company and such Person shall be liable to the Members for any damages arising out of its unauthorized actions.

5.6 Information Relating to the Company. Upon request, the Company shall supply to a Member any information required to be available to the Members under the Act.

5.7 Exculpation and Indemnification; Litigation.

(d) In carrying out their respective duties hereunder, the Board Members and the Company officers shall not be liable to the Company nor to any Member for their good faith actions, or failure to act, nor for any errors of judgment, nor for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement, but shall be liable for fraud, willful misconduct or gross negligence in the performance of their respective duties under this Agreement.

(e) To the extent the Board Members or the Company officers have duties (including fiduciary duties) and liabilities relating thereto to the Company or to any Member, the Board Members or the officers acting under this Agreement shall not be liable to the Company or to any Member for such Person's good faith reliance on the provisions of this Agreement, the records of the Company, and such information, opinions, reports or statements presented to the Company by any of the Company's other officers or employees, or by any other Person as to matters such Board Member or any such officer reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. The preceding sentence shall in no way limit any Person's right to rely on information to the extent provided in Section 18-406 of the Act. No Board Member or officer of the Company, or any combination of the foregoing, shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise, solely by reason of being a Board Member or officer of the Company or any combination of the foregoing.

(f) Subject to the limitations of the Act, the Company shall indemnify, defend, save and hold harmless the Board Members and the Company officers from and against third party claims arising as a result of any act or omission of such Board Members or any such officer believed in good faith to be within the scope of authority conferred in accordance with this Agreement, except for fraud, willful misconduct, gross negligence or a finding of liability to the Company. In all cases, indemnification shall be provided only out of and to the extent of the net assets of the Company and no Member shall have any personal liability whatsoever on account thereof. Notwithstanding the foregoing, the Company's indemnification of the Board Members and Company officers as to third party claims shall be only with respect to such loss, liability or damage that is not otherwise compensated by insurance carried for the benefit of the Company.

(g) The Board has the right to control the defense of any litigation or other government proceeding in which the Company is involved. The Board shall promptly provide (or cause to be provided) to a Member any information regarding any such litigation or proceeding such Member may reasonably request, at the expense of such Member, and shall reasonably cooperate with the Members in connection with the defense of any such litigation or proceeding.

(h) The Company shall reimburse the reasonable expenses of any Member, Board Member, officer or any of their officers or employees that are required to appear as a witness in litigation or any other government proceeding because of or relating to their service to or relationship with the Company.

(i) The Company shall purchase and maintain (i) a directors' and officers' insurance policy covering the Board Members and others serving at the request of the Company or its Board; (ii) property and casualty insurance for the Company's assets; and (iii) liability insurance at coverage levels as set forth in Schedule 5.8(f) .

(j) If any provision of this Section 5.7 (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstance shall be held invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the Company's indemnification and exculpation to all other Persons and circumstances to the greatest extent permissible by Law or the enforceability of such provision in any other jurisdiction.

5.8 Officers .

(a) The Board of Managers may, from time to time, designate one or more persons to be officers of the Company. No officer need be a resident of the State of Delaware or a Member. Any such officers so designated shall have such authority and perform such duties as the Board of Managers may, from time to time, delegate to them. The Board of Managers may assign titles to particular officers. Unless the Board of Managers decides otherwise, if the title is one commonly used for officers of a business corporation formed under the Delaware General Corporate Law (or any successor statute), the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made to such officer by the Board of Managers pursuant to this Section 5.8 and the other terms and provisions hereof. Each officer shall hold office until his successor shall be duly designated and shall qualify or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same person. The salaries or other compensation, if any, of the officers of the Company shall be fixed from time to time by the Board of Managers.

(b) Any officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time be specified, at the time of its receipt by the Board of Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any officer may be removed as such, either with or without cause, by the Board of Managers; provided, however, that such removal shall be without prejudice to the contract rights, if any, of the person so removed. Designation of an officer shall not of itself create contract rights. Any vacancy occurring in any office of the Company may be filled by the Board of Managers.

5.9 Company Opportunities; Conflicts .

(a) No Member shall have any ownership in Company property in such Member's individual name.

(b) The Original Members and any Controlled Affiliate of either Original Member, shall not separately own any oil and gas or real estate assets within Garfield, Mesa and Rio Blanco Counties, Colorado (the " AMI "), except as provided in this Section 5.9 .

(c) The Board Members or either Original Member, on behalf of the Company (a " Proposing Member "), may analyze, review and investigate any opportunity for the acquisition of %4. interests in acquisition, leasing, exploration or development of oil and gas assets within the AMI, and %4. equity interests in any Person that, directly or indirectly, owns or engages in any of the foregoing (any such opportunities, a " Company Opportunity "); *provided, however* , that except as provided in this Section 5.9 , no Original Member nor any Affiliate of an Original Member shall directly or indirectly through any other Person acquire or undertake, or compete with the Company for the acquisition of (or assist any third party in any such acquisition, undertaking or competition), any Company Opportunity until such Company Opportunity has been voted upon and rejected by the Board. The Proposing Member shall present relevant details regarding the Company Opportunity (including a narrative description, financial projections to the extent available, a financing plan and other information deemed necessary to allow a diligent review), and the Board shall promptly vote about the Company Opportunity, with a unanimous vote of the Board (other than Board Members representing the Proposing Member) determining whether the Company will take the Company Opportunity. Failure of the Board to take action on a Company Opportunity within 20 days after presentation of the relevant details to the Board shall be deemed rejection of such Company Opportunity. By the end of such 20-day period, the non-Proposing Member shall notify the Proposing Member and the Company in writing as to whether or not it desires the Company to pursue the Company Opportunity. If the non-Proposing Member indicates in such notice that it desires the Company to pursue the Company Opportunity, such Company Opportunity will be deemed to be accepted by the Board. Any failure to provide such notice shall be deemed to be a rejection of such Company Opportunity. Upon rejection of a Company Opportunity, the Proposing Member shall be permitted to pursue such Company Opportunity for its own account.

(d) The Board will consider the related Capital Contributions associated with the Company Opportunity, and the Members shall be required to make the associated Capital Contributions for any Company Opportunity approved by the Board. Notwithstanding the foregoing, nothing in this Section 5.9 (i) shall prevent any Member from pursuing opportunities outside the AMI, (ii) is intended to restrict any Board Member or, subject to Sections 5.9(b) and (c), the Board Member's Affiliates (other than the Original Members) from pursuing an opportunity or (iii) is intended to limit or modify the terms and provisions of Section 5.10 in respect of the Investor Parties.

5.10 Other Investments of Investor Parties; Waiver of Conflicts of Interest.

(a) Notwithstanding anything contained herein or in Section 5.9 to the contrary, each Member acknowledges and affirms that the members of Laramie II, the stockholders of Par, the Avista Parties, the DLJ IV Parties, the Wells Fargo Member, Boswell, the members of the Mesa Member and Webster (the "Investor Parties"):

(i) (A) have participated (directly or indirectly) and will continue to participate (directly or indirectly) in venture capital and other direct investments in corporations, joint ventures, limited liability companies and other entities ("Other Investments"), including Other Investments engaged in various aspects of the U.S. and Canadian "upstream" and "midstream" oil and gas business that may, are or will be competitive with the Company's business or that could be suitable for the Company, (B) have interests in, participate with, aid and maintain seats on the board of directors or similar governing bodies of, Other Investments, and (C) may develop or become aware of business opportunities for Other Investments; and

(ii) may or will, as a result of or arising from the matters referenced in clause (i) above, the nature of the Investor Parties' businesses and other factors, have conflicts of interest or potential conflicts of interest.

(b) Notwithstanding anything contained herein or in Section 5.9 to the contrary, the Members, and the Members on behalf of the Company expressly (x) waive any such conflicts of interest or potential conflicts of interest and agree that no Investor Party shall have any liability to any Member or any Affiliate thereof, or the Company with respect to such conflicts of interest or potential conflicts of interest and (y) acknowledge and agree that the Investor Parties and their respective representatives will not have any duty to disclose to the Company, any other Member or the Board of Managers any such business opportunities, whether or not competitive with the Company's business and whether or not the Company might be interested in such business opportunity for itself; provided, however, that the foregoing shall not be construed to permit any breach of Section 15.3. The Members (and the Members on behalf of the Company) also acknowledge that the Investor Parties and their representatives have duties not to disclose confidential information of or related to the Other Investments.

(c) The Members (and the Members on behalf of the Company) hereby:

(i) agree that (A) the terms of this Section 5.10, to the extent that they modify or limit any duty of loyalty or other similar obligation, if any, that an Investor Party may have to the Company or another Member under the Act or other applicable law, rule or regulation, are reasonable in form, scope and content; and (B) the terms of this Section 5.10 shall control to the fullest extent possible if it is in conflict with any duty of loyalty or similar obligation, if any, that an Investor Party may have to the Company or another Member, the Act or any other applicable law, rule or regulation; and

(ii) waive any duty of loyalty or other similar obligation, if any, that an Investor Party may have to the Company or another Member, pursuant to the Act or any other applicable law, rule or regulation, to the extent necessary to give effect to the terms of this Section 5.10 .

(d) Whenever in this Agreement a Member or any representative thereof is permitted or required to make a decision (a) in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, the Member shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interests of or factors affecting the Company or any other Member, or (b) in its "good faith" or under another expressed standard, a Member shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise. Nothing in this Section 5.10(d) shall limit the duties provided for in Section 5.4(a) .

5.11 Class A Consents . Notwithstanding anything to the contrary in this Agreement, in no event shall the Company or any of its Subsidiaries (or any Board Member, officer, employee, agent or representative of the Company or its Subsidiaries) take any of the following actions unless such action has been consented to in writing by (i) Members in their sole discretion representing at least two-thirds of the Class A Preferred Units, in the case of clauses (a), (c), (e), (f), (g), and (h) below and clause (i) below to the extent it pertains to any of the preceding clauses (a), (c), (e), (f), (g) and (h), and (ii) Members in their sole discretion representing at least two-thirds of the Class A Units, in the instances of clauses (b) and (d) below and clause (i) to the extent it pertains to either (clause (b) or clause (d)):

(a) amend this Agreement, the Certificate or any other organizational document of the Company or any of its Subsidiaries in any manner that adversely or disproportionally affects the rights, preferences, privileges or power of the Class A Preferred Units;

(b) amend this Agreement, the Certificate or any other organizational document of the Company or any of its Subsidiaries in any manner that adversely or disproportionally affects the rights, preferences, privileges or power of the Class A Units;

(c) issue or create any equity or other securities that have rights, preferences or privileges with respect to distributions or dividends superior to or on parity with the Class A Preferred Units;

(d) issue or create any equity or other securities that have rights, preferences or privileges with respect to distributions or dividends superior to or on parity with the Class A Units;

(e) file a voluntary petition for bankruptcy, seeking a receiver, making an assignment for the benefit of its creditors, making an admission in writing of Company's inability to pay its debts;

(f) repurchase, redeem or make any payment in respect of any Units other than the Class A Preferred Units, provided that no consent shall be necessary to pay any Tax Distributions;

(g) incur any indebtedness of any kind, including capital leases, or the issuance or restructuring of any debt of the Company or causing the Company to guaranty indebtedness, other than indebtedness incurred pursuant to a reserve based revolving credit facility provided by commercial banks with borrowing availability subject to a conforming borrowing base determined in accordance with customary oil and gas lending criteria and subject to periodic redetermination and adjustment (including, for the avoidance of doubt, the Bank Revolving Credit Facility as in effect on the date of the issuance of the Class A Preferred Units);

(h) enter into transactions, agreements, contracts and undertakings with any Member's Affiliates, unless the terms of such transaction, agreement, contract or undertaking are on terms no less favorable to the Company and its Subsidiaries than a similar transaction negotiated on an arm's-length basis with a unaffiliated third party; or

(i) agree to take any of the foregoing actions or take any other action that would have the effect (directly or indirectly) of circumventing the rights of the Class A Preferred Unitholders or the Class A Unitholders as applicable provided by this Section 5.11 .

In the event that the Company or any of its Subsidiaries (or any Board Member, officer, employee, agent or representative of the Company or its Subsidiaries) take any action that violates this Section 5.11 , then in addition to any other rights and remedies that the Class A Preferred Unitholders and the Class A Unitholders may have (whether hereunder or under applicable Law), commencing as of the date of such violation the Cash Dividend Rate shall be increased by 5% per annum, which shall accumulate daily as Accrued Dividends, and such rate shall increase by an additional 5% per annum upon each anniversary of the date of such violation until the earlier of (i) the date on which the Class A Preferred Units are redeemed in whole in cash or (ii) Members representing at least two-thirds of the Class A Preferred Units (and in the case of clauses (a) (b) and (g), at least two-thirds of the Class A Units) have waived such violation.

ARTICLE VI.
MEMBERS

6.1 Limited Liability . The liability of each Member shall be limited as provided by the Act. Except as permitted under this Agreement, a Member shall take no part in the control, management, direction or operation of the affairs of the Company, and shall have no power to bind the Company in their capacity as Members.

6.2 No State-Law Partnership . The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member or Board Member be a partner or joint venturer of any other Member or Board Member, for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise. Except as otherwise required by the Act, other applicable Law, and this Agreement, no Member shall have any fiduciary duty to any other Member.

6.3 Tax Matters Partner.

(e) Laramie II is hereby designated as the initial "tax matters partner" as such term is defined in Code § 6231(a)(7). The appointment of any successor tax matters partner shall be approved by the Board. Subject to the provisions hereof, the tax matters partner is authorized and required to represent the Company in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. Notwithstanding the foregoing, the tax matters partner shall promptly notify all Members of the commencement of any audit, investigation or other proceeding concerning the tax treatment of Company tax items and shall keep all Members promptly and completely informed of such proceedings. Laramie II shall not enter into any settlement agreement of a tax controversy that adversely affects a Member without that Member's prior written consent.

(f) Laramie II, as the tax matters partner, shall make or cause to be made all available elections as required by the Code and the Treasury Regulations to cause the Company to be classified as a partnership for federal income tax purposes.

6.4 Partnership Representative . The Board may appoint and replace a Partnership Representative (within the meaning of Section 6223 of the Code and any Treasury Regulations or other administrative or judicial pronouncements promulgated thereunder) and authorize the Partnership Representative to take any and all actions determined by the Board and permissible under Code § 6223 and Treasury Regulations thereunder; provided that for all tax years beginning after December 31, 2017, the Members shall continue to have all the rights that they had during all tax years ending on or before December 31, 2017 pursuant to the Section 6.3, and the Partnership Representative shall take any necessary action to ensure such rights to such Members. The Partnership Representative shall give prompt written notice to each other Member of any and all notices it receives from the Internal Revenue Service concerning the Company. The Partnership Representative shall take no action without the authorization of the Board, other than such action as may be required by law. Without the consent of the Class A Unitholders, the Partnership Representative shall not extend the statute of limitations, file a request for administrative adjustment, file suit concerning any federal, state or local tax refund or deficiency relating to any Company administrative adjustment or enter into any settlement agreement relating to any Company item of income, gain, loss, deduction or credit for any fiscal year of the Company, or take any other material action relating to any federal, state or local tax proceeding involving the Company. In the event that the Board determines that the foregoing provisions are no longer applicable to the Company, either due to a change of controlling law or the enactment of applicable Treasury Regulations, the Board is authorized to take any reasonable actions as may be required concerning tax matters of the Company not otherwise addressed in Section 6.3 and this Section 6.4. If an audit results in an imputed underpayment by the Company as determined under Section 6225 of the Code, the Partnership Representative, unless otherwise directed by the Board, may make the election under Section 6226(a) of the Code within 45 days after the date of the notice of final partnership adjustment in the manner provided by the Internal Revenue Service. If such an election is made, the Company shall furnish to each Member of the Company for the year under audit a statement reflecting the Member’s share of the adjusted items as determined in the notice of final partnership adjustment, and each such Member shall take such adjustment into account as required under Section 6226(b) of the Code and shall be liable for any related interest, penalty, addition to tax, or additional amount.

ARTICLE VII.
DISTRIBUTIONS TO THE MEMBERS

7.1 Distributions .

(o) Subject to Section 5.2(j) and Section 5.11, distributions from the Company may be made at any time, and from time to time, as determined by the Board of Managers. Without limiting the foregoing but subject to Section 7.2(b) below, the Board of Managers shall have complete discretion to retain funds in the Company to pay or provide appropriate reserves to meet current, or reasonably anticipated, or contingent Company obligations or expenditures.

(p) Class A Preferred Unit Distributions .

(i) During each calendar quarter during which the Class A Preferred Units are outstanding, the Board of Managers shall pay the Quarterly Dividend Amount to the Class A Preferred Unitholders, which payment must only be made as of and on the next succeeding Quarterly Payment Date.

(ii) Notwithstanding the clause (i) above, the Board of Managers may elect to not distribute the Quarterly Dividend Amount on the next upcoming Quarterly Payment Date and instead increase the Liquidation Preference of each Class A Preferred Unit by an amount equal to the PIK Amount for such Class A Preferred Unit (the " PIK Election "). In the event that the Board of Managers exercises the PIK Election, the Company shall no later than fifteen (15) Business Days prior to such Quarterly Payment Date provide notice to the Class A Preferred Unitholders of such election. In the event that the Board of Managers does not provide timely notice of the PIK Election to the Class A Preferred Unitholders but the Company fails to distribute the Quarterly Dividend Amount in full on the applicable Quarterly Payment Date, the Company will be deemed to have elected to increase the Liquidation Preference on the Class A Preferred Units in an amount equal to the PIK Amount (determined with respect to any portion of the relevant Quarterly Dividend Amount that is not actually distributed by the Company) pursuant to this Section 7.1(b)(ii) in lieu of paying the Quarterly Dividend Amount in cash.

(iii) Dividends on the Class A Preferred Units shall accumulate and become Accrued Dividends on a daily basis, whether or not declared, from the most recent Quarterly Payment Date, or if there has been no prior Quarterly Payment Date, from the date the Class A Preferred Units are issued, until cash dividends are paid pursuant to Section 7.1(c)(i) in respect of such accumulated amounts or the Liquidation Preference is increased in respect of such accumulated amounts pursuant to Section 7.1(c)(ii) .

(iv) For the avoidance of doubt, until the Class A Preferred Units are redeemed in full in cash pursuant to Section 2.10 , other than pursuant to Section 7.3, the Company shall not make any distribution of cash or property to Members other than the Class A Preferred

Members without the prior written consent of the Class A Preferred Unitholders acting in their sole discretion.

(q) Subject to Article XII , following the redemption in full in cash of all Class A Preferred Units pursuant to Section 2.10 , all cash and property (or other asset) distributions by the Company shall be made to the Members in accordance with their respective Sharing Percentages at the time of such distribution, taking into account whether Payout No. 1, Payout No. 2, Payout No. 3 or Payout No. 4 has occurred or will occur as a result of such distribution. The Members acknowledge that, because of the timing of distributions and Capital Contributions, Payout No. 1, Payout No. 2, Payout No. 3 or Payout No. 4 could have been satisfied as of the time of a distribution to the Members but not as of the time of a subsequent distribution to the Members. Accordingly, whether Class A Unitholders have received cumulative distributions sufficient to cause the occurrence of Payout No. 1, Payout No. 2, Payout No. 3 or Payout No. 4, as applicable, shall be determined in good faith by the Board of Managers prior to each distribution. If, at the time a distribution is to be made pursuant to this Section 7.1 :

(i) any Class B Units that have previously been repurchased by the Company for value and not previously been treated as advances against future distributions in accordance with this Section 7.1(c)(i) , then any amounts paid for the repurchase of such Class B Units shall be treated as having been paid to the holders of Class B Units as advances of distributions to which they may be entitled pursuant to this Section 7.1(c)(i) and shall offset and reduce the amounts subsequently distributable to holders of Class B Units pursuant to this Section 7.1(c)(i) ; and

(ii) with respect to the Incentive Member, it is determined that the Incentive Member has received distributions under this Section 7.1 with respect to the Class B Units in excess of the distributions that the Incentive Member should have received pursuant to the terms of this Agreement over the life of the Company to such point (the " Excess Distributions "), distributions that otherwise would be made to the Incentive Member pursuant to this Section 7.1(c) shall be made instead to the Class A Unitholders until such Class A Unitholders have received cumulative distributions under this Section 7.1(c) sufficient to cause the amount of Excess Distributions made to the Incentive Member to be equal to zero.

(r) Payment of all cash distributions made by the Company to a Member shall be made by wire transfer of immediately available funds in accordance with such written instructions to the Company as may be provided by such Member from time to time.

(s) The Company shall withhold tax on distributions to Members or otherwise as required by Law and, further, the Company may either withhold or permit the withholding, and provide for the remittance, of tax on distributions and other payments to the Company from third parties as required by Law. Any of the preceding withheld amounts shall be considered distributions received by Members for purposes of this Agreement and, if the withholding is based on the varying tax status of each Member, the amount considered as distributed to a Member shall be based on such Member's tax status and the amount that is deemed attributable to a Member based on such Member's tax status. The Members shall furnish to the Board from time to time all such information as is required by Law or otherwise reasonably requested by the Board of Managers (including certificates in the form prescribed by the Code and applicable Treasury Regulations or applicable state, local, or foreign law) to permit the Board of Managers to ascertain whether and in what amount withholding is required of the Members or payments to the Company are required to have tax withheld or deducted and paid as required by Law.

(t) If it is anticipated that at the due date of the Company's withholding obligation the Member's share of cash distributions or other amounts due is less than the amount of the withholding obligation, the Member with respect to which the withholding obligation applies shall pay to the Company the amount of such shortfall within 30 days after notice by the Company. If a Member fails to make the required payment when due hereunder, and the Company nevertheless pays the withholding, in addition to the Company's remedies for breach of this Agreement, the amount paid shall be deemed a recourse loan from the Company to such Member bearing interest at eight percent per annum, compounded quarterly, and the Company shall apply all distributions or payments that would otherwise be made to such Member toward payment of the loan and interest, which payments or distributions shall be applied first to interest and then to principal until the loan is paid in full.

7.2 Distributions in Kind . During the existence of the Company, no Member shall be entitled or required to receive as distributions from the Company any Company asset other than money. In-kind distributions of assets in connection with the dissolution and winding-up of the Company shall be governed by Article XII .

7.3 Tax Distributions . Notwithstanding anything to the contrary in this Article VII , the Company may, subject to the availability of proceeds and as determined by the Board in its discretion in good faith, make cash distributions to each Member on the Tax Distribution Date with respect to each fiscal year in the amount of all or part of the Tax Distributions, if any, of the Members as determined for such fiscal year; *provided, however* , the Company may, upon election by the Board in its sole discretion, make such cash distributions on a quarterly basis based upon estimates of the required Tax Distribution in a manner sufficient to permit the Members to satisfy their respective quarterly estimated tax payment obligations; and, *provided, further* , that the Company shall allocate any payments of Tax Distributions (including any partial payments) pro rata among the Members in accordance with the portion of the aggregate Tax Distributions to which each such Member is entitled as of the Tax Distribution Date or the applicable estimated tax payment due date, as applicable. All quarterly tax distributions to a Member shall be treated as an advance of, and shall offset, the cash distribution payable to the Member (pursuant to this Section 7.3) on the next Tax Distribution Date. Any distributions made pursuant to this Section 7.3 to a Member shall be treated as an advance payment of, and shall reduce, the amounts otherwise distributable to such Member pursuant to Sections 2.10 , 7.1(b) and 7.1(c) in subsequent distributions.

ARTICLE VIII.
ALLOCATION OF PROFITS AND LOSSES

8.1 Allocations of Profits and Losses .

After giving effect to the allocations under Section 8.2 , Profits and Losses (and to the extent determined necessary and appropriate by the Board to achieve the resulting Capital Account balances described below, any allocable items of gross income, gain, loss and expense includable in the computation of Profits and Losses) for each Allocation Period shall be allocated among the Members during such Allocation Period, in such a manner as shall cause the Capital Accounts of the Members (as adjusted to reflect all allocations under Section 8.2 and all distributions through the end of such Allocation Period) to equal, as nearly as possible, (a) the amount such Members would receive if all assets of the Company on hand at the end of such Allocation Period were sold for cash equal to their Carrying Values, all liabilities of the Company were satisfied in cash in accordance with their terms (limited in the case of non-recourse liabilities to the Carrying Value of the property securing such liabilities), and all remaining or resulting cash were distributed to the Members under Section 7.1 after satisfying in full all redemption obligations set forth in Section 2.10, *minus* (b) such Member’s share of "minimum gain" as that term is defined in Treasury Regulations §§ 1.704-2(b)(2) and 1.704-2(d) and "partner nonrecourse debt minimum gain" as that term is defined in Treasury Regulations § 1.704-2(i)(2), computed immediately prior to the hypothetical sale of assets, and the amount any such Member is treated as obligated to contribute to the Company, computed immediately after the hypothetical sale of assets.

8.2 Regulatory Allocations .

(a) Loss Limitation . Notwithstanding any provision hereof to the contrary except Sections 8.2(e) and 8.2(f) , the Losses or other items of loss or expense allocated pursuant to Section 8.1 to any Member shall not exceed the maximum amount of Losses that can be so allocated without causing such Member to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) at the end of any Allocation Period. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 8.1 , the limitation set forth in this Section 8.2(a) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Treasury Regulations § 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitations set forth in this Section 8.2(a) shall be allocated to the Members who do not have Adjusted Capital Account Deficits in proportion to their relative positive Capital Accounts but only to the extent that such Losses and other items of loss and expense do not cause any such Member to have an Adjusted Capital Account Deficit. This Section 8.2(a) shall be interpreted consistently with the loss limitation provisions of Treasury Regulations § 1.704-1(b)(2)(ii)(d).

(b) Minimum Gain Chargeback . Notwithstanding any other provision hereof to the contrary, if there is a net decrease in "partnership minimum gain" (as defined in Treasury Regulations §§ 1.704-2(b)(2) and 1.704-2(d)(1)) for an Allocation Period (or if there was a net decrease in partnership minimum gain for a prior Allocation Period and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 8.2(b)), each Member shall be specially allocated items of Company income and gain for such Allocation Period (and, if necessary, subsequent Allocation Periods) in an amount equal to such Member’s share of the net decrease in such partnership minimum gain (as determined pursuant to Treasury Regulations § 1.704-2(g)(2)) and in the manner required by Treasury Regulations §§ 1.704-2(f) and 1.704-2(j)(2). This Section 8.2(b) is intended to constitute a minimum gain chargeback under Treasury Regulations § 1.704-2(f) and shall be interpreted consistently therewith.

(c) Member Minimum Gain Chargeback . Notwithstanding any provision hereof to the contrary except Section 8.2(b) (dealing with "partnership minimum gain"), if there is a net decrease in "partner nonrecourse debt minimum gain" (as defined in Treasury Regulations §§ 1.704-2(i)(2) and 1.704-2(i)(3)) attributable to "partner nonrecourse debt" (as defined in Treasury Regulations § 1.704-2(b)(4)) during any Allocation Period (or if there was a net decrease in partner nonrecourse debt minimum gain for a prior Allocation Period and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 8.2(c)), each Member who has a share of the partner nonrecourse debt minimum gain attributable to such Member's partner nonrecourse debt, determined in accordance with Treasury Regulations § 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Allocation Period in an amount equal to such Member's share of the net decrease in partner nonrecourse debt minimum gain and in the manner required by Treasury Regulations §§ 1.704-2(i)(4) and 1.704-2(j)(2). This Section 8.2(c) is intended to constitute a partner nonrecourse debt minimum gain chargeback under Treasury Regulations § 1.704-2(i)(4) and shall be interpreted consistently therewith.

(d) Qualified Income Offset . In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations §§ 1.704-1(b)(2)(ii)(*d*)(*4*), 1.704-1(b)(2)(ii)(*d*)(*5*) or 1.704-1(b)(2)(ii)(*d*)(*6*), items of Company income and gain (consisting of a *pro rata* portion of each item of income, including gross income, and gain for the Allocation Period) shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit, if any, of such Member as quickly as possible; *provided* , *however* , that an allocation pursuant to this Section 8.2(d) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VIII have been tentatively made as if this Section 8.2(d) were not in this Agreement. This Section 8.2(d) shall be interpreted consistently with the "qualified income offset" provisions of Treasury Regulations § 1.704-1(b)(2)(ii)(*d*).

(e) Nonrecourse Deductions . Any "non-recourse deduction" (as defined in Treasury Regulations § 1.704-2(b)(1)) for any Allocation Period shall be allocated to the Members as determined by the Board, to the extent permitted by the Treasury Regulations.

(f) Member Nonrecourse Deductions . Any "partner nonrecourse deductions" (as defined in Treasury Regulations §§ 1.704-2(i)(1) and 1.704-2(i)(2)) for any Allocation Period shall be specially allocated to the Member who bears the Economic Risk of Loss with respect to the "partner nonrecourse debt" (as defined in Treasury Regulations § 1.704-2(b)(4)). If more than one Member bears the Economic Risk of Loss for such partner nonrecourse debt, the partner nonrecourse deductions attributable to such partner nonrecourse debt shall be allocated among the Members according to the ratio in which they bear the Economic Risk of Loss. This Section 8.2(f) is intended to comply with the provisions of Treasury Regulations § 1.704-2(i) and shall be interpreted consistently therewith.

(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset is required pursuant to Code § 734(b) (including any such adjustments pursuant to Treasury Regulations § 1.734-2(b)(1)) is required pursuant to Treasury Regulations §§ 1.704-1(b)(2)(iv)(*m*)(*2*) or 1.704-1(b)(2)(iv)(*m*)(*4*) to be taken into account in determining Capital Accounts as the result of a distribution to any Member in complete liquidation of such Member's Units, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be allocated to the Members in accordance with Treasury Regulations § 1.704-1(b)(2)(iv)(*m*)(*2*) if such Treasury Regulations Section applies, or to the Member to whom such distribution was made if Treasury Regulations § 1.704-1(b)(2)(iv)(*m*)(*4*) applies.

(h) Allocations With Respect to Oil and Gas Properties. Simulated Depletion for each Oil and Gas Property, and Simulated Loss upon the disposition of an Oil and Gas Property, shall be allocated among the Members in proportion to their shares of Simulated Basis in such property.

8.3 Other Allocation Rules.

(a) Subject to Section 10.3, Profits, Losses, and any other items allocable to any period shall be determined on a daily, monthly, or other basis, as reasonably determined by the Board using any permissible method under Code § 706 and the Treasury Regulations thereunder.

(b) The Members' proportionate shares of the "excess nonrecourse liabilities" of the Company, within the meaning of Treasury Regulations § 1.752-3(a)(3), shall be allocated to the Members in any manner determined by the Board and permissible under the Treasury Regulations.

ARTICLE IX.
ALLOCATION OF TAXABLE INCOME AND TAX LOSSES

9.1 Allocation of Taxable Income and Tax Losses. Except as provided in this Article IX, each item of income, gain, loss and deduction of the Company for federal income tax purposes shall be allocated among the Members in the same manner as such item is allocated for book purposes under Sections 8.1 and 8.2.

9.2 Allocation of Section 704(c) Items. In accordance with the principles of Code § 704(c) and the Treasury Regulations thereunder (including the Treasury Regulations applying the principles of Code § 704(c) to changes in Carrying Values), income, gain, deduction and loss with respect to any Company property having a Carrying Value that differs from such property's adjusted U.S. federal income tax basis shall, solely for U.S. federal income tax purposes, be allocated among the Members in order to account for any such difference using the "traditional method with curative allocations" under Treasury Regulations § 1.704-3(c) or, in the case of any such property acquired after the date hereof, such other method or methods as determined by the Board to be appropriate and in accordance with the applicable Treasury Regulations.

9.3 Allocation of Tax Credits . The tax credits, if any, with respect to the Company's property or operations shall be allocated among the Members in accordance with Treasury Regulations §§ 1.704-1(b)(4)(ii) and 1.704-1(b)(4)(viii).

9.4 Allocation of Recapture Items . Any (i) recapture of depreciation or any other item of deduction shall be allocated, in accordance with Treasury Regulations §§ 1.1245-1(e) and 1.1254-5, to the Members who received the benefit of such deductions (taking into account the effect of remedial allocations) and (ii) recapture of grants or credits shall be allocated to the Members in accordance with applicable Law.

9.5 Income Tax Allocations with Respect to Oil and Gas Properties .

(a) Cost and percentage depletion deductions with respect to any Oil and Gas Property shall be computed separately by the Members rather than the Company. For purposes of such computations, the U.S. federal income tax basis of each Oil and Gas Property shall be allocated to each Member in accordance with such Member’s Capital Interest Percentage as of the time such Oil and Gas Property is acquired by the Company (and any additions to such U.S. federal income tax basis resulting from expenditures required to be capitalized in such basis shall be allocated among the Members in a manner designed to cause the Members’ proportionate shares of such adjusted U.S. federal income tax basis to be in accordance with their Capital Interest Percentages as determined at the time of any such additions), and shall be reallocated among the Members in accordance with the Members’ Capital Interest Percentages as determined immediately following the occurrence of an event giving rise to an adjustment to the Carrying Values of the Company’s Oil and Gas Properties pursuant to clause (b) of the definition of Carrying Value. Notwithstanding the foregoing, to the extent permitted by the applicable Treasury Regulations, the Board may elect to allocate U.S. federal income tax basis in a manner other than based upon Capital Interest Percentages. The Company shall inform each Member of such Member’s allocable share of the U.S. federal income tax basis of each Oil and Gas Property promptly following the acquisition of such Oil and Gas Property by the Company, any adjustment resulting from expenditures required to be capitalized in such basis, and any reallocation of such basis as provided in the previous sentence.

(b) For purposes of the separate computation of gain or loss by each Member on the taxable disposition of Oil and Gas Property, the amount realized from such disposition shall be allocated (i) first, to the Members in an amount equal to the Simulated Basis in such Oil and Gas Property in proportion to their allocable shares thereof and (ii) second, any remaining amount realized shall be allocated consistent with the allocation of Simulated Gains.

(c) The allocations described in this Section 9.5 are intended to be applied in accordance with the Members’ "interests in partnership capital" under Code § 613A(c)(7)(D); *provided* , *however* , that the Members understand and agree that the Board may authorize special allocations of federal income tax basis, income, gain, deduction or loss, as computed for U.S. federal income tax purposes, in order to eliminate differences between Simulated Basis and adjusted U.S. federal income tax basis with respect to Oil and Gas Properties, in such manner as determined consistent with the principles outlined in Section 9.2 . The provisions of this Section 9.5(c) and the other provisions of this Agreement relating to allocations under Code § 613A(c)(7)(D) are intended to comply with Treasury Regulations § 1.704-1(b)(4)(v) and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

(d) Each Member, with the assistance of the Company, shall separately keep records of its share of the adjusted tax basis in each Oil and Gas Property, adjust such share of the adjusted tax basis for any cost or percentage depletion allowable with respect to such property and use such adjusted tax basis in the computation of its cost depletion or in the computation of its gain or loss on the disposition of such property by the Company. Upon the reasonable request of the Company, each Member shall advise the Company of its adjusted tax basis in each Oil and Gas Property and any depletion computed with respect thereto, both as computed in accordance with the provisions of this subsection for purposes of allowing the Company to make adjustments to the tax basis of its assets as a result of certain transfers of interests in the Company or distributions by the Company. The Company may rely on such information and, if it is not provided by the Member, may make such reasonable assumptions as it shall determine with respect thereto.

9.6 Allocations Solely for Tax Purposes. Allocations pursuant to this Article IX are solely for purposes of U.S. federal, state and local taxes and, except as otherwise specifically provided, shall not affect, or in any way be taken into account in computing, any Member’s Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

9.7 Books. The Company shall maintain complete and accurate books of account of the Company's affairs at the principal office of the Company. The Company's books shall be kept in accordance with generally accepted accounting principles, consistently applied, and on an accrual basis method of accounting. Subject to the requirements of applicable Law, the fiscal year of the Company shall end on December 31 of each year.

9.8 Capital Accounts; Tax Elections.

(a) The Company shall maintain a separate capital account for each Member for income tax purposes and such other Member accounts as may be necessary or desirable to comply with the requirements of applicable Law (" Capital Accounts "). Each Member's Capital Account shall be maintained in accordance with the provisions of Treasury Regulations § 1.704-1(b)(2)(iv).

(b) A transferee of a Company interest shall succeed to the Capital Account attributable to the Company interest Transferred, except that if the Transfer causes a termination of the Company under Code § 708(b)(1)(B), Treasury Regulations § 1.708-1(b) shall apply.

(c) The Board may make such tax elections on behalf of the Company and the Members as the Board shall determine in its reasonable discretion. Upon request of the Board, each Member shall cooperate in good faith with the Company in connection with the Company’s efforts to elect out of the application of the company-level audit and adjustment rules of the Bipartisan Budget Act of 2015, if applicable.

9.9 Transfers During Year. The allocation of Profits and Losses under Article VIII between a Member who Transfers part or all of its interest in the Company during the Company's accounting year and his transferee, or to a Member whose Sharing Ratio varies during the course of the Company's accounting year, shall be based on a method determined by the Board pursuant to Treasury Regulation § 1.706-1(c) (provided that at the request of the transferring Member, the Company shall use a method based upon an interim closing of the Company's books), in each case to the extent consistent with the Code.

9.10 **Reports** .

(a) The Company shall deliver to the Class A Unitholders and the Class A Preferred Unitholders the following financial statements and reports at the times indicated below:

(i) Monthly, within 30 days after the end of each calendar month, a written report to each Member which shall include (x) a balance sheet as of the last day of such calendar month, (y) a statement of income and a statement of cash flows for such calendar month, and (z) a report of drilling and completion activities for the prior calendar month;

(ii) Monthly, within 30 days after the end of each calendar month, a comparison of budgeted amounts for such prior calendar month to the actual results of operations for such prior calendar month, with a written explanation of any material variances;

(iii) Quarterly, within 30 days after the end of each calendar quarter, a written report to each Member which shall include (x) a balance sheet as of the last day of such calendar quarter, (y) a statement of income and a statement of cash flows for such calendar quarter, and (z) a report of drilling and completion activities for the prior calendar quarter;

(iv) Quarterly, within 30 days after the end of each calendar quarter, a comparison of budgeted amounts for such prior calendar quarter to the actual results of operations for such calendar quarter, with a written explanation of any material variances;

(v) Within 60 days after the end of each fiscal year of the Company, a copy of financial statements of the Company prepared in accordance with generally acceptable accounting principles and audited by the Independent Accountant, together with an audit report prepared by the Independent Accountant with respect to such financial statements;

(vi) Within 60 days after the end of each fiscal year of the Company, a third party engineering report regarding the proved reserves of the Company prepared by the Independent Petroleum Engineer; and

(b) The Company shall deliver to the Members, within 75 days after the end of each fiscal year of the Company, the applicable Member's K-1, necessary to allow such Member to file its own income tax return for the preceding year.

(c) Except as otherwise required by the Act or this Agreement, the Company shall not be required to deliver to any Member any other reports, audits or financial statements. The Company shall file all required state and federal tax returns when due.

(d) The Class B Unitholders (in their capacity as such) shall not be entitled to review, inspect, or copy this Agreement or any books or records of the Company.

9.11 Section 754 Election. If requested by a Member, the Company shall make the election provided for under Code § 754. Any cost incurred by the Company in implementing such election at the request of any Member shall be promptly reimbursed to the Company by the requesting Member.

ARTICLE X.
TRANSFER OF MEMBER'S INTEREST

10.1 Restrictions on Transfers and Liens. No Member shall create any Liens on all or any portion of its Units. No Member shall Transfer all or any portion of its Units except as permitted by this Article XI. Any attempted creation of a Lien, or Transfer not in accordance with the terms of this Article XI, on all or any portion of Units shall be null and void and of no legal effect.

10.2 Permitted Transfers. Any Transfers permitted under this Section 11.2 shall also be subject to the other provisions of this Article XI; provided that any Transfer to any Affiliate of a Member and any Transfer pursuant to the Preferred Unit Side Letter shall not be subject to this Article XI. Only the following Transfers shall be permitted:

(a) A Member may Transfer (i) all, but not less than all, of its Units, so long as all Units are transferred to one Person or (ii) any of its Units if unanimous consent of the non-transferring Members is obtained;

(b) A Member who is a natural Person may Transfer all or a portion of its Units to an FLP, trust or similar entity for estate planning purposes, but only if the transferring Member retains the right to vote such Units following such Transfer; and

(c) Par shall be entitled to create a Lien on all or any portion of its Units only as required or permitted by the Delayed Draw Term Loan Credit Agreement dated as of August 31, 2012, between Par and certain other parties thereto, as amended, restated or refinanced from time to time; *provided however,* that any Transfer of a Membership Interest or any interest therein (whether voluntary or involuntary (including any Transfer in foreclosure)) to or by the beneficiary of such Lien shall be subject to the provisions of this Article XI.

10.3 Sale Participation Rights.

(a) Except as provided in Section 11.3(b), no Member (a "Tagged Member") may Transfer all or a majority of its Units to any Proposed Purchaser, unless the Tagged Member has received a bona fide written offer from the Proposed Purchaser, and the Tagged Member first provides a written offer notice (a "Tag-Along Notice") to the other Members (the "Tagging Members") stating that the Tagged Member desires to Transfer all or a majority of its Units, designating the specific portion of the Units (the "Offered Interest") that the Tagged Member desires to Transfer and specifying the proposed purchase price (the "Offered Price") and all of the other material terms and conditions of the proposed Transfer of the Offered Interest to the Proposed Purchaser (the " Offered Terms "), and attaching a copy of the offer.

(b) Each Tagging Member shall have the right, but not the obligation, for a period of 20 Business Days after receipt of the Offer Notice, to elect to participate in the sale of the Offered Interest. Any such election shall be made by providing written notice of such election to the Tagged Member within such 20-Business Day period. If one or more Tagging Members elect to participate in the proposed sale of the Offered Interest under this Section 11.3 , the Tagged Member shall allocate the Units included in the proposed sale among the Units of the Tagged Member and the electing Tagging Members, pro rata in proportion to their respective Sharing Ratios, with such sale otherwise on the Offered Terms. Any such sale shall be consummated within 90 days following the expiration of the 20-Business Day election period described above. The Tagged Member shall keep the electing Tagging Members advised regarding the timing of any such sale. The electing Tagging Member shall not be required to accept any terms, conditions, agreements or undertakings in connection with any such sale other than those described in the Offer Notice. If the Tagged Member does not sell the Offered Interest to the Proposed Purchaser within such 90-day period, the Tagged Member shall again afford the Tagging Members the participation rights set forth in this Section 11.3 with respect to any offer to sell, assign or dispose of all or any portion of the Offered Interest or any other Units held by the Tagged Member.

(c) In the event the holders (" Equity Owners ") of equity interests in a Member (" Member Equity Interests ") seek to Transfer all or substantially all of the Member Equity Interests in such Member, the foregoing Sections 11.3(a) and (b) shall apply, *mutatis mutandis* , as if such Equity Owners were the Tagged Member seeking to Transfer Units, and the Equity Owners in the other Member were the Tagging Members. Any Transfer by an Equity Owner in violation of the foregoing shall be deemed a breach of this Agreement by the Member in which such Equity Owner holds Member Equity Interests.

10.4 **Forced Sale Right** . Except as otherwise provided in Section 11.2 , if any Dragging Members desire to Transfer all, but not less than all, of the Units of the Dragging Member(s) in connection with a Transfer for cash to an unaffiliated third party Proposed Purchaser in a transaction where no additional material benefits are received by the Dragging Member(s) in connection therewith and that is contingent on the Transfer of all of the Membership Interests held by any Dragged Members, the Dragging Member(s) may deliver a notice (a " Drag-Along Notice ") to the Dragged Members setting forth the Units to be Transferred, the proposed purchase price for such Units and the other material terms of the Transfer to the Proposed Purchaser, and attaching a copy of any agreements or written offers from the Proposed Purchaser setting forth the terms of the Transfer. After the receipt of a Drag-Along Notice, the Dragged Members shall be obligated to Transfer all of its Units to the Proposed Purchaser upon the terms and conditions set forth in the Drag-Along Notice; provided, however, that **%3.** the terms and conditions set forth in the Drag-Along Notice shall apply to the Units to be Transferred by the Dragging Member(s), **%3.** the purchase price for all Units sold to the Proposed Purchaser shall be allocated among all of the Members selling their Units pro rata in accordance with the number of Units included in the sale (provided further that in no event shall the amount allocated to each Class A Preferred Unit be less than the Liquidation Preference in respect of such Class A Preferred Unit), and **%3.** the closing of the purchase and sale occurs shall occur within 180 days after the delivery of the Drag-Along Notice. In the event the Equity Owners of Class A Unitholders representing 67% or greater of the outstanding Class A Units, or any successor to such Equity Owners' interests, desire to Transfer all, but not less than all, of their Member Equity Interests in a Transfer for cash to an unaffiliated third party Proposed Purchaser that is contingent on the Transfer of all of the Member Equity Interests held by the Equity Owners in the other Member, the foregoing shall apply, *mutatis mutandis,* as if such Equity Owners of Class A Unitholders representing 67% or greater of the outstanding Class A Units were the Dragging Member(s) seeking to Transfer Units, and the Equity Owners in the other Member were the Dragged Members. Any violation of the foregoing by an Equity Owner shall be deemed a breach of this Agreement by the Member in which such Equity Owner holds Membership Equity Interests.

10.5 Substitution of a Member .

(a) A transferee of Units who satisfies the requirements of Sections 11.6 and 11.7 to become a Member shall succeed to all of the rights and interest of its transferor in the Company. A transferee of a Member who does not satisfy such conditions shall not have any right to vote, shall be entitled only to the distributions to which its transferor otherwise would have been entitled and shall have no other right to participate in the management of the business and affairs of the Company or to become a Member, and the approval of such transferee shall not be required for any Major Decision.

(b) If a Member shall be dissolved, merged or consolidated, its successor in interest shall have the same obligations and rights to profits or other compensation that such Member would have had if it had not been dissolved, merged or consolidated, except that the representative or successor shall not become a substituted Member without satisfying the conditions of Sections 11.6 and 11.7 . Such a successor in interest who satisfies those conditions shall succeed to all of the rights and interests of its predecessor. A successor in interest who does not satisfy those conditions shall not have any right to vote, shall be entitled only to the distributions to which its predecessor otherwise would have been entitled and shall have no right to participate in the management of the business and affairs of the Company or to become a Member, and the approval of such transferee shall not be required for any Major Decision.

(c) No Transfer of any interest in the Company otherwise permitted under this Agreement shall be effective for any purpose whatsoever until the transferee shall have assumed the transferor's obligations to the extent of the interest Transferred, and shall have agreed to be bound by all the terms and conditions hereof, by written instrument, duly acknowledged, in form and substance reasonably satisfactory to the Board. Without limiting the foregoing, any transferee that has not become a substituted Member shall nonetheless be bound by the provisions of this Article XI with respect to any subsequent Transfer. Upon admission of the transferee as a substituted Member, the transferor shall have no further obligations under this Agreement with respect to that portion of its interest Transferred to the transferee; *provided, however,* no Member or former Member shall be released, either in whole or in part, from any liability of such Member to the Company pursuant to this Agreement or otherwise which has accrued through the date of such Transfer (whether as the result of a voluntary or involuntary Transfer) of all or part of such Member's interest in the Company unless the Board and the other Member agrees to any such release.

10.6 **Conditions to Substitution** . As conditions to its admission as a Member, such assignee, transferee or successor shall pay all reasonable and documented expenses of the Company in connection with its admission as a substituted Member.

10.7 **Admission as a Member** . No Person shall be admitted to the Company as a Member until such Person (a) has assumed the obligations of this Agreement and (b) unless either (i) the Units or part thereof acquired by such Person have been registered under the Securities Act, and any applicable state securities laws or (ii) the Board has received a favorable opinion of the transferor's legal counsel or of other legal counsel reasonably acceptable to the Board to the effect that the Transfer of the Units to such Person is exempt from registration under those Laws.

10.8 **Regulatory Issue** .. The Wells Fargo Member has notified the Company that one or more laws, rules, regulations or government orders that may be enacted in the future (including without limitation those promulgated under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended (the "Dodd Frank Act")), or official interpretations thereof (or of any existing laws, rules, or regulations, including without limitation the Dodd Frank Act), or determinations by regulators thereunder (or under any existing laws, rules or regulations, including without limitation the Dodd Frank Act), could limit the ability of the Wells Fargo Member or its affiliates from directly or indirectly holding certain investments, including the Units. In the event that (i) the effect of any such law, rule, regulation, or government order, or interpretation or determination, is later determined at any time by the Wells Fargo Member in its reasonable and good faith judgment or by one of its regulators to prohibit or restrain such Member from continuing to hold the Units, (ii) the Company has notified the Wells Fargo Member pursuant to those certain Prior Unit Purchase Agreements and the Unit Purchase Agreement that it is an entity that would be an Investment Company but for the exclusions in Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act or (iii) the Wells Fargo Member in its reasonable and good faith judgment, or any of its regulators, determines that the Company has become an entity that would be an Investment Company but for the exclusions in Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act, notwithstanding anything to the contrary contained herein or any other agreement between the Company and the Wells Fargo Member, the Wells Fargo Member shall be entitled to transfer its Units, subject to applicable securities law, to one or more unaffiliated third parties approved by the Board of Managers (which approval will not be unreasonably withheld) without complying with any of the transfer restrictions set forth in this Agreement, including without limitation, Sections 11.2, 11.3 and 11.4, or any other agreement between the Wells Fargo Member and the Company, and each assignee of the Wells Fargo Member shall automatically have the rights and privileges of a Member. Upon the transfer of its Units pursuant to this Section 11.8, the Wells Fargo Member shall cease to be a Member for all purposes and, shall no longer be entitled to the rights of a Member under this Agreement except in the instance of Section 10.5 (in which event the term "Member" shall be deemed to refer only to an Original Member).

10.9 **IPO and Piggyback Registration Rights** . If the Company proposes to sell Units in an underwritten public offering ("IPO") registered pursuant to the Securities Act and such Units are to include Units held by the Members, it is acknowledged and affirmed that all Members shall be entitled to include their respective pro rata shares of the total number of Units to be offered and sold by the Members in such offering. The Members shall also be entitled to receive piggy-back registration rights with respect to their Units held after the consummation of the IPO on, and subject to, reasonable and customary terms and conditions. Prior to the initiation of an IPO transaction, the Members and the Company shall use reasonable efforts to enter into a customary registration rights agreement specifying the registration rights described in this Section 11.9.

ARTICLE XI.
RESIGNATION, DISSOLUTION AND TERMINATION

11.1 Resignation. No Member shall have any right to voluntarily resign from the Company. Notwithstanding the foregoing, a Member shall be deemed to resign from the Company upon the Bankruptcy of such Member. When a transferee of all or any portion of Units becomes a substituted Member pursuant to Section 11.5 , the transferring Member shall cease to be a Member with respect to the portion of the Units so Transferred.

11.2 Dissolution. The Company shall be dissolved upon the occurrence of any of the following:

(d) An event that causes dissolution under this Agreement

(e) The unanimous approval of the Class A Unitholders and of the Class A Preferred Unitholders; or

(f) A decree of judicial dissolution.

A court may declare judicial dissolution if the Company cannot carry out its business in conformity with its Articles of Organization and this Agreement.

11.3 Liquidation. Upon dissolution of the Company, the Board shall appoint in writing one or more liquidators (who may be Members or Board Members) who shall have full authority to wind up the affairs of the Company and to make a final distribution as provided herein. The liquidator shall continue to operate the Company properties with all of the power and authority of the Board. The steps to be accomplished by the liquidator are as follows:

(e) The liquidator shall pay all of the debts and liabilities of the Company or otherwise make adequate provision therefor (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine). The liquidator shall then, by payment of cash or property (in the case of property, valued as of the date of termination of the Company at its agreed value, as determined by unanimous consent of the Members using a reasonable method of valuation), distribute to the Members such amounts as are required to distribute all remaining amounts to the Members in accordance with Article VII . For purposes of this Article XII , a distribution of an asset or an undivided interest in an asset in-kind to a Member shall be considered a distribution of an amount equal to the fair market value of such asset or undivided interest. Each Member shall have the right to designate another Person to receive any property that otherwise would be distributed in kind to that Member pursuant to this Section 12.3 . No Member shall receive a distribution of property, other than cash, if such Member is restricted from holding such property under the BHCA or any other applicable law or regulation. If a Member is restricted from holding such distributed property other than cash, such Member shall advise the Company in writing a reasonable time prior to any proposed distribution, in which event the Company shall take commercially reasonable efforts to sell such property and distribute the proceeds to such Member, provided that (i) any such sale of property shall be made on arms' length terms, (ii) any taxable gain or loss recognized by the Company attributable to such sale shall be allocated to such Member, and (iii) such Member shall bear all of the expenses incurred by the Company in connection with performing its obligations under this sentence.

(f) Any real property distributed to the Members shall be conveyed by special warranty deed and shall be subject to the operating agreements and all Liens, contracts and commitments then in effect with respect to such property, which shall be assumed by the Members receiving such real property.

(g) Except as expressly provided herein, the liquidator shall comply with any applicable requirements of the Act and all other applicable Laws pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Liquidation of the Company shall be completed within the time limits imposed by Treasury Regulations § 1.704-1(b)(2)(ii)(g).

(h) The distribution of cash or property to the Members in accordance with the provisions of this Section 12.3 shall constitute a complete return to the Members of their respective Capital Contributions and a complete distribution to the Members of their respective interests in the Company and all Company property. Notwithstanding any other provision of this Agreement, no Member shall have any obligation to contribute to the Company, pay to any other Member or pay to any other Person any deficit balance in such Member's Capital Account.

11.4 Certificate of Cancellation. Upon the completion of the distribution of the Company's assets as provided in this Article XII, the Company shall be terminated and the Person acting as liquidator shall file a certificate of cancellation and shall take such other actions as may be necessary to terminate the Company.

ARTICLE XII.
NOTICES

12.1 Method of Notices. All notices required or permitted by this Agreement shall be in writing and shall be hand delivered or sent by registered or certified mail, or by facsimile if confirmed by return facsimile, and shall be effective when personally delivered, or, if mailed, on the date set forth on the receipt of registered or certified mail, or if sent by facsimile, upon receipt of confirmation, if to the Class A Unitholder and Class A Preferred Unitholders, at their respective addresses set forth on Exhibit A attached hereto, if to the Class B Unitholders, at their addresses set forth in their respective Grant Agreement, and if to the Company, to the following:

1401 Seventeenth Street, Suite 1400
Denver, Colorado 80202
Attn: Bruce L. Payne
Fax #: 303-339-4399

Email: bpayne@laramie-energy.com

Any Member may give notice from time to time changing its respective address for that purpose.

12.2 Computation of Time . In computing any period of time under this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday.

ARTICLE XIII.
CLASS B UNITS

13.1 Class B Units .

(i) The Company shall issue to Incentive Member the Class B Units entitling Incentive Member to distributions of profits of the Company after Payout No. 1, and such Class B Units, with respect to the issuance to Incentive Member, shall not be subject to vesting. Incentive Member shall have the ability to issue an interest in Incentive Member attributable to a portion of such Class B Units to certain key employees of the Company (or its subsidiaries); *provided, however* , that (i) if Incentive Member desires to issue an interest in Incentive Member attributable to a portion of such Class B Units to such an employee, Incentive Member shall obtain the approval of the Board of Managers prior to making such issuance, and (ii) if the Company directs Incentive Member to issue an interest in Incentive Member attributable to a portion of such Class B Units to such an employee, Incentive Member shall execute all documents necessary to issue such interest as directed by the Company.

(j) In connection with an issuance of an interest in Incentive Member attributable to a portion of Incentive Member's Class B Units to an employee, Incentive Member and such employee shall execute a Unit Grant Agreement (the " Grant Agreement ") on terms and conditions (including vesting and the right of Incentive Member to repurchase vested Class B Units from the subject employee) as the Board of Managers shall approve.

(k) Class B Units shall be considered a non-voting security and shall not entitle the holders thereof to have any voting rights with respect to any Company matter. Members holding Class B Units shall be subject in all respects to this Agreement, including provisions relating to the Disposition of such Class B Units, information rights with respect to the Company, and competition and confidentiality.

(l) The Class B Units are issued in consideration of services rendered and to be rendered by the holders for the benefit of the Company and its subsidiaries. The Class B Units are intended to constitute "profits interests" as that term is used in Revenue Procedures 93-27 and 2001-43 or, to the extent Revenue Procedures 93-27 and 2001-43 are superseded by the proposed regulations referenced in IRS Notice 2005-43, then to the extent such regulations are applicable, if at all, to such Class B Units. Each Member who holds Class B Units agrees, whether directly or indirectly through its equity owners, to provide to the Company and its subsidiaries such advice, consultation, and other services as the Company or such subsidiary may reasonably request.

(m) Following the promulgation, if any, of final regulations and associated guidance by the Treasury Department and IRS regarding the tax consequences associated with the issuance or transfer of partnership interests in exchange for the performance of services, the Members and the holders of Class B Units agree that the Company is authorized and directed to amend this Agreement, if necessary and/or elect (on behalf of the Company, and each of its Members and the holders of Class B Units) to have the liquidation value safe harbor contemplated by Proposed Treasury Regulations § 1.83-3(l) and by the revenue procedure contemplated by IRS Notice 2005-43 (or the corresponding provisions of any such final Treasury Regulations or associated guidance) apply irrevocably with respect to all Class B Units transferred in connection with the performance of services. The Company and each Member (including any Member obtaining a Membership Interest in exchange for the performance of services and any person to whom a Membership Interest in the Company is transferred) shall comply with all requirements associated with any such changes to this Agreement or such election while the election remains effective.

(n) Notwithstanding the foregoing, nothing in this Agreement shall prohibit the direct or indirect holder of a Class B Unit from filing an election under Code § 83(b) with respect to such Class B Units, and the Company agrees not to take any actions that are inconsistent with any such election. Each holder of a Class B Unit acknowledges and agrees that such holder should consult with such holder's tax advisor to determine the tax consequences of filing or not filing an election under Code § 83(b). Each such holder acknowledges that it is the sole responsibility of such holder, and not the Company, to file a timely election under Code § 83(b) even if such holder requests the Company or its representatives to make such filing on behalf of such holder.

ARTICLE XIV.
GENERAL PROVISIONS

14.1 Amendment .

(d) Subject to Section 5.11 and Section 15.1(b) , this Agreement may not be amended except by an instrument in writing signed by the Class A Unitholders whose aggregate Class A Unit Sharing Percentages exceed 50%.

(e) Notwithstanding Section 15.1(a) , no amendment to this Agreement (i) to increase the obligation of any Member to contribute capital to the Company or that would alter such Member's limited liability for Company debts and liabilities or (ii) which would disproportionately and adversely affect the rights of any Member, other than in a *de minimis* , non-economic respect compared to the other Members, may be made without the prior written consent of such Member.

(f) The Board shall have the authority to amend this Agreement to give effect to the provisions of the Bipartisan Budget Act of 2015 and any Treasury Regulations or other administrative pronouncements promulgated thereunder and each Member agrees to be bound by the provisions of any such amendment; *provided* that the Board shall not amend this Agreement without the prior written consent of any Member that would be adversely affected by such amendment.

14.2 **Waiver** . Except as otherwise provided herein, rights hereunder may not be waived except by an instrument in writing signed by the party sought to be charged with the waiver.

14.3 **Confidentiality** . Each Member and Board Member will keep confidential and not use, reveal, provide or transfer to any third party any Confidential Information it obtains or has obtained concerning the Company, except **%3.** to the extent that disclosure to a third party is required by applicable Law; **%3.** information which, at the time of disclosure, is generally available to the public (other than as a result of a breach of this Agreement or any other confidentiality agreement to which such Person is a party or of which it has knowledge), as evidenced by generally available documents or publications; **%3.** information that was in its possession prior to disclosure (as evidenced by appropriate written materials) and was not acquired directly or indirectly from the Company; **%3.** to the extent disclosure is necessary or advisable, to its or the Company's employees, consultants or advisors for the purpose of carrying out their duties hereunder; **%3.** to banks or other financial institutions or agencies or any independent accountants or legal counsel or investment advisors employed by the Board (in carrying out its duties on behalf of the Board or the Company), or any Member, to the extent disclosure is necessary or advisable: (i) in the case of the Board, to obtain financing for the Company or in connection with a sale of the Company's assets; and (ii) in the case of any Member, in connection with a sale of such Member's Units in the Company; **%3.** to the extent necessary, disclosure to third parties to enforce this Agreement, **%3.** to a Member or Board Member or to their respective Affiliates; provided, however, that in each case of disclosure pursuant to (d), (e) or (g), the Persons to whom disclosure is made agree to be bound by this confidentiality provision, (h) to direct and indirect investors in a Member in substantially the same manner as information regarding the disclosing person's other portfolio investments are shared with such investors or (i) in the case of any Member, in response to any request by a regulatory authority having jurisdiction over the business of such Member. The obligation of each Member and Board Member not to disclose Confidential Information except as provided herein shall not be affected by the termination of this Agreement or the replacement of any Board Member or any Member. Notwithstanding the foregoing or anything to the contrary in this Agreement, any Member or Board Member (and any employee, representative or agent of such Person) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transactions provided for by this Agreement, and all materials of any kind (including opinions or other tax analysis) that are provided to it relating to such tax treatment and tax structure, except that (1) tax treatment and tax structure shall not include the identity of any existing or future Member or Board Member, or any of their respective Affiliates, other than the disclosing party, and (2) this sentence shall not permit disclosure to the extent that nondisclosure is necessary in order to comply with applicable Laws, including, without limitation, federal and state securities Laws.

14.4 **Public Announcements** . Except as required by Law, no Member shall make any press release or other public announcement or public disclosure relating to this Agreement, the subject matter of this Agreement or the activities of the Company without the consent of the Board and the Members; *provided, however* , that Par may disclose its investment in the Company in its filings with the Securities and Exchange Commission and/or its investor presentations and related materials with the approval of the chief executive officer or the chief financial officer of the Company.

14.5 **Applicable Law**. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, excluding its conflicts of laws rules.

14.6 **Dispute Resolution; Arbitration**.

(a) Each Member agrees to attempt in good faith to resolve disputes prior to submitting such disputes to determination by arbitration. Within five days following delivery of written notice by one party to the other of a perceived breach or other dispute subject to arbitration, a senior executive of each Member will meet together in person (or if agreed by both parties, via telephone) to discuss ways to correct the dispute prior to taking further action.

(b) Each Member, on its own behalf and on behalf of the Company, hereby submits all controversies, claims and matters of difference arising under or relating to this Agreement or the Company to arbitration in accordance with the provisions and procedures set forth in Schedule 15.6 attached hereto. Without limiting the generality of the foregoing, the following shall be considered controversies for this purpose: (i) all questions relating to the interpretation or breach of this Agreement, (ii) all questions relating to any representations, negotiations and other proceedings leading to the execution of this Agreement, the formation of the Company, or the issuance of Units, and (iii) all questions as to whether the right to arbitrate any such question exists. Notwithstanding the foregoing, each Member shall have the right to seek and obtain such temporary or preliminary injunctive relief from a court of competent jurisdiction to which it may be entitled pending a final determination by arbitration of the dispute to which such relief relates.

(c) Any dispute and related dispute resolution shall be subject to the provisions of Section 15.3 or such other provisions regarding confidentiality as the Members and the Company may agree.

14.7 **Severability**. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstance shall be held invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions of this Agreement or the validity, legality or enforceability of the offending provision as to any other Person or circumstance or in any other jurisdiction.

14.8 **Specific Performance**. The Members expressly agree that the remedies available at Law for the breach of any of the obligations of the Parties under this Agreement are inadequate in view of the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a Party to comply fully with such obligations, and the uniqueness of business arrangement between the Parties. Accordingly, each of the obligations specified herein shall be, and is hereby expressly made, enforceable by specific performance.

14.9 Headings. Article, Section and other subdivision headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

14.10 Entire Agreement; Conflicts. This Agreement, the Prior Unit Purchase Agreements, the Unit Purchase Agreement and the Preferred Unit Side Letter Agreement embody the entire understanding and agreement among the parties concerning the Company and supersede any and all prior negotiations, understandings or agreements in regard thereto.

14.11 Transaction Costs. Except as specifically provided in this Agreement and the Unit Purchase Agreement, each Member shall bear its own costs and expenses, including costs and expenses of its agents, representatives, attorneys and accountants, incurred in connection with the negotiation, drafting, execution, delivery and performance of this Agreement and the transactions contemplated hereby, including transactions pursuant to Article XI hereof; provided, that, for the avoidance of doubt, the Company shall pay any fees, costs and expenses reasonably incurred by the Members in connection with the Unit Purchase Agreement, the transactions contemplated thereby and the negotiation, drafting and execution of this Agreement.

14.12 References. References to a Member, Board Member or Company officer, including by use of a pronoun, shall be deemed to include masculine, feminine, singular, plural, individuals, partnerships or corporations where applicable. References in this Agreement to terms in the singular shall include the plural and vice versa. The words "include," "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of similar import.

14.13 U.S. Dollars. References herein to " Dollars " or " $ " shall refer to U.S. dollars and all payments and all calculations of amount hereunder shall be made in Dollars.

14.14 Counterparts. This instrument may be executed in any number of counterparts each of which shall be considered an original.

14.15 Additional Documents. The Members hereto covenant and agree to execute such additional documents and to perform additional acts as are or may become necessary or convenient to carry out the purposes of this Agreement.

14.16 No Third Party Beneficiaries. This Agreement is for the sole benefit of the Members and Board Members, and no other Person is intended to be a beneficiary of this Agreement or shall have any rights hereunder, except that Company officers shall also have the rights of indemnification and exculpation under Section 5.7 .

[Signatures on next page.]

The parties have executed this Agreement to be effective as of the Effective Date.

MEMBERS:

LARAMIE ENERGY II, LLC ,
a Delaware limited liability company

By: /s/ Robert S. Boswell
Robert S. Boswell
Chairman and Chief Executive Officer

PAR PICEANCE ENERGY EQUITY LLC ,
a Delaware limited liability company

By: Par Pacific Holdings, Inc., its Sole Member

By: /s/ William Monteleone
William Monteleone
SVP Mergers & Acquisitions

/s/ Robert S. Boswell
ROBERT S. BOSWELL

ACP LE, L.P.

By: ACP LE, Corp., its General Partner

By: /s/ Greg Evans
Greg Evans
President

[Signature Page to Third Amended and Restated LLC Agreement]

ACP LE (OFFSHORE), L.P.

By: ACP LE (Offshore), Corp., its General Partner

By: /s/ Greg Evans
Greg Evans
President

WELLS FARGO CENTRAL PACIFIC HOLDINGS, INC.

By: /s/Gilbert Shen
Gilbert Shen
Vice President

DLJ MERCHANT BANKING PARTNERS IV, L.P.

By: aPriori Capital Partners IV, L.P., its General Partner

By: aPriori Capital Partners IV GP LLC, its General Partner

By: /s/ Susan C. Schnabel
Susan C. Schnabel
Authorized Person

[Signature Page to Third Amended and Restated LLC Agreement]

LARAM HOLDINGS II, LLC

By: aPriori Capital Partners IV LLC,
its managing member

By: /s/ Susan C. Schnabel
Susan C. Schnabel
Authorized Person

MESA PICEANCE LLC

By: /s/Leland B. White
Leland B. White
Chief Executive Officer and President

LARAMIE ENERGY EMPLOYEE HOLDINGS, LLC

By: Laramie Energy, LLC, its manager

By: /s/Robert S. Boswell
Robert S. Boswell
Chief Executive Officer

By: /s/ Steven A. Webster
STEVEN A. WEBSTER

[Signature Page to Third Amended and Restated LLC Agreement]

Exhibit 10.74

UNIT PURCHASE AGREEMENT

(Class A Preferred Units and Class A Units)

THIS UNIT PURCHASE AGREEMENT (this " Agreement ") is made and entered into as of this 22nd day of February, 2016, by and among Laramie Energy, LLC, a Delaware limited liability company (f/k/a Piceance Energy, LLC,) (the " Company "), and the parties listed in Schedule I attached hereto (each, an " Investor ").

RECITALS :

A. The Company was formed on May 10, 2012, with Laramie Energy II, LLC, a Delaware limited liability company (" Laramie II "), as the sole member, and effective December 23, 2015, the Company's name was changed from Piceance Energy, LLC to Laramie Energy, LLC.

B. The Limited Liability Company Agreement of the Company has been amended by that certain (i) Amended and Restated Limited Liability Company Agreement for the Company dated as of August 31, 2012, (ii) Amendment No 1 to the First Amended and Restated Company Agreement, dated March 9, 2015, (iii) Second Amended and Restated Limited Liability Company Agreement of the Company dated July 27, 2015, (iv) Amendment No. 1 to the Second Amended and Restated Company Agreement dated July 31, 2015, and (v) Amendment No. 2 to the Second Amended and Restated Company Agreement dated August 28, 2015.

C. Contemporaneously herewith, Laramie II, Par Piceance Energy Equity LLC, a Delaware limited liability company (" Par "), Wells Fargo Central Pacific Holdings, Inc., a California corporation (" Well Fargo "), Robert S. Boswell, an individual (" Boswell "), ACP LE, L.P., a Delaware limited partnership (" ACP "), ACP LE (Offshore), L.P., a Delaware limited partnership (" ACP Offshore " and together with ACP, the " Avista Parties "), Laram Holdings II, LLC, a Delaware limited liability company (" Laram "), DLJ Merchant Banking Partners IV, L.P., a Delaware limited partnership (" DLJ IV " and together with Laram, the " DLJ IV Parties "), Mesa Piceance LLC, a Delaware limited liability company (" Mesa "), Laramie Energy Employee Holdings, LLC, a Delaware limited liability company (f/k/a Piceance Energy Employee Holdings, LLC) (the " Incentive Member ") and Steven A. Webster, an individual (" Webster "), are executing and delivering that certain Third Amended and Restated Limited Liability Company Agreement of the Company (the " Third Amended and Restated Company Agreement ").

D. Under the Third Amended and Restated Company Agreement, (i) Webster will be admitted to the Company as an additional member, (ii) Wells Fargo will make a cash capital contribution to the Company in the amount of $30,000,000 (the " Capital Contribution - Class A Preferred "), in exchange for Class A Units (the " Wells Fargo Class A Units ") and Class A Preferred Units (the " Wells Fargo Class A Preferred Units "), pursuant to this Agreement, and as specified in the Third Amended and Restated Company Agreement, and (iii) Par, the DLJ IV Parties and Webster shall make cash capital contributions to the Company aggregating $70,000,000 (the " Capital Contribution - Class A "), in exchange for Class A Units (the " Par / DLJ IV / Webster Class A Units ", and together with the Wells Fargo Class A Units and the Wells Fargo Class A Preferred Units, the " Subject Units "), pursuant to this Agreement, and as specified in the Third Amended and Restated Company Agreement

E. In order to induce (i) Laramie II, Par, Wells Fargo, Boswell, the Avista Parties, the DLJ IV Parties and Webster to execute and deliver the Third Amended and Restated Company Agreement, (ii) Wells Fargo to make the Capital Contribution - Class A Preferred, and (iii) Par, the DLJ IV Parties and Webster to make the Capital Contribution - Class A, the Company deems it in its best interests to enter into this Agreement with Wells Fargo, Par, the DLJ IV Parties and Webster to make the covenants, representations and warranties set forth herein.

F. Laramie II, Par, Wells Fargo, Boswell, the Avista Parties, the DLJ IV Parties and Webster would not be willing to execute and deliver the Third Amended and Restated Company Agreement, Wells Fargo would not be willing to make the Capital Contribution - Class A Preferred, and Par, the DLJ IV Parties and Webster would not be willing to make the Capital Contribution - Class A in the absence of this Agreement and the Company's covenants, representations and warranties set forth herein.

AGREEMENT:

1. Defined Terms . Except as otherwise provided below, terms used herein and not otherwise defined shall have the meanings ascribed to such term in the Third Amended and Restated Company Agreement. In the event of any inconsistency between defined terms in this Agreement and the Third Amended and Restated Company Agreement, this Agreement shall control. When used in this Agreement, the following terms shall have the meanings assigned to them below:

" ACP " has the meaning assigned to such term in Recital C .

" ACP Offshore " has the meaning assigned to such term in Recital C .

" Affiliate " means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

" Avista Parties " has the meaning assigned to it in Recital B .

" Boswell " has the meaning assigned to in Recital C .

" Capital Contribution - Class A " has the meaning assigned to in Recital D.

" Capital Contribution - Class A Preferred " has the meaning assigned to in Recital D.

" Class A Units " has the meaning set forth in the Third Amended and Restated Company Agreement.

“ Class A Preferred Units ” has the meaning set forth in the Third Amended and Restated Company Agreement.

“ Closing Date ” means the date specified Section 3.1(b) of the Third Amended and Restated Company Agreement in connection with the purchase and sale of Subject Units.

“ Commission ” means the United States Securities and Exchange Commission. “Company” has the meaning assigned to it in the preamble.

“ Contractual Obligation ” means, as to the Company, any agreement, instrument or other undertaking to which the Company is a party or by which it or any of its property is bound.

“ Control ” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “ Controlling ” and “ Controlled ” have meanings correlative thereto.

“ Credit Facility ” means that certain $400,000,000 secured revolving credit facility, as amended, with J.P. Morgan Securities and Wells Fargo Securities LLC, each as an arranger, JP Morgan Chase Bank, N.A., as the administrative agent, and the lenders that are parties thereto.

" DLJ IV " has the meaning assigned to such term in Recital C .

“ DLJ IV Parties ” has the meaning assigned to it in Recital B .

“ Environmental Laws ” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“ ERISA ” means the Employee Retirement Income Security Act of 1974, as amended.

“ Financial Statements ” means (i) the audited consolidated balance sheet of the Company as of December 31, 2014, and (ii) the unaudited consolidated balance sheet of the Company as prepared by the Company as of December 31, 2015, and the related consolidated statements of income or operations, and cash flows for such fiscal year of the Company, including the notes thereto.

“ GAAP ” means generally accepted accounting principles in the United States of America as in effect from time to time.

“ Governmental Authority ” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank.

" Incentive Member " has the meaning assigned to it in Recital C .

“ Investment Company ” has the meaning set forth in the Investment Company Act.

“ Investment Company Act ” means the Investment Company Act of 1940, as the same may be amended from time to time.

“ Investor ” has the meaning assigned to it in the preamble.

" Laram " has the meaning assigned to such term in Recital C .

“ Laramie II ” has the meaning assigned to it in Recital A .

“ Latest Reserve Report ” means the most recent engineering report the Company has previously furnished to Wells Fargo.

“ Laws ” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“ Lien ” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“ Material Adverse Effect ” means, with respect to the Company, a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Company; provided, however, that with respect to matters relating to (i) changes in the oil and gas exploration and production industry in general, including oil and gas prices, (ii) changes in economic or political conditions or the financing, banking, currency or capital markets in general and (iii) any natural disaster or any act of terrorism, sabotage, military action, armed hostilities or war (whether or not declared) or any escalation or worsening thereof, whether or not occurring or commenced before or after the date of this Agreement, each such matter described in the foregoing clauses (i), (ii) and (iii) shall not be deemed to constitute a “Material Adverse Effect” and shall not be considered in determining whether a “Material Adverse Effect” has occurred.

" Mesa " has the meaning assigned to it in Recital C .

“ Mineral Interests ” means (i) all present and future interests and estates existing under any oil and gas leases including working interests, royalties, overriding royalties, production payments and net profits interests, (ii) all present and future rights in mineral fee interests and rights therein, including any reversionary or carried interests relating thereto, (iii) all rights, titles and interests created by or arising under the terms of all present and future unitization, communitization, and pooling arrangements (and all properties covered and units created thereby) whether arising by contract or operation of Law which now or hereafter include all or any part of the foregoing, and (iv) all rights, remedies, powers and privileges with respect to all of the foregoing.

" OFAC " means the U.S. Department of the Treasury's Office of Foreign Assets Control.

" Organizational Documents " means, (i) the Company's certificate formation or organization and operating agreement; and (ii) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

" Par " has the meaning assigned to in Recital C .

" Par / DLJ IV / Webster Class A Units " has the meaning assigned to in Recital D .

" Person " means any individual, corporation, general partnership, limited partnership, limited liability partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof

" Plan " means an employee benefit plan, as defined in Section 3(2) of ERISA, which (i) is maintained, administered, or contributed to by the Company and (ii) covers any employee or former employee of the Company or under which the Company has or could have any liability.

" Sanctioned Entity " means (i) an agency of the government of, (ii) an organization directly or indirectly controlled by, or (iii) a Person resident in a country that is subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/eotffc/ofac/ sanctions/index.html, or as otherwise published from time to time as such program may be applicable to such agency, organization or Person.

" Sanctioned Person " means a person named on the list of Specially Designated Nationals Or Blocked Persons maintained by OFAC available at http://www.treas.gov/offices/eotffc/ofac/sdn/index.html, or as otherwise published from time to time.

" Securities Act " means the Securities Act of 1933, as amended.

" Solvent " means, as to any Person at any time, that (i) the fair value of the property of such Person is greater than the total amount of such Person's liabilities (including contingent liabilities), (ii) the present fair saleable value of all of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (iv) such

Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

" Subject Units " has the meaning assigned to such term in Recital D .

" Subsidiary " of a Person means a corporation, partnership, limited liability company or other business entity of which a majority of the equity interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Company.

" Third Amended and Restated Company Agreement " has the meaning assigned to such term in Recital C .

" Units " has the meaning set forth in the Third Amended and Restated Company Agreement.

" Webster " has the meaning assigned to such term in Recital C .

" Wells Fargo " has the meaning assigned to such term in Recital C .

" Wells Fargo Class A Preferred Units " has the meaning assigned to such term in Recital D .

" Wells Fargo Class A Units " has the meaning assigned to such term in Recital D .

2. Representations and Warranties of the Company . The Company hereby represents and warrants to the Investors that:

(a) Existence, Qualification and Power; Compliance with Laws . The Company (i) is duly organized, validly existing and in good standing under the Laws of the state of Delaware; (ii) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (A) own or lease its assets and carry on its business and (B) execute, deliver and perform its obligations under this Agreement: and (iii) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (ii)(A) or clause (iii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization; No Contravention . The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary limited liability company action, and do not and will not (i) contravene the terms of any of the Company's Organization Documents; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (A) any Contractual

Obligation or (B) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or its property is subject; or (iii) violate any Law binding upon the Company.

(c) Binding Effect. This Agreement has been duly executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except: (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other Laws of general application affecting enforcement of creditors' rights general; and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(d) Financial Statements. The Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present the financial condition of the Company as of the date thereof and their results of operations for the period covered thereby, except as otherwise expressly noted therein.

(e) Absence of Undisclosed Liabilities; Absence of Certain Changes. The Company has no liabilities or obligations (whether accrued, absolute, contingent, unliquidated, or otherwise, whether or not known to the Company, and whether due or to become due), except (i) liabilities reflected on the Financial Statements (including the notes thereof), (ii) liabilities which have arisen since the date of the Financial Statements in the ordinary course of business (none of which is a material liability for breach of contract, breach of warranty, tort, or infringement), (iii) liabilities arising under executory contracts entered into in the ordinary course of business (none of which is a material liability for breach of contract), and (iv) other liabilities which, in the aggregate, are not material to the Company. Since the date of the Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(f) No Default. The Company is not in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No default under the Credit Facility has occurred and is continuing that has not been waived and no default would result from the consummation of the transactions contemplated by this Agreement.

(g) Ownership of Property; Liens. The Company has good record and defensible title to the Mineral Interests evaluated in the Latest Reserve Report, except for (i) Liens created or permitted under the Credit Facility and (ii) except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has good title to the personal property used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Company is subject to no Liens, other than the Liens created or permitted under the Credit Facility.

(h) Compliance With Laws . The Company is in compliance with all applicable Laws, including applicable Environmental Laws, except for such non-compliance as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(i) Taxes . All material federal, state and other tax returns and reports required to be filed by or with respect to the Company have been duly and timely filed, and all material federal, state and other taxes, assessments, fees and other governmental charges owed by the Company or for which the Company may be liable that have become due and payable have been paid in full, except those that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Company that would, if made, have a Material Adverse Effect. There are no Liens (other than Liens for current period taxes that are not yet due and payable) on any of the assets of the Company that arose in connection with any failure (or alleged failure) to pay any tax, assessment, fee and other governmental charge in the nature of a tax.

(j) Subsidiaries . As of date hereof, the Company has no Subsidiaries. The Company has no equity investments in any other corporation or entity.

(k) Margin Regulations; Investment Company Act . The Company is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. None of the Company or any Person Controlling the Company is or is required to be registered as an Investment Company. The Company is not an entity that would be an Investment Company but for the exclusions in Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act.

(l) Compliance with Securities Laws . Subject to the representations of the Investors set forth in Section 4 being true and accurate, the issuance of the Subject Units contemplated by this Agreement and the Third Amended and Restated Company Agreement is in compliance with all state and federal securities Laws.

(m) Capitalization . As of the date of this Agreement and prior to the issuance and sale of the Subject Units pursuant to this Agreement, the ownership of the Company's Units is set forth on Schedule 2(m) . All of the issued and outstanding Units have been duly authorized and validly issued in accordance with the Organizational Documents of the Company and are fully paid and nonassessable and were not issued in violation of any preemptive rights, rights of first refusal or other similar rights of any Person. All rights and obligations of and terms and conditions governing the Units and any rights to acquire Units are set forth in the Third Amended and Restated Company Agreement, and there are no other agreements or instruments relating thereto. The issuance and sale of the Subject Units will not be issued in violation of any preemptive rights, rights of first refusal or other similar rights of any Person, and will be free of any and all Liens and restrictions on transfer, except for any Liens or restrictions on transfer that may be imposed by reason of the Delaware General Corporation Law or any state or federal securities Law.

(n) Transactions with Affiliates . Other than the purchase of Subject Units contemplated hereby and the Third Amended and Restated Company Agreement, there are no transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate or Covered Person, nor are there any arrangements or understandings, regardless of whether such arrangement has been formalized, whereby services or the sale of any property are provided to an Affiliate or Covered Person on terms more favorable than that provided to the Company for similar services nor does any Affiliate or Covered Person provide the Company or any subsidiary of the Company with services related to the gathering and processing of hydrocarbons.

(o) Broker's Fee . No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

(p) OFAC . Neither the Company nor, to the Company's knowledge, any Affiliate of the Company: (a) is a Sanctioned Person, (b) owns assets in Sanctioned Entities, or (c) derives its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. None of the proceeds from the issuance of Units by the Company will be used or have been used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

(q) Solvency . Both before and after giving effect to the transactions contemplated hereby, the Company is Solvent.

(r) ERISA . All Plans are and have been administered in compliance with their terms and applicable Laws, including ERISA, except for such non-compliance as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Plan is a "multi-employer" plan as defined in Section 3(37) of ERISA.

3. Covenants of the Company . The Company hereby covenants and agrees: (a) (i) to use commercially reasonable efforts to maintain its status as not being an entity that would be an Investment Company but for the exclusions in section 3(c)(1) and/or section 3(c)(7) of the Investment Company Act, (ii) upon written request by Wells Fargo at any time, promptly (but in any event within ten (10) business days) provide Wells Fargo with written certification of such status (or if such certification cannot be delivered, a written explanation of the reasons why), and (iii) if at any time the Company becomes aware that this status has not been maintained, promptly (but in any event within three (3) business days) deliver written notice to Wells Fargo of that fact together with an explanation of the reasons why the status has not been maintained; and (b) upon written request by Wells Fargo at any time, promptly (but in any event within ten (10) business days), provide Wells Fargo with sufficient information regarding the nature of the Company's assets to allow Wells Fargo to assess the Company's status under the Investment Company Act.

4. Representations and Warranties of the Investors . Each Investor severally but not jointly or jointly and severally, represents and warrants solely with respect to itself to the Company and to the other Investors that:

(a) Investment Matters .

(i) Such Investor is acquiring the Subject Units solely for its beneficial account, for investment purposes, and not with a view to, or for resale in connection with, any distribution of Subject Units in violation of applicable securities Laws;

(ii) Such Investor understands that the Subject Units have not been registered under the Securities Act or any state securities Laws by reason of specific exemptions under the provisions thereof, the availability of which depend in part upon the bona fide nature of its investment intent and upon the accuracy of its representations made in this Section 4 ;

(iii) Such Investor understands that the Company is relying in part upon the representations and agreements contained in this Section 4 for the purpose of determining whether the offer, sale and issuance of the Subject Units meets the requirements for such exemptions;

(iv) Such Investor is an “accredited investor” as defined in Rule 501(a) under the Securities Act;

(v) Such Investor has such knowledge, skill and experience in business, financial and investment matters that it is capable of evaluating the merits and risks of an investment in the Subject Units to which it is subscribing;

(vi) Such Investor understands that the Subject Units will be “restricted securities” under applicable federal securities Laws and that the Securities Act and the rules of the Commission provide in substance that it may dispose of the Securities only pursuant to an effective registration statement under the Securities Act or an exemption therefrom, and it understands that the Company has no obligation or intention to register any of the Subject Units thereunder; and

(vii) Such Investor has been furnished by the Company all information (or provided access to all information) regarding the business and financial condition of the Company, its expected plans for future business activities, the attributes of the Subject Units for which such Investor is subscribing and the merits and risks of an investment in such Subject Units which it has requested or otherwise needs to evaluate the investment in such Subject Units; that in making the proposed investment decision, such Investor is relying solely on such information, the representations, warranties and agreements of each other Investor and the Company and on investigations made by it and its representatives; and that the offer to sell the Subject Units hereunder was communicated to such Investor in such a manner that it was able to ask questions of and receive answers from the management of the Company concerning the terms and conditions of the proposed transaction and that at no time was it presented with or solicited by or through any leaflet, public promotional meeting, television advertisement or any other form of general or public advertising or solicitation.

(b) Authority.

(i) Such Investor has full power and authority to enter into and perform its obligations under this Agreement and the Third Amended and Restated Company Agreement; and

(ii) This Agreement and the Third Amended and Restated Company Agreement have been duly authorized, executed and delivered by a Person authorized to do so, constitute the legal, valid and binding obligations of such Investor, except as may be affected (i) by bankruptcy, insolvency, moratorium, reorganization and other similar Laws and judicial decisions affecting the rights of creditors generally and (ii) by general principles of equity and public policy (regardless of whether considered at Law or in equity), is enforceable against such Investor in accordance with its terms.

(c) No Conflicts. The execution, delivery and performance by such Investor of this Agreement and the Third Amended and Restated Company Agreement hereby and thereby will not, without the giving of notice or the lapse of time, or both, (i) violate any provision of Law to which such Investor is subject, or (ii) with respect to any Investor which is not a natural person, conflict with, or result in a breach or default under, any term or condition of its Organizational Documents or any agreement or other instrument to which such Investor is a party or by which such Investor is bound.

(d) Brokers Fee. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of such Investor.

5. Closing Conditions to Issuance and Purchase of Subject Units.

(a) The Company's obligation to issue and sell the Subject Units to be issued and sold and by it hereunder on a given Closing Date is subject to the satisfaction or waiver, on or before such Closing Date, of the conditions contained in this Section 5(a):

(iii) No later than four (4) business days prior to the Closing of the transactions contemplated under the OXY Purchase and Sale Agreement, each Investor shall have tendered to the Company the cash purchase price for the Subject Units to be issued to such Investor pursuant to and in accordance with Section 3.1(b) of the Third Amended and Restated Company Agreement; provided, that, such cash purchase price shall be used by the Company solely for the transactions contemplated by the OXY Purchase and Sale Agreement, and to the extent that the Closing (as defined in the OXY Purchase and Sale Agreement) does not occur within ten (10) days following the date that such cash purchase price is tendered to the Company, then the Company shall reimburse such cash purchase price to each Investor, as applicable, and the Subject Units shall not be issued and sold.

(iv) The representations and warranties of the Investors contained in this Agreement shall be true and correct in all respects at and as of the subject Closing Date, as if made at and as of such date (except that representations and warranties made as of a specific date need be true only as of that date).

(v) The Investors shall have performed in all material respects all of their respective obligations under this Agreement required to be performed by them on or prior to the subject Closing Date.

(b) Each Investor's obligation to purchase the Subject Units to be issued and sold to them hereunder on a given Closing Date is subject to the satisfaction or waiver, on or before such Closing Date, of the conditions contained in this Section 5(b) :

(i) The representations and warranties of the Company contained in this Agreement shall be true and correct in all respects at and as of the subject Closing Date, as if made at and as of such date (except that representations and warranties made as of a specific date need be true only as of that date); provided, however, that this condition shall be satisfied with respect to any representation or warranty that does not contain qualifications or limitations relating to materiality or Material Adverse Effect so long as such representation or warranty is true and correct in all material respects at and as of such date (or as of such specified date), as if made at and as of such date (except to the extent such representations specifically relate to an earlier date, in which case such representations shall be true and correct as of such earlier date).

(ii) The Company shall have performed in all material respects all of its obligations under this Agreement and all material obligations under the Third Amended and Restated Company Agreement required to be performed by it on or prior to such Closing Date.

(iii) The Investors shall have received a Certificate of the Board of Managers dated as of the given Closing Date certifying that each of the conditions set forth in paragraphs (i) and (ii) above have been satisfied.

(iv) The acquisition and other transactions contemplated by the OXY Purchase and Sale Agreement (as in effect on the date hereof) shall have been consummated or will be consummated substantially concurrently with, but not later than ten (10) days after the date that the Investors have tendered to the Company the cash purchase price for the Subject Units pursuant to Section 5 (a)(i) above.

(v) Subject to the satisfaction of the conditions specified in paragraphs (i), (ii), (iii) and (iii) above, each Investor shall have tendered to the Company the cash purchase price for the Subject Units to be issued to such Investor pursuant to and in accordance with Section 3.1(b) of the Third Amended and Restated Company Agreement.

6. Public Disclosure . Any public announcements regarding the terms of this Agreement or the Third Amended and Restated Company Agreement or the transactions contemplated hereby and thereby, or the financial performance of the Company shall be made only with the mutual consent of all Investors, which consent shall not be unreasonably withheld or delayed, except as may be required, and to the extent required, by applicable Law or stock exchange regulations, in which case the Investor required to issue the public announcement shall allow the other Investors reasonable time to comment on such release or statement in advance of its issuance.

7. Survival of Agreements . All covenants, agreements, representations and warranties made in this Agreement or in the Third Amended and Restated Company Agreement or any certificate or instrument delivered to the Investors pursuant to or in connection with this Agreement or the Third Amended and Restated Company Agreement shall survive indefinitely the execution and delivery of this Agreement and the Third Amended and Restated Company Agreement, the issuance, sale and delivery of the Subject Units, and all statements contained in any certificate or other instrument delivered by the Company hereunder or thereunder or in connection herewith or therewith shall be deemed to constitute representations and warranties made by the Company.

8. Parties In Interest . All representations, warranties, covenants and agreements contained in this Agreement or in the Third Amended and Restated Company Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not. Without limiting the generality of the foregoing, all representations, covenants and agreements benefiting the Investors shall inure to the benefit of any and all subsequent holders from time to time of Subject Units. Nothing in this Agreement shall create or be deemed to create any third-party beneficiary rights in any Person not a party to this Agreement except as provided below.

9. No Assignments . No Investor may assign its rights and obligations hereunder to purchase Subject Units without the express written consent of all Investors.

10. Further Assurances . The parties agree to take such actions and execute and deliver such other documents or agreements as may be necessary or desirable for the implementation of this Agreement and the Third Amended and Restated Company Agreement and the consummation of the transactions contemplated hereby and thereby.

11. Governing Law . This Agreement and the performance of the transactions and the obligations of the parties hereunder will be governed by and construed and enforced in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law principles.

12. Entire Agreement . This Agreement and the Third Amended and Restated Company Agreement, together with the certificates, documents, instruments and writings that are delivered pursuant thereto, constitute the entire agreement and understanding of the parties hereto in respect of its subject matters and supersedes all prior understandings, agreements, or representations by or among such parties, written or oral, to the extent they relate in any way to the subject matter hereof or the transactions contemplated hereby.

13. Amendments and Waivers. This Agreement may not be amended or modified, and no provisions hereof may be waived, without the written consent of the parties hereto. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

14. Titles and Subtitles. The article and section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

15. Construction. The parties hereto have jointly participated in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties hereto and no presumption or burden of proof will arise favoring or disfavoring any party hereto because of the authorship of any provision of this Agreement. Any reference to any federal, state, local or foreign Law will also be deemed to refer to such Law as amended and all rules and regulations promulgated thereunder, unless the context otherwise requires. All references in this Agreement to articles, sections, subsections and other subdivisions refer to corresponding articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. The word “or is not exclusive and the words “including,” “includes” and “include” shall be deemed to be followed by “without limitation.” Pronouns in masculine, feminine and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words “this Agreement,” herein, “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited.

16. Incorporation of Attachments. The exhibits, annexes and schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

17. Expenses. Each party shall pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including legal and accounting fees; provided that the Company shall pay any such fees, costs and expenses reasonably incurred by the Investors along with any other fees and expenses required to be reimbursed by that certain Commitment Letter dated as of December 16, 2015, among the Company and the Investors.

18. Remedies. The parties hereto shall have all remedies for breach of this Agreement available to them as provided by Law or equity. Notwithstanding the foregoing, in no event shall the parties hereto have a right to consequential, indirect, special, incidental, exemplary or punitive damages.

19. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties. In making

proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. A telecopied facsimile or electronically scanned copy of an executed counterpart of this Agreement shall be sufficient to evidence the binding agreement of each party to the terms hereof

Remainder of Page Intentionally Left Blank—Signature Pages Follow

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in counterparts effective as of the Effective Date:

LARAMIE ENERGY, LLC

By: /s/ Robert S. Boswell
Name: Robert S. Boswell
Title: Chairman and Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in counterparts effective as of the Effective Date:

PAR PICEANCE ENERGY EQUITY LLC

By: Par Pacific Holdings, Inc.,
its sole member

By: /s/ William Monteleone
Name: William Monteleone
Title: SVP Mergers & Acquisitions

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in counterparts effective as of the Effective Date:

/s/ Steven A. Webster

STEVEN A. WEBSTER

SIGNATURE PAGE TO
UNIT PURCHASE AGREEMENT — LARAMIE ENERGY

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in counterparts effective as of the Effective Date:

DLJ MERCHANT BANKING PARTNERS IV, L.P.

By: aPriori Capital Partners IV, L.P.,
its general partner

By: aPriori Capital Partners IV GP LLC,
its general partner

By: /s/ Susan C. Schnabel
Name: Susan C. Schnabel
Title: Authorized Person

LARAM HOLDINGS II, LLC

By: aPriori Capital Partners IV LLC, its managing member

By: /s/ Susan C. Schnabel
Name: Susan C. Schnabel
Title: Authorized Person

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in counterparts effective as of the Effective Date:

WELLS FARGO CENTRAL PACIFIC
HOLDINGS, INC.

By:	/s/ Gilbert Shen
Name:	Gilbert Shen
Title:	Vice President

SIGNATURE PAGE TO
UNIT PURCHASE AGREEMENT — LARAMIE ENERGY

Exhibit 10.75

December 17, 2015
By Electronic Mail

Piceance Energy, LLC
1401 Seventeenth Street, Suite 1400
Denver, Colorado 80202
Attention: Bruce Payne

Re: Equity Commitment Letter – Project Elway

Ladies and Gentlemen:

Reference is made to that certain Purchase and Sale Agreement (the " ***Agreement*** ") dated as of the date hereof among Piceance Energy, LLC (" ***Piceance*** ") and Oxy USA Inc., OXY USA WTP LP, YT Ranch LLC and Oxy Y-1 Company (collectively, the " ***Company*** "), attached hereto as Annex A . Capitalized terms used but not otherwise defined herein (the " ***Equity Commitment Letter*** ") shall have the meanings given to them in the Agreement.

This Equity Commitment Letter will confirm the terms upon which Par Pacific Holdings, Inc. or one or more of its direct or indirect subsidiaries (" ***Par*** ") is willing to purchase or cause to be purchased, directly or indirectly, certain membership interests of Piceance in connection with closing of the transactions that are the subject of the Agreement.

1. Equity Commitment . Par shall, at or immediately prior to the Closing, subject to the terms and conditions set forth herein, purchase, or cause the purchase of, 153,803 Class A Units of Piceance (the " ***Units*** ") such that Par's pro forma ownership totals 42.3% of the Units issued and outstanding after the consummation of the transactions contemplated herein for an aggregate cash purchase price equal to $55.0 million (or $358 per Unit (the " ***Equity Commitment*** "), or such lesser amount of Units which is sufficient, together with the binding commitments of (a) the purchase by affiliates of aPriori Capital Partners of at least $5.0 million and Steve Webster or affiliates of Avista Capital partners of at least $10 million of Units at the same per Unit purchase price as the Equity Commitment, (b) preferred equity financing (the " ***Preferred Equity*** ") of at least $30.0 million to be provided by Wells Fargo Central Pacific Holdings, Inc. on substantially the terms and conditions attached hereto as Annex B , and (c) debt financing to be provided by the lenders (including JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association) under Piceance's credit agreement (the " ***Piceance Credit Agreement*** ") through an increase in the borrowing base thereunder by at least $60.0 million (*i.e.* , from $110.0 million to $170.0 million) (the transactions described in clauses (a), (b) and (c) above are referred to herein as the " ***Other Financing Commitments*** "), to fund the amounts required to be paid by Piceance to consummate the transactions contemplated by, and pursuant to, the Agreement. Par shall not, under any circumstances, be obligated to contribute more than the Equity Commitment and the proceeds of the Equity Commitment shall be used solely for

the purpose of funding the amounts required to be paid by Piceance to consummate the transactions contemplated by, and pursuant to, the Agreement.

2. Conditions . The Equity Commitment shall be subject to (a) the execution and delivery of the Agreement by Piceance, in form and substance acceptable to Par, provided, however, that the Purchase Price in the Agreement shall not exceed $157.5 million, (b) the execution and delivery of appropriate definitive binding transactional documents customary for an equity purchase of this nature for Par (collectively, the " ***Definitive Documents*** ") that are substantially consistent with the terms and conditions set forth in this Equity Commitment Letter and are otherwise acceptable to Par and Piceance, including an amendment to the Second Amended and Restated Limited Liability Company Agreement of Piceance dated as of July 27, 2015, providing that (i) the forced sale right described in Section 11.4 of such limited liability company agreement will be exercisable by members of Piceance representing two-thirds of the outstanding Units (instead of Laramie Energy II, LLC or a successor to its interests), and (ii) the Board of Managers will, within ten (10) days after the day on which the Agreement is fully executed by all parties thereto (the " ***Execution Date*** "), establish a policy requiring Piceance to hedge at least 80% of its future proved developed production at any point in time based on swaps or costless collars if the projected Debt / EBITDA ratio over following four quarters is forecasted to be greater than 2.50 to 1.0, (c) no later than the Execution Date, Piceance shall have (i) entered into or be subject to oil and gas hedging transactions representing the maximum amount permitted on a secured basis under the Piceance Credit Agreement, with such amount to be at least 80% of the reasonably projected proved developed producing gas production of both Piceance's reserves as of the Execution Date and the Oil and Gas Properties that are the subject of the Agreement (collectively, the " ***Subject Properties*** "), on a forward basis, for the period from March 2016 through December 2018, (ii) entered into derivative transactions in the form of either puts or other mutually agreeable hedging instruments to hedge the price risk associated with at least 80% of the projected production from the existing Piceance inventory drilled but uncompleted wells expected to commence production during 2016 and (iii) mutually agreed with Par, the Company and the participants in the Other Financing Commitments concerning the public disclosure of the transactions contemplated by this Equity Commitment Letter, the Agreement and the Other Financing Commitments, (d) To the extent the Company has not elected to redeem the Preferred Equity, the terms and conditions of the Preferred Equity will provide that Par has a contractual right to redeem the Preferred Equity in the event there is an uncured or the Company hasn't received a waiver regarding an Event of Default under the Company's existing Senior Secured Credit Agreement section 11.1 (a), (b), and with respect (c) exclusively applicable to Section 4.6 and Article X at a price equal to then applicable Liquidation Preference Amount, as such term is defined in Annex B , in the final definitive agreements concerning the Preferred Equity in form and substance acceptable to Par, (e) the agreement by Piceance and the Company to provide to Par such information as is necessary in order for Par or any of its affiliates to comply with the reporting and disclosure obligations under the rules and regulations of the Securities and Exchange Commission, including but not limited to Regulation S-X, Form 10-K and Form 8-K, including that such information is provided in a timely manner so as to allow Par and its regularly retained accounting firm to review the information and timely make the necessary filings, (f) the satisfaction in full at or prior to the Closing of each of the conditions set forth in the Agreement (other than any conditions that by their nature are to be satisfied at the Closing but subject to the prior or substantially concurrent satisfaction of such conditions), (g) the substantially contemporaneous consummation

of the Closing and (h) the substantially contemporaneous closing of the Other Financing Commitments on the terms and conditions set forth in this Equity Commitment Letter and that are otherwise acceptable to Par and Piceance.

3. Enforceability; Third-Party Beneficiary . There is no express or implied intention to benefit any third party including, without limitation, the Company and nothing contained in this Equity Commitment Letter is intended, nor shall anything herein be construed, to confer any rights, legal or equitable, in any person or entity other than Piceance. Under no circumstances shall Par be liable for any costs or damages including, without limitation, any special, incidental, consequential, exemplary or punitive damages, to any person or entity, including the Company, in respect of this Equity Commitment Letter.

4. Term . This commitment will be effective upon your acceptance of the terms and conditions of this Equity Commitment Letter and will expire on the earlier to occur of (i) March 2, 2016, (ii) the Closing pursuant to the Agreement or (iii) the termination of the Agreement pursuant to its terms. By your acceptance hereof, Piceance acknowledges, covenants and agrees, on behalf of itself, its affiliates, and any person claiming by, through or on behalf of any of them, that all claims that may be based upon or otherwise relate to this Equity Commitment Letter or the negotiation, execution, performance or breach of this Equity Commitment Letter, including any representation or warranty made or alleged to have been made in connection with, or as an inducement to, this Equity Commitment Letter, may be made only against (and are expressly limited to) Par, and no other person (including any past, present or future director, officer, employee, member, partner, manager, direct or indirect equityholder, management company, affiliate, agent, attorney or representative of Par) shall have any liability or obligation in respect of this Equity Commitment Letter or any such claim.

5. No Modification; Entire Agreement . This Equity Commitment Letter may not be amended or otherwise modified without the prior written consent of Par and Piceance. Together with the Agreement and the Definitive Documents, this Equity Commitment Letter constitutes the sole agreement, and supersedes all prior agreements, understandings and statements, written or oral, between Par and Piceance with respect to the transactions contemplated hereby. Each of the parties acknowledges that each party and its respective counsel have reviewed this Equity Commitment Letter and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Equity Commitment Letter.

6. Governing Law . This Equity Commitment Letter shall be governed by, and construed in accordance with, the laws of the State of Texas (without giving effect to the conflict of laws principles thereof). Each party to this Equity Commitment Letter hereby irrevocably and unconditionally agrees that any action, suit or proceeding, at law or equity, arising out of or relating to this Equity Commitment Letter or any agreements or transactions contemplated hereby shall only be brought in any federal court of the Southern District of Texas or any state court located in Harris County, Texas, and hereby irrevocably and unconditionally expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and hereby irrevocably and unconditionally waives (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such action, suit or

proceeding, and to any trial by jury to the extent permitted by applicable law. Each party hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts. Nothing herein contained shall be deemed to affect the right of any party to serve process in any manner permitted by law or commence legal proceedings or otherwise proceed against any other party in any other jurisdiction to enforce judgments obtained in any action, suit or proceeding brought pursuant to this section.

7. Assignments . This Equity Commitment Letter may not be assigned by Piceance without the prior written consent of Par (and any purported assignment without such consent will be null and void). Par may assign its commitments and agreements hereunder, in whole or in part, to any of its affiliates prior to the execution of Definitive Documentation. This Equity Commitment Letter may not be amended nor may any term or provision hereof or thereof waived or otherwise modified except by an instrument in writing signed by each of the parties hereto and any term or provision hereof or thereof may be amended or waived only by a written agreement executed and delivered by all parties hereto.

8. Counterparts . This Equity Commitment Letter may be executed in any number of counterparts (including by e-mail of PDF or scanned versions or by facsimile), each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

9. Interpretation . Headings are used for reference purposes only and do not affect the meaning or interpretation of this Equity Commitment Letter. When a reference is made in this Equity Commitment Letter to a Section, such reference shall be to a Section of this Equity Commitment Letter unless otherwise indicated. The word “including” and words of similar import when used in this Equity Commitment Letter will mean “including, without limitation,” unless otherwise specified.

[*Remainder of page intentionally left blank*]

PAR PACIFIC HOLDINGS, INC.

By: /s/ William Pate
William Pate
President & Chief Executive Officer

Agreed and accepted as of the date
first written above:

PICEANCE ENERGY, LLC

By: /s/ Robert S. Boswell
Name: Robert S. Boswell
Title: Chairman & CEO

SIGNATURE PAGE FOR EQUITY COMMITMENT LETTER

PAR PACIFIC HOLDINGS, INC.

AMENDED AND RESTATED CODE OF BUSINESS CONDUCT AND ETHICS FOR EMPLOYEES, EXECUTIVE OFFICERS AND DIRECTORS

EFFECTIVE DECEMBER 3, 2015

Introduction

Par Pacific Holdings, Inc. and its subsidiaries (***"Par"***) are committed to maintaining the highest standards of business conduct and ethics. This Code of Business Conduct and Ethics (the ***"Code"***) reflects the business practices and principles of behavior that support this commitment. Par expects every employee, officer and director to read and understand the Code and its application to the performance of his or her business responsibilities. This Code applies to all employees, directors, officers and consultants of Par.

Officers, managers and other supervisors are expected to develop in employees a sense of commitment to the spirit, as well as the letter, of the Code. Supervisors are also expected to ensure that all agents and contractors conform to Code standards when working for or on behalf of Par. In addition, any employee who makes an exemplary effort to implement and uphold Par's legal and ethical standards will be recognized for that effort in his or her performance review. This Code supersedes all other codes of conduct, policies, procedures, instructions, practices, rules or written or verbal representations to the extent that they are inconsistent with this Code. However, nothing in this Code otherwise alters the at-will employment policy of Par. Par is committed to continuously reviewing and updating its policies and procedures. This Code, therefore, is subject to modification.

This Code cannot possibly describe every practice or principle related to honest and ethical conduct. The Code addresses conduct that is particularly important to proper dealings with the people and entities with whom Par interacts, but reflects only a part of Par's commitment. From time to time Par may adopt additional policies and procedures with which Par's employees, officers and directors are expected to comply, if applicable to them. However, it is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions where there is no stated guideline in the Code.

Action by members of your family, significant others or other persons who live in your household (referred to in the Code as " ***family members*** ") also may potentially result in ethical issues to the extent that they involve Par's business. For example, acceptance of inappropriate gifts by a family member from one of Par's suppliers could create a conflict of interest and result in a Code violation attributable to you. Consequently, in complying with the Code, you should consider not only your own conduct, but also that of your family members, significant others and other persons who live in your household.

YOU SHOULD NOT HESITATE TO ASK QUESTIONS ABOUT WHETHER ANY CONDUCT MAY VIOLATE THE CODE, VOICE CONCERNS OR CLARIFY GRAY AREAS. SECTION 17 BELOW DETAILS THE COMPLIANCE RESOURCES AVAILABLE TO YOU. IN ADDITION, YOU SHOULD BE ALERT TO POSSIBLE VIOLATIONS OF THE CODE BY OTHERS AND REPORT SUSPECTED VIOLATIONS, WITHOUT FEAR OF ANY FORM OF RETALIATION, AS FURTHER DESCRIBED IN SECTION 17 BELOW. Violations of the Code will not be tolerated. Any employee who violates the standards in the Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the employee, may range from a warning or reprimand to and including termination of employment and, in appropriate cases, civil legal action or referral for regulatory or criminal prosecution.

The Code represents an effective compliance program as required under the Federal Sentencing Guidelines, which are a product of the United States Sentencing Commission, created by the Sentencing Reform Act of 1984. The Code is designed to detect an offense before discovery outside of Par, or before the discovery is reasonably likely, and to provide reasonable assurances that no individual with operational responsibility for Par's compliance program will participate in, condone or willfully ignore criminal conduct in Par. If it is determined that criminal conduct has occurred, Par will assess its compliance program and make appropriate modifications to prevent such conduct from recurring, including consultation with outside professional advisors as to what modifications should be made and how to comply with such modifications.

1. Honest and Ethical Conduct

It is the policy of Par to promote high standards of integrity by conducting Par's affairs in an honest and ethical manner. The integrity and reputation of Par depends on the honesty, fairness and integrity brought to the job by each person associated with Par. Unyielding personal integrity is the foundation of corporate integrity.

2. Legal Compliance

Obeying the law, both in letter and in spirit, is the foundation of this Code. Par's success depends upon each employee's operating within legal guidelines and cooperating with local, national and international authorities. Par expects employees to understand the legal and regulatory requirements applicable to their business units and areas of responsibility. Par holds periodic training sessions to ensure that all employees comply with the relevant laws, rules and regulations associated with their employment, including laws prohibiting insider trading (which are discussed in further detail in Section 3 below). While Par does not expect you to memorize every detail of these laws, rules and regulations, Par wants you to be able to determine when to seek advice from others. If you do have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor or a Compliance Officer (as further described in Section 17 below).

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as Par, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits, and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with Par's legal and ethical obligations.

3. Insider Trading

Employees who have access to confidential (or " ***inside*** ") information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct Par's business. All non-public information about Par or about companies with which Par does business is considered confidential information. To use material non-public information in connection with buying or selling securities, including "tipping" others who might make an investment decision on the basis of this information, is not only unethical, it is illegal. Employees must exercise the utmost care when handling material inside information.

Par has adopted a separate insider trading policy with which you are expected to comply as a condition of your employment with Par. If applicable, you should consult that insider trading policy for more specific information on the definition of inside information and on buying and selling Par's securities or securities of companies with which Par does business.

4. International Business Laws

Our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where Par otherwise does business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that in some countries certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, Par expects employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S.

These U.S. laws, rules and regulations, which extend to all Par's activities outside the U.S., include:

- The U.S. Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment, and requires the maintenance of accurate books of account, with all company transactions being properly recorded;

- U.S. Embargoes, which restrict or, in some cases, prohibit companies, their subsidiaries and their employees from doing business with certain other countries identified on a list that changes periodically (including, for example, Cuba, Iran, Sudan and Syria) or specific companies or individuals;

- Export Controls, which restrict travel to designated countries or prohibit or restrict the export of goods, services and technology to designated countries, denied persons or denied entities from the U.S., or the re-export of U.S. origin goods from the country of original destination to such designated countries, denied companies or denied entities; and

- Antiboycott Compliance, which prohibits U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott that is fostered or imposed by a foreign country against a country friendly to the U.S. or against any U.S. person.

If you have a question as to whether an activity is restricted or prohibited, seek assistance before taking any action, including giving any verbal assurances that might be regulated by international laws.

5. Antitrust

Antitrust laws are designed to protect the competitive process. These laws are based on the premise that the public interest is best served by vigorous competition and will suffer from illegal agreements or collusion among competitors. Antitrust laws generally prohibit:

- agreements, formal or informal, with competitors that harm competition or customers, including price fixing and allocations of customers, territories or contracts;
- agreements, formal or informal, that establish or fix the price at which a customer may resell a product; and
- the acquisition or maintenance of a monopoly or attempted monopoly through anticompetitive conduct.

Certain kinds of information, such as pricing, production and inventory, should not be exchanged with competitors, regardless of how innocent or casual the exchange may be and regardless of the setting, whether business or social.

Antitrust laws impose severe penalties for certain types of violations, including criminal penalties and potential fines and damages of millions of dollars, which may be tripled under certain circumstances. Understanding the requirements of antitrust and unfair competition laws of the various jurisdictions where Par does business can be difficult, and you are urged to seek assistance from your supervisor or a Compliance Officer (as further described in Section 17 below) whenever you have a question relating to these laws.

6. Environmental Compliance

Federal law imposes criminal liability on any person or company that contaminates the environment with any hazardous substance that could cause injury to the community or environment. Violation of environmental laws can involve monetary fines and imprisonment. Par expects employees to comply with all applicable environmental laws.

It is Par's policy to conduct Par's business in an environmentally responsible way that minimizes environmental impacts. Par is committed to minimizing and, if practicable, eliminating the use of any substance or material that may cause environmental damage, reducing waste generation and disposing of all waste through safe and responsible methods, minimizing environmental risks by employing safe technologies and operating procedures, and being prepared to respond appropriately to accidents and emergencies.

7. Conflicts of Interest

Par respects the rights of Par's employees to manage their personal affairs and investments and do not wish to impinge on their personal lives. At the same time, employees should avoid conflicts of interest that occur when their personal interests may interfere in any way with the performance of their duties or the best interests of Par. A conflicting personal interest could result from an expectation of personal gain now or in the future or from a need to satisfy a prior or concurrent personal obligation. Par expects employees to be free from influences that conflict with the best interests of Par or might deprive Par of their undivided loyalty in business dealings. Even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided. Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest are prohibited unless specifically authorized as described below.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, and you are *not* an officer or director of Par, you should discuss the matter with your supervisor or a Compliance Officer (as further described in Section 17 below). Supervisors may not authorize conflict of interest matters without first seeking the approval of a Compliance Officer and providing the Compliance Officer with a written description of the activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with a Compliance Officer. Officers and directors may seek authorization from the Audit Committee of the Board of Directors (the " ***Audit Committee*** "). Factors that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the employee's job performance, responsibilities or morale;
- whether the employee has access to confidential information;
- whether it may interfere with the job performance, responsibilities or morale of others within the organization;
- any potential adverse or beneficial impact on Par's business;
- any potential adverse or beneficial impact on Par's relationships with Par's customers or suppliers or other service providers;
- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the employee;
- the extent to which it would result in financial or other benefit (direct or indirect) to one of Par's customers, suppliers or other service providers; and
- the extent to which it would appear improper to an outside observer.

Although no list can include every possible situation in which a conflict of interest could arise, the following are examples of situations that may, depending on the facts and circumstances, involve conflicts of interests:

- *Employment by (including consulting for) or service on the board of directors of a competitor, customer or supplier or other service provider.* Activity that enhances or supports the position of a competitor to the detriment of Par is prohibited, including employment by or service on the board of a competitor. Employment by or service on the board of directors of a customer or supplier or other service provider is generally discouraged and you must seek authorization in advance if you plan to take such a position.
- *Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with Par.* In addition to the factors described above, persons evaluating ownership in other entities for conflicts of interest will consider: the size and nature of the investment; the nature of the relationship between the other entity and Par; the employee's access to confidential information; and the employee's ability to influence Par's decisions. If you would like to acquire a financial interest of that kind, you must seek approval in advance.
- *Soliciting or accepting gifts, favors, loans or preferential treatment from any person or entity that does business or seeks to do business with Par.* See Section 12 below for further discussion of the issues involved in this type of conflict.

- *Soliciting contributions to any charity or for any political candidate from any person or entity that does business or seeks to do business with Par.*

- *Taking personal advantage of corporate opportunities.* See Section 9 below for further discussion of the issues involved in this type of conflict.

- *Moonlighting without permission.*

- *Conducting Par's business transactions with your family member or a business in which you have a significant financial interest.* Material related-party transactions approved by the Audit Committee and involving any executive officer or director will be publicly disclosed as required by applicable laws and regulations.

- *Exercising supervisory or other authority on behalf of Par over a co-worker who is also a family member.* The employee's supervisor and/or a Compliance Officer will consult with the Human Resources Department to assess the advisability of reassignment.

Loans to, or guarantees of obligations of, employees or their family members by Par could constitute an improper personal benefit to the recipients of these loans or guarantees, depending on the facts and circumstances. Some loans are expressly prohibited by law, and applicable law requires that Par's Board of Directors approve all loans and guarantees to employees. As a result, all loans and guarantees by Par must be approved in advance by the Board of Directors or the Audit Committee.

At the date of adoption of this Code, Par has members of its Board of Directors who are partners or employees of investment funds, and this Code needs to acknowledge the fact that such investment funds and related investment entities routinely invest in companies, some of which may be engaged in the same lines of business as Par. As a result, notwithstanding anything in this Code to the contrary, if a member of Par's Board of Directors who is also a partner or employee of an entity that is in the business of investing and reinvesting in other entities, or an employee of an entity that manages such an entity (each, a ***"Fund"***) acquires knowledge of a potential transaction or other matter in such individual's capacity as a partner, manager or employee of the Fund (and other than directly in connection with such individual's service as a member of Par's Board of Directors) and that may be an opportunity of interest for both Par and such Fund (a ***"Corporate Opportunity"***), then Par has no expectancy that such director or Fund offer an opportunity to participate in such Corporate Opportunity to Par. In addition, any investment or other involvement by such director or Fund shall not be a conflict or potential conflict of interest if such director acts in good faith.

8. Treatment with Fairness and Respect

You are critical to the success of Par, and Par's policy is to treat you with fairness and respect. Par is an equal opportunity employer. Par does not tolerate discrimination against applicants or employees based on race, religion, gender, age, marital status, national origin, sexual orientation, citizenship status or other protected characteristics or disability. Par prohibits discrimination in decisions concerning recruitment, hiring, compensation, benefits, training, termination, promotions or any other condition of employment or career development. Par is committed to providing a work environment that is free from discrimination and/or harassment. Par will not tolerate the use of discriminatory slurs; unwelcome, unsolicited sexual advances or harassment; or any other remarks, jokes or conduct that create or foster an offensive or hostile work environment. Each person, at every level of the organization, must act with respect toward customers, co-workers and outside firms.

9. Corporate Opportunities

You may not take personal advantage of opportunities for Par that are presented to you or discovered by you as a result of your position with Par or through your use of corporate property or information, unless authorized by your supervisor, a Compliance Officer or the Audit Committee, as described in Section 7 above. Even opportunities that are acquired privately by you may be questionable if they are related to Par's existing or proposed lines of business. Participation in an investment or outside business opportunity that is directly related to Par's lines of business must be pre-approved. You may not use your position with Par or corporate property or information for improper personal gain, nor should you compete with Par in any way.

10. Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting

The integrity of Par's records and public disclosure depends upon the validity, accuracy and completeness of the information supporting the entries to Par's books of account. Therefore, Par's corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Par's records serve as a basis for managing its business and are important in meeting its obligations to customers, suppliers, creditors, employees and others with whom Par does business. As a result, it is important that Par's books, records and accounts accurately and fairly reflect, in reasonable detail, Par's assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. Par requires that:

- no entry be made in Par's books and records that intentionally hides or disguises the nature of any transaction or of any of Par's liabilities, or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in Par's books and records;
- employees comply with Par's system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or "off-the-books" fund.

Par's accounting records are also relied upon to produce reports for its management, stockholders and creditors, as well as governmental agencies. In particular, Par relies upon its accounting and other business and corporate records in preparing periodic and current reports that it files with the Securities and Exchange Commission (the ***"SEC"***). Securities laws require that these reports provide full, fair, accurate, timely and understandable disclosure and fairly present Par's financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that Par's financial disclosure is accurate and transparent and that Par's reports contain all of the information about Par that would be important to enable stockholders and potential investors to assess the soundness and risks of Par's business and finances and the quality and integrity of Par's accounting and disclosures. In addition:

- no employee may take or authorize any action that would cause Par's financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;

- all employees must cooperate fully with Par's Accounting Department, as well as Par's independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that Par's books and records, as well as Par's reports filed with the SEC, are accurate and complete; and

- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of Par's reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of Par's reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a supervisor, a Compliance Officer, the Audit Committee, one of the other compliance resources described in Section 17 below, or in accordance with the provisions of Par's Whistleblower Policy. The Whistleblower Policy is a supplement to the Code and should be read in conjunction with the Code.

11. Fair Dealing

Par strives to outperform its competition fairly and honestly. Advantages over Par's competitors are not to be obtained through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance Par's interests. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or a Compliance Officer, as further described in Section 17 below.

You are expected to deal fairly with Par's customers, suppliers, employees and anyone else with whom you have contact in the course of performing your job. Be aware that the Federal Trade Commission Act provides that "unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are declared unlawful." It is a violation of the Federal Trade Commission Act to engage in deceptive, unfair or unethical practices, and to make misrepresentations in connection with sales activities.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

12. Gifts and Entertainment

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. The exchange, as a normal business courtesy, of meals or entertainment (such as tickets to a game or the theatre or a round of golf) is a common and acceptable practice as long as it is not extravagant. Unless express permission is received from a supervisor, a Compliance Officer or the Audit Committee, gifts and entertainment cannot be offered, provided or accepted by any employee unless consistent with customary business practices and not excessive in value. This principle applies to Par's transactions everywhere in the world, even where the practice is widely considered "a way of doing business." Employees should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties. Par's customers, suppliers and the public at large should know that Par's employees' judgment is not for sale.

Under some statutes, such as the U.S. Foreign Corrupt Practices Act (further described in Section 4 above), giving anything of value to a government official to obtain or retain business or favorable treatment is a criminal act subject to prosecution and conviction. Discuss with your supervisor or a Compliance Officer any proposed entertainment or gifts if you are uncertain about their appropriateness.

13. Protection and Proper Use of Company Assets

All employees are expected to protect Par's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on Par's financial condition and results of operations. Par's property, such as office supplies, computer equipment, laboratory supplies and office, manufacturing or laboratory space, is expected to be used only for legitimate business purposes, although incidental personal use may be permitted. You may not, however, use Par's corporate name, any brand name or trademark owned or associated with Par or any letterhead stationery for any personal purpose.

You may not, while acting on behalf of Par or while using its computing or communications equipment or facilities, either:

- access the internal computer system (also known as "hacking") or other resource of another entity without express written authorization from the entity responsible for operating that resource; or

- commit any unlawful or illegal act, including harassment, libel, fraud, sending of unsolicited bulk email (also known as "spam") in violation of applicable law, trafficking in contraband of any kind, or espionage.

If you receive authorization to access another entity's internal computer system or other resource, you must make a permanent record of that authorization so that it may be retrieved for future reference, and you may not exceed the scope of that authorization.

Unsolicited bulk email is regulated by law in a number of jurisdictions. If you intend to send unsolicited bulk email to persons outside of Par, either while acting on Par's behalf or using Par's computing or communications equipment or facilities, you should contact your supervisor or a Compliance Officer for approval.

All data residing on or transmitted through Par's computing and communications facilities, including email and word processing documents, is the property of Par and subject to inspection, retention and review by Par, with or without an employee's or third party's knowledge, consent or approval, in accordance with applicable law. Any misuse or suspected misuse of Par's assets must be immediately reported to your supervisor or a Compliance Officer.

14. Confidentiality

One of Par's most important assets is its confidential information. As an employee of Par, you may learn of information about Par that is confidential and proprietary. You also may learn of information before that information is released to the general public. Employees who have received or have access to confidential information should take care to keep this information confidential. Confidential information includes non-public information that might be of use to competitors or harmful to Par or its customers if disclosed, such as leases, maps, geophysical data, business and marketing plans, financial information, engineering ideas, designs, databases, customer lists, pricing strategies, personnel data, personally identifiable information pertaining to Par's employees, customers or other individuals (including, for example, names, addresses, telephone numbers and social security numbers), and similar types of information provided to Par by its customers, suppliers and partners. This information may be protected by patent, trademark, copyright and trade secret laws.

In addition, because Par interacts with other companies and organizations, there may be times when you learn confidential information about other companies before that information has been made available to the public. You must treat this information in the same manner as you are required to treat Par's confidential and proprietary information. There may even be times when you must treat as confidential the fact that Par has an interest in, or is involved with, another company.

You are expected to keep confidential and proprietary information confidential unless and until that information is released to the public through approved channels (usually through a press release, a filing with the SEC or a formal communication from a member of senior management, as further described in Section 15 below). Every employee has a duty to refrain from disclosing to any person confidential or proprietary information about Par or any other company learned in the course of employment with Par, until that information is disclosed to the public through approved channels. This policy requires you to refrain from discussing confidential or proprietary information with outsiders and even with other Par employees, unless those fellow employees have a legitimate need to know the information in order to perform their job duties. Unauthorized use or distribution of this information could also be illegal and result in civil liability and/or criminal penalties.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks, data storage devices and laptop computers, should be stored securely. Unauthorized posting or discussion of any information concerning Par's business, information or prospects on the Internet is prohibited. You may not discuss Par's business, information or prospects in any "chat room," regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas within Par, such as the reception area. All Par e-mails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of Par, except where required for legitimate business purposes.

In addition to the above responsibilities, if you are handling information protected by any privacy policy published by Par, then you must handle that information in accordance with the applicable policy.

15. Media/Public Discussions

It is Par's policy to disclose material information concerning Par to the public only through specific limited channels to avoid inappropriate publicity and to ensure that all those with an interest in the company will have equal access to information. All inquiries or calls from the press and financial analysts should be referred to Director, Investor Relations. Par has designated its Chief Executive Officer and Director, Investor Relations as the company's official spokespersons for financial matters and for marketing, technical and other related information. Unless a specific exception has been made by the Chief Executive Officer, these designees are the only people who may communicate with the press on behalf of Par. You also may not provide any information to the media about Par off the record, for background, confidentially or secretly.

16. Waivers

Waivers of the Code may only be granted by the Chairman of the Audit Committee; provided, however, that any waiver of the Code for executive officers (including, where required by applicable laws, Par's principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions)) or directors may be granted only by the Board of Directors or a committee of the Board of Directors. Any such waiver of the Code for executive officers or directors, and the reasons for such waiver, will be disclosed as required by applicable laws, rules or securities market regulations.

17. Compliance Standards and Procedures *Compliance Resources*

To facilitate compliance with this Code, Par has implemented a program of Code awareness, training and review. Par has established the position of Compliance Officer to oversee this program. The Compliance Officers are persons to whom you can address any questions or concerns. The Compliance Officers are:

General Counsel   Chief Financial Officer
Par Pacific Holdings, Inc.   Par Pacific Holdings, Inc.
One Memorial Plaza   One Memorial Plaza
800 Gessner Road, Suite 875   800 Gessner Road, Suite 875
Houston, TX 77024   Houston, TX 77024
Telephone: (281) 899-4800   Telephone: (281) 899-4800

In addition to fielding questions or concerns with respect to potential violations of this Code, the Compliance Officers are responsible for:

- investigating possible violations of the Code;
- training new employees in Code policies;
- conducting annual training sessions to refresh employees' familiarity with the Code;
- distributing copies of the Code annually via e-mail to each employee with a reminder that each employee is responsible for reading, understanding and complying with the Code;
- updating the Code as needed and alerting employees to any updates, with appropriate approval of the Audit Committee, to reflect changes in the law, Par's operations and in recognized best practices, and to reflect Par's experience; and otherwise promoting an atmosphere of responsible and ethical conduct.
- otherwise promoting an atmosphere of responsible and ethical conduct.

Your most immediate resource for any matter related to the Code is your supervisor. He or she may have the information you need, or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with a Compliance Officer. If you are uncomfortable speaking with a Compliance Officer because he or she works in your department or is one of your supervisors, please contact the Chief Executive Officer or the Chairman of the Audit Committee. Of course, if your concern involves potential misconduct by another person and relates to questionable accounting or auditing matters under the

Whistleblower Policy, you may report that violation in accordance with the procedures set forth in such policy.

An anonymous toll-free compliance hotline at 855-840-0070, and an incident submission portal at www.lighthouse-services.com/ppetrol are available to those who wish to ask questions about Par's policy, seek guidance on specific situations or report violations of the Code. Please note that if you contact the hotline or website on an anonymous basis, the Compliance Officers will be unable to obtain follow-up details from you that may be necessary to investigate the matter. Whether you identify yourself or remain anonymous, your contact with the toll-free compliance hotline will be kept strictly confidential to the extent reasonably possible within the objectives of the Code.

Clarifying Questions and Concerns; Reporting Possible Violations

If you encounter a situation or are considering a course of action and its appropriateness is unclear, discuss the matter promptly with your supervisor or a Compliance Officer; even the appearance of impropriety can be very damaging and should be avoided.

If you are aware of a suspected or actual violation of Code standards by others, you have a responsibility to report it. You are expected to promptly provide a compliance resource with a specific description of the violation that you believe has occurred, including any information you have about the persons involved and the time of the violation. Whether you choose to speak with your supervisor or to a Compliance Officer, you should do so without fear of any form of retaliation. Par will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment.

Supervisors must promptly report any complaints or observations of Code violations to a Compliance Officer. If you believe your supervisor has not taken appropriate action, you should contact a Compliance Officer directly. The Compliance Officers will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Neither you nor your supervisor may conduct any preliminary investigation, unless authorized to do so by a Compliance Officer. Your cooperation in the investigation will be expected. As needed, the Compliance Officers will consult with the Human Resources Department and/or the Audit Committee. It is Par's policy to employ a fair process by which to determine violations of the Code.

With respect to any complaints or observations of Code violations that may involve accounting, internal accounting controls and auditing concerns, the Compliance Officers shall promptly inform the chair of the Audit Committee, and the Audit Committee or such other persons as the Audit Committee determines to be appropriate under the circumstances shall be responsible for supervising and overseeing the inquiry and any investigation that is undertaken.

If any investigation indicates that a violation of the Code has probably occurred, Par will take such action as it believes to be appropriate under the circumstances. If Par determines that an employee is responsible for a Code violation, he or she will be subject to disciplinary action up to, and including, termination of employment and, in appropriate cases, civil legal action or referral for regulatory or criminal prosecution. Appropriate action may also be taken to deter any future Code violations.

18. Dissemination and Amendment

This Code will be distributed to each new employee, officer and director of Par upon commencement of his or her employment or other relationship with Par and will also be distributed annually. Par may amend this Code at any time. Par will disclose any amendments pertaining to executive officers or directors as required by law or securities market regulations. The most current version of this Code can be found on Par's website.

19. Certification

All directors, officers, employees and consultants must certify, in writing or electronically, that they have received, read, understood, and shall abide by this Code. Please return the attached certification immediately.

Par Pacific Holdings, Inc.

Code of Business Conduct and Ethics

Certification

As applicable to my work responsibilities:

1. I will deal honestly and ethically with Par and on Par’s behalf in all matters.
2. I will avoid actual or apparent conflicts with Par’s interests.
3. I will advance Par’s business interests when the opportunity to do so arises.
4. I will comply with Par’s standards, policies and procedures regarding gifts, meals and entertainment.
5. I will ensure the accuracy and integrity of Par’s books, records and accounts.
6. I will protect the confidential information of customers and others which I receive in the course of conducting Par business.
7. I will ensure that, in all reports and documents filed with or submitted to the United States Securities and Exchange Commission by Par and in other public communications made by Par, Par’s disclosures are full, fair, accurate, timely and understandable.
8. I will comply with all laws, rules and regulations applicable to my work responsibilities in every country in which Par does business.
9. I will comply with all Par standards, policies and procedures.
10. I will protect Par’s assets, and promote their efficient and legitimate business use.
11. I will protect Par’s confidential information.
12. I will protect the health and safety of Par employees.
13. I will use Par’s electronic media for legitimate business purposes.

I certify that I have received, read, understood and will abide by the **Code of Business Conduct and Ethics.**

____
Signature

____
Name

____
Date

3573858v3

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Name	**Jurisdiction**
Par Piceance Energy Equity, LLC	Delaware
Texadian Energy, Inc.	Delaware
Par Petroleum, LLC	Delaware
EWI, LLC	Delaware
Par Washington, LLC	Delaware
Par Utah, LLC	Delaware
Par New Mexico, LLC	Delaware
HEWW Equipment, LLC	Delaware
HIE Retail, LLC	Hawaii
Par Hawaii Refining, LLC	Hawaii
Texadian Energy Canada Limited	Alberta, Canada
Par Hawaii, Inc.	Hawaii
Mid Pac Petroleum, LLC	Delaware
Mid Pac CS, LLC	Hawaii
Inter Island Petroleum, Inc.	Hawaii
Kauai Petroleum Co., Ltd.	Hawaii
Oahu Petroleum, Inc.	Hawaii
Kauai Automated Fuel Service, Inc.	Hawaii
Senter Petroleum, Inc.	Hawaii
Island Petroleum, Inc.	Hawaii
Laramie Energy, LLC (42.3% interest)	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-185612 and 333-208575 on Form S-8 and Registration Statement Nos. 333-192519, 333-195662 and 333-204597 on Form S-3 of our reports dated March 3, 2016 , relating to the consolidated financial statements of Par Pacific Holdings, Inc. and subsidiaries and the effectiveness of Par Pacific Holdings, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Par Pacific Holdings, Inc. for the year ended December 31, 2015.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
March 3, 2016

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement Nos. 333-185612 and 333-208575 on Form S-8 and Registration Statement Nos. 333-192519, 333-195662 and 333-204597 on Form S-3 of Par Pacific Holdings, Inc of our report dated February 27, 2015 and updated for Note 1 on February 26, 2016, with respect to the balance sheets of Laramie Energy, LLC (formerly Piceance Energy, LLC) as of December 31, 2014 and 2013, and the related statements of operations, members' equity, and cash flows for each of the two years in the period ended December 31, 2014, appearing in the Annual Report on Form 10-K of Par Pacific Holdings, Inc for the fiscal year ended December 31, 2015.

/s/ EKS&H LLLP

Denver, Colorado
March 3, 2016

Exhibit 23.3

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the inclusion in this Annual Report on Form 10-K of Par Pacific Holdings, Inc. for the year ended December 31, 2015, of our report dated February 25, 2016, with respect to estimates of reserves and future net revenue of Par Pacific Holdings, Inc. ("Par Pacific"), as of December 31, 2015, and to all references to our firm included in this Annual Report. We also hereby consent to the incorporation by reference of the references to our firm, in the context in which they appear, and of our reserves report as of December 31, 2015, and references thereto, into Par Pacific's Registration Statement Nos. 333-185612 and 333-208575 on Form S-8 and Registration Statement Nos. 333-192519, 333-195662 and 333-204597.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ C.H. (Scott) Rees III
C.H. (Scott) Rees III, P.E.
Chairman and Chief Executive Officer

Dallas, Texas
March 3, 2016

Exhibit 23.4

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement Nos. 333-185612 and 333-208575 on Forms S-8 and Registration Statement Nos. 333-192519, 333-195662 and 333-204597 on Forms S-3 of Par Pacific Holdings, Inc. of our report dated February 26, 2016 related to the financial statements of Laramie Energy, LLC as of and for the year ended December 31, 2015, appearing in this Annual Report on Form 10-K of Par Pacific Holdings, Inc. for the year ended December 31, 2015.

/s/ DELOITTE & TOUCHE LLP

Denver, Colorado
March 3, 2016

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William Pate, certify that:

1. I have reviewed this annual report on Form 10-K of Par Pacific Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2016

/s/ WILLIAM PATE
William Pate
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher Micklas, certify that:

1. I have reviewed this annual report on Form 10-K of Par Pacific Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2016

/s/ CHRISTOPHER MICKLAS
Christopher Micklas
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2015 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William Pate, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 3, 2016

/s/ WILLIAM PATE
William Pate
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Par Pacific Holdings, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2015 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, Christopher Micklas, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 3, 2016

/s/ CHRISTOPHER MICKLAS
Christopher Micklas
Chief Financial Officer

February 25, 2016

Mr. Chris Micklas
Par Pacific Holdings, Inc.
One Memorial City Plaza, Suite 875
800 Gessner Road
Houston, Texas 77024

Dear Mr. Micklas:

In accordance with your request, we have estimated the proved reserves and future revenue, as of December 31, 2015, to the Par Pacific Holdings, Inc. (Par) interest in certain oil and gas properties located in Colorado and New Mexico. We completed our evaluation on or about the date of this letter. It is our understanding that the proved reserves estimated in this report constitute all of the proved reserves owned by Par. The estimates in this report have been prepared in accordance with the definitions and regulations of the U.S. Securities and Exchange Commission (SEC) and, with the exception of the exclusion of future income taxes, conform to the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas. Definitions are presented immediately following this letter. This report has been prepared for Par's use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

We estimate the net reserves and future net revenue to the Par interest in these properties, as of December 31, 2015, to be:

	Net Reserves			Future Net Revenue (M$)	
Category	Oil (MBBL)	NGL (MBBL)	Gas (MMCF)	Total	Present Worth at 10%
Proved Developed Producing	154.8	966.6	37,479.9	30,129.3	19,425.6
Proved Developed Non-Producing	99.6	964.7	28,208.1	31,220.7	15,166.0
Proved Undeveloped	254.7	2,113.8	68,053.6	42,272.7	5,601.7
Total Proved	509.1	4,045.1	133,741.5	103,622.7	40,193.3

Totals may not add because of rounding.

The oil volumes shown include crude oil and condensate. Oil and natural gas liquids (NGL) volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases.

The estimates shown in this report are for proved reserves. As requested, probable and possible reserves that exist for these properties have not been included. Estimates of proved undeveloped reserves have been included for certain fields that generate positive future net revenue but have negative present worth discounted at 10 percent based on the constant prices and costs discussed in subsequent paragraphs of this letter. These fields have been included based on the operator's declared intent to drill wells within them, as evidenced by Par's internal budget, reserves estimates, and price forecast. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated. Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been adjusted for risk.

Gross revenue is Par's share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for Par's share of production taxes, ad valorem taxes, capital costs, abandonment costs, and operating expenses but before consideration of any income taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

Prices used in this report are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2015. For oil and NGL volumes, the average West Texas Intermediate spot price of $50.28 per barrel is adjusted by field for quality, transportation fees, and market differentials. For gas volumes, the average CIG Rocky Mountains spot price of $2.393 per MMBTU is used for the Colorado properties and the average Henry Hub spot price of $2.587 per MMBTU is used for the New Mexico properties. These average regional spot prices are adjusted by lease for energy content, transportation fees, and market differentials. All prices are held constant throughout the lives of the properties. The average adjusted product prices weighted by production over the remaining lives of the properties are $42.01 per barrel of oil, $14.47 per barrel of NGL, and $2.590 per MCF of gas. By area, these average adjusted prices are $41.98 per barrel of oil, $14.47 per barrel of NGL, and $2.590 per MCF of gas for the Colorado properties and $45.73 per barrel of oil and $2.250 per MCF of gas for the New Mexico properties.

Operating costs used in this report are based on operating expense records of Par. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Operating costs have been divided into field-level costs, per-well costs, and per-unit-of-production costs. Since all properties are nonoperated, headquarters general and administrative overhead expenses of Par are not included. Operating costs are not escalated for inflation.

Capital costs used in this report were provided by Par and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for workovers, new development wells, and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are Par's estimates of the costs to abandon the wells and production facilities, net of any salvage value. Capital costs and abandonment costs are not escalated for inflation.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

We have made no investigation of potential volume and value imbalances resulting from overdelivery or underdelivery to the Par interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Par receiving its net revenue interest share of estimated future gross production.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by Par, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, well test data, production data, historical price and cost information, and property ownership interests. The reserves in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis and analogy, that we considered to be appropriate and necessary to categorize and estimate reserves in accordance with SEC definitions and regulations. A substantial portion of these reserves are for behind-pipe zones, non-producing zones, undeveloped locations, and producing wells that lack sufficient production history upon which performance-related estimates of reserves can be based; such reserves are based on analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from Par, other interest owners, various operators of the properties, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the titles to the properties or independently confirmed the actual degree or type of interest owned. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. Dan Paul Smith, a Licensed Professional Engineer in the State of Texas, has been practicing consulting petroleum engineering at NSAI since 1980 and has over 7 years of prior industry experience. John G. Hattner, a Licensed Professional Geoscientist in the State of Texas, has been practicing consulting petroleum geoscience at NSAI since 1991 and has over 11 years of prior industry experience. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: /s/ C.H. (Scott) Rees III
C.H. (Scott) Rees III, P.E.
Chairman and Chief Executive Officer

By: /s/ Dan Paul Smith	By: /s/ John G. Hattner
Dan Paul Smith, P.E. 49093	John G. Hattner, P.G. 559
Senior Vice President	Senior Vice President
Date Signed: February 25, 2016	Date Signed: February 25, 2016

BWJ:BWY

NETHERLAND, SEWELL & ASSOCIATES, INC.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

The following definitions are set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Section 210.4-10(a). Also included is supplemental information from (1) the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers, (2) the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, and (3) the SEC's Compliance and Disclosure Interpretations.

(1) *Acquisition of properties.* Costs incurred to purchase, lease or otherwise acquire a property, including costs of lease bonuses and options to purchase or lease properties, the portion of costs applicable to minerals when land including mineral rights is purchased in fee, brokers' fees, recording fees, legal costs, and other costs incurred in acquiring properties.

(2) *Analogous reservoir* . Analogous reservoirs, as used in resources assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, an "analogous reservoir" refers to a reservoir that shares the following characteristics with the reservoir of interest:

- (i) Same geological formation (but not necessarily in pressure communication with the reservoir of interest);
- (ii) Same environment of deposition;
- (iii) Similar geological structure; and
- (iv) Same drive mechanism.

Instruction to paragraph (a)(2) : Reservoir properties must, in the aggregate, be no more favorable in the analog than in the reservoir of interest.

(3) *Bitumen* . Bitumen, sometimes referred to as natural bitumen, is petroleum in a solid or semi-solid state in natural deposits with a viscosity greater than 10,000 centipoise measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural state it usually contains sulfur, metals, and other non-hydrocarbons.

(4) *Condensate* . Condensate is a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(5) *Deterministic estimate* . The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

(6) *Developed oil and gas reserves* . Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

> *Supplemental definitions from the 2007 Petroleum Resources Management System:*
>
> *Developed Producing Reserves – Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.*
>
> *Developed Non-Producing Reserves – Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.*

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(7) *Development costs.* Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. More specifically, development costs, including depreciation and applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (i) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines, and power lines, to the extent necessary in developing the proved reserves.
- (ii) Drill and equip development wells, development-type stratigraphic test wells, and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment, and the wellhead assembly.
- (iii) Acquire, construct, and install production facilities such as lease flow lines, separators, treaters, heaters, manifolds, measuring devices, and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems.
- (iv) Provide improved recovery systems.

(8) *Development project* . A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field, or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

(9) *Development well* . A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

(10) *Economically producible* . The term economically producible, as it relates to a resource, means a resource which generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and gas producing activities as defined in paragraph (a)(16) of this section.

(11) *Estimated ultimate recovery (EUR)* . Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

(12) *Exploration costs* . Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as prospecting costs) and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are sometimes referred to as geological and geophysical or "G&G" costs.
- (ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title defense, and the maintenance of land and lease records.
- (iii) Dry hole contributions and bottom hole contributions.
- (iv) Costs of drilling and equipping exploratory wells.
- (v) Costs of drilling exploratory-type stratigraphic test wells.

(13) *Exploratory well* . An exploratory well is a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. Generally, an exploratory well is any well that is not a development well, an extension well, a service well, or a stratigraphic test well as those items are defined in this section.

(14) *Extension well* . An extension well is a well drilled to extend the limits of a known reservoir.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(15) *Field* . An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field which are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to identify localized geological features as opposed to the broader terms of basins, trends, provinces, plays, areas-of-interest, etc.

(16) *Oil and gas producing activities.*

(i) Oil and gas producing activities include:

(A) The search for crude oil, including condensate and natural gas liquids, or natural gas ("oil and gas") in their natural states and original locations;
(B) The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties;
(C) The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition, construction, installation, and maintenance of field gathering and storage systems, such as:
(1) Lifting the oil and gas to the surface; and
(2) Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons); and
(D) Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources which are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction.

Instruction 1 to paragraph (a)(16)(i) : The oil and gas production function shall be regarded as ending at a "terminal point", which is the outlet valve on the lease or field storage tank. If unusual physical or operational circumstances exist, it may be appropriate to regard the terminal point for the production function as:

a. The first point at which oil, gas, or gas liquids, natural or synthetic, are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal; and
b. In the case of natural resources that are intended to be upgraded into synthetic oil or gas, if those natural resources are delivered to a purchaser prior to upgrading, the first point at which the natural resources are delivered to a main pipeline, a common carrier, a refinery, a marine terminal, or a facility which upgrades such natural resources into synthetic oil or gas.

Instruction 2 to paragraph (a)(16)(i): For purposes of this paragraph (a)(16), the term *saleable hydrocarbons* means hydrocarbons that are saleable in the state in which the hydrocarbons are delivered.

(ii) Oil and gas producing activities do not include:

(A) Transporting, refining, or marketing oil and gas;
(B) Processing of produced oil, gas, or natural resources that can be upgraded into synthetic oil or gas by a registrant that does not have the legal right to produce or a revenue interest in such production;
(C) Activities relating to the production of natural resources other than oil, gas, or natural resources from which synthetic oil and gas can be extracted; or
(D) Production of geothermal steam.

(17) *Possible reserves.* Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

(i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

(ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.

(iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.

(iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.

(v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.

(vi) Pursuant to paragraph (a)(22)(iii) of this section, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

(18) *Probable reserves.* Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

(i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

(ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.

(iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

(iv) See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of this section.

(19) *Probabilistic estimate.* The method of estimation of reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience and engineering data) is used to generate a full range of possible outcomes and their associated probabilities of occurrence.

(20) *Production costs.*

(i) Costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. They become part of the cost of oil and gas produced. Examples of production costs (sometimes called lifting costs) are:

(A) Costs of labor to operate the wells and related equipment and facilities.

(B) Repairs and maintenance.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(C) Materials, supplies, and fuel consumed and supplies utilized in operating the wells and related equipment and facilities.
(D) Property taxes and insurance applicable to proved properties and wells and related equipment and facilities.
(E) Severance taxes.

(ii) Some support equipment or facilities may serve two or more oil and gas producing activities and may also serve transportation, refining, and marketing activities. To the extent that the support equipment and facilities are used in oil and gas producing activities, their depreciation and applicable operating costs become exploration, development or production costs, as appropriate. Depreciation, depletion, and amortization of capitalized acquisition, exploration, and development costs are not production costs but also become part of the cost of oil and gas produced along with production (lifting) costs identified above.

(21) *Proved area.* The part of a property to which proved reserves have been specifically attributed.

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and
(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Note to paragraph (a)(26) : Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

a. *Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)*
b. *Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).*

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:

a. *Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.*
b. *Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.*
c. *Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.*
d. *Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.*
e. *Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.*
f. *Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.*

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if not drilled in a known area or "development type" if drilled in a known area.

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- *The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- *The company's historical record at completing development of comparable long-term projects;*
- *The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- *The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*
- *The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.

Exhibit 99.2

FINANCIAL STATEMENTS OF SIGNIFICANT EQUITY METHOD INVESTEE

LARAMIE ENERGY, LLC
Financial Statements
For the Years Ended December 31, 2015, 2014, and 2013

Table of Contents

INDEPENDENT AUDITORS' REPORT

To the Members of
Laramie Energy, LLC
Denver, Colorado

We have audited the accompanying financial statements of Laramie Energy, LLC (the "Company") (formerly Piceance Energy, LLC), which comprise the balance sheet as of December 31, 2015, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laramie Energy, LLC as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

February 26, 2016
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

To the Members of
Laramie Energy, LLC
Denver, Colorado

We have audited the balance sheet of Laramie Energy, LLC (formerly Piceance Energy, LLC) (the "Company") as of December 31, 2014, and the related statements of operations, members' equity, and cash flows for each of the two years in the period ended December 31, 2014, and the related notes to the financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laramie Energy, LLC as of December 31, 2014 and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

EKS&H LLLP

February 27, 2015, except for Note 1, as to which the date is February 26, 2016
Denver, Colorado

Balance Sheets

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 912,012	$ 200,656
Accounts receivable	2,529,421	4,611,276
Prepaid expenses and other current assets	553,208	555,339
Derivative instruments	4,516,289	7,800,242
Total current assets	8,510,930	13,167,513
Property and equipment		
Oil and gas properties, successful efforts method		
Proved properties	624,059,161	551,702,021
Unproved properties	28,558,358	47,606,716
Real estate and ranch property	14,778,213	14,338,615
Office furniture, equipment, and other	3,712,278	3,213,836
	671,108,010	616,861,188
Less: accumulated depletion, depreciation, and amortization	(173,582,134)	(148,968,650)
Total property and equipment, net	497,525,876	467,892,538
Debt issue costs, net of amortization of $894,570 and $657,403 at December 31, 2015 and 2014, respectively	845,916	344,309
Deposit on acquisition	15,750,000	-
Other assets	84,707	142,511
Total assets	$ 522,717,429	$ 481,546,871
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	$ 4,405,204	$ 5,932,475
Oil and gas sales payable	856,732	2,142,552
Accrued liabilities	12,896,164	9,027,800
Total current liabilities	18,158,100	17,102,827
Non-current liabilities		
Notes payable	77,250,000	98,000,000
Derivative instruments	13,339,226	-
Accrued liabilities	740,029	2,333,034
Asset retirement obligation	7,294,893	5,441,375
Total non-current liabilities	98,624,148	105,774,409
Total liabilities	116,782,248	122,877,236
Commitments and contingencies (Note 7)		
Members' equity		
Members' equity	461,471,149	365,046,126
Accumulated deficit	(55,535,968)	(6,376,491)
Total members' equity	405,935,181	358,669,635
Total liabilities and members' equity	$ 522,717,429	$ 481,546,871

See notes to financial statements.

Statements of Operations

	For the Years Ended December 31, 2015	2014	2013
Operating revenues			
Natural gas sales	$ 35,374,165	$ 63,032,534	$ 44,213,800
Condensate sales	2,296,011	4,421,629	4,009,533
Natural gas liquids sales	5,199,768	13,017,260	12,868,042
Total revenues	42,869,944	80,471,423	61,091,375
Operating expenses			
Lease operating expenses	9,723,768	8,107,353	8,819,345
Well workover and facilities repair expense	1,446,111	1,400,616	604,420
Gas gathering and transportation	13,207,077	15,259,915	13,051,645
Natural gas liquids processing and transportation	6,231,638	5,639,389	4,980,619
Production and property taxes	859,936	3,123,448	1,200,467
Lease delay rentals and surface rentals	178,368	42,478	43,833
Depletion, depreciation, and amortization	24,636,627	32,756,248	26,565,916
Impairment of unproved properties	12,272,304	-	-
Abandoned property and expired leases	1,733,014	95,611	-
Accretion of discount on asset retirement obligation	351,484	215,322	155,277
General and administrative	13,213,437	10,318,589	10,866,269
Total operating expenses	83,853,764	76,958,969	66,287,791
(Loss) income from operations	(40,983,820)	3,512,454	(5,196,416)
Other income (expense)			
(Loss) gain on derivative instruments	(5,874,529)	6,161,994	(770,715)
Interest expense	(1,624,269)	(2,540,953)	(2,323,789)
Amortization of debt issue costs	(237,167)	(263,920)	(306,445)
Loan fees	(294,761)	(164,329)	(229,121)
(Loss) gain on disposal of assets	(1,735)	-	10,537
Surface land operating expense	(167,500)	(159,215)	(197,453)
Miscellaneous income	24,304	29,511	36,133
Total other (expense) income	(8,175,657)	3,063,088	(3,780,853)
Net (loss) income	$ (49,159,477)	$ 6,575,542	$ (8,977,269)

See notes to financial statements.

Statements of Members' Equity
For the Years Ended December 31, 2015, 2014 and 2013

	Class A Units		Class B Units		Accumulated	Total Members'
	Units	Amount	Units	Amount	Deficit	Equity
Balances, January 1, 2013	500,000	$ 365,046,126	-	$ -	$ (3,974,764)	$ 361,071,362
Net loss	-	-	-	-	(8,977,269)	(8,977,269)
Balances, December 31, 2013	500,000	365,046,126	-	-	(12,952,033)	352,094,093
Net income	-	-	-	-	6,575,542	6,575,542
Balances, December 31, 2014	500,000	365,046,126	-	-	(6,376,491)	358,669,635
Net contributions of Class A Unitholders	157,612	93,857,615	-	-	-	93,857,615
Issuance of Class B units	-	-	13,025	2,567,408	-	2,567,408
Net loss	-	-	-	-	(49,159,477)	(49,159,477)
Balances, December 31, 2015	657,612	$ 458,903,741	13,025	$ 2,567,408	$ (55,535,968)	$ 405,935,181

See notes to financial statements.

LARAMIE ENERGY, LLC

Statements of Cash Flows

	For the Years Ended December 31, 2015	2014	2013
Cash flows from operating activities			
Net (loss) income	$ (49,159,477)	$ 6,575,542	$ (8,977,269)
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation, depletion, and amortization	24,636,627	32,756,248	26,565,916
Impairment of unproved properties	12,272,304	-	-
Abandoned property and expired leases	1,733,014	95,611	-
Amortization of debt issue costs	237,167	263,920	306,445
Accretion of discount on asset retirement obligation	351,484	215,322	155,277
Compensation expense	2,567,408	-	-
Cash settlements on derivative instruments	10,748,650	(3,600,949)	328,700
Loss (gain) on derivative instruments	5,874,529	(6,161,994)	770,715
Loss on disposal of furniture and equipment	1,735	-	(10,537)
Changes in operating assets and liabilities			
Accrued oil and gas revenue, joint interest billings, and other	2,081,855	877,603	(652,803)
Prepaid expenses and other assets	59,935	(137,274)	64,875
Accounts payable	(418,494)	85,890	(768,695)
Oil and gas sales payable	(1,285,820)	318,026	167,319
Accrued liabilities	626,359	880,838	526,062
Net cash provided by operating activities	10,327,276	32,168,783	18,476,005
Cash flows from investing activities			
Proceeds from sale of furniture and equipment	7,386	-	18,134
Deposit on acquisition	(15,750,000)	-	-
Additions to property and equipment	(62,272,656)	(39,751,251)	(18,893,586)
Net cash used in investing activities	(78,015,270)	(39,751,251)	(18,875,452)
Cash flows from financing activities			
Proceeds from notes payable	113,650,000	51,675,000	24,750,000
Payments on notes payable	(134,400,000)	(43,900,000)	(24,525,000)
Debt issue costs	(738,775)	-	(50,949)
Members' contributions, net	89,888,125	-	-
Net cash provided by financing activities	68,399,350	7,775,000	174,051
Increase (decrease) in cash and cash equivalents	711,356	192,532	(225,396)
Cash and cash equivalents, beginning of period	200,656	8,124	233,520
Cash and cash equivalents, end of period	$ 912,012	$ 200,656	$ 8,124

(Continued on the following page)

See notes to financial statements.

Statements of Cash Flows

(Continued from the previous page)

Supplemental disclosure of activity:

Cash paid for interest in 2015, 2014 and 2013 was $1,584,440, $2,520,633 and $2,310,383, respectively.

Supplemental disclosure of non-cash activity:

During the years ended December 31, 2015, 2014 and 2013, the Company recorded an asset retirement obligation and related liability of $1,502,034, $2,239,264 and $(5,093), respectively.

During the year ended December 31, 2015 the Company recorded a non-cash property contribution from Mesa Piceance LLC of $3,969,490.

During the year ended December 31, 2014, one well was plugged and abandoned. Asset retirement obligation liabilities of $7,030 were settled and offset abandoned property expenses.

Capital expenditures of $4,272,400 and $2,699,349 were unpaid and included in accrued liabilities and accounts payable, respectively, at December 31, 2015. Capital expenditures of $2,623,400 and $3,808,124 were unpaid and included in accrued liabilities and accounts payable, respectively, at December 31, 2014. Capital expenditures of $330,000 and $977,803 were unpaid and included in accrued liabilities and accounts payable, respectively, at December 31, 2013.

See notes to financial statements.

Note 1 - Description of Business and Summary of Significant Accounting Policies

Laramie Energy, LLC (the "Company"), formerly named Piceance Energy, LLC, a Delaware limited liability company, was formed on May 10, 2012 by Laramie Energy II, LLC ("Laramie II") for the primary purpose of acquiring, owning, operating, and disposing of oil and gas properties in the continental United States of America. On August 31, 2012, Laramie II and Par Pacific Holdings, Inc. ("Par"), formerly named Par Petroleum Corporation, in connection with the Contribution Agreement ("Contribution Agreement") between Laramie II, Par, and the Company dated August 31, 2012, contributed certain oil- and gas-related assets and liabilities to the Company in exchange for a member interest in the Company and cash paid to Par. Since then, the Company has raised additional capital from the original and new members (see Note 8). At December 31, 2015, and 2014, the Company's properties were located in Colorado.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. At December 31, 2015 cash and cash equivalents balance exceeded the federally insured limit by $662,012. The cash and cash equivalents balance did not exceed the federally insured limit as of December 31, 2014.

Concentrations of Credit Risk

The Company's producing properties are all located in Colorado in one general area, and the oil and gas production is sold to various purchasers based on market index prices. As of December 31, 2015, 2014 and 2013, one major oil and gas company was the purchaser of the Company's natural gas which comprise 80%, 87% and 72%, of accrued oil and gas revenue, respectively. For the years ended December 31, 2015 and 2014, the same purchaser accounted for 84% and 80% of total revenues, respectively. For the year ended December 31, 2013, two purchasers accounted for 62% and 11% of total revenues. The Company continually monitors the credit standing of the primary purchasers.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Use of Estimates (continued)

Depreciation, depletion, and amortization of oil and gas properties and the impairment of proved oil and gas properties are determined using estimates of oil and gas reserves. There are numerous uncertainties in estimating the quantity of reserves and in projecting the future rates of production and timing of development expenditures, including future costs to dismantle, dispose, and restore the Company's properties. Oil and gas reserve engineering must be recognized as a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact way. In addition, significant estimates include the estimated cost and timing related to the asset retirement obligation, purchase price on a business combination (see Note 3), impairment of unproved oil and gas properties and the estimated fair value of derivative instruments.

Revenue Recognition

Oil and gas revenues are recognized when production volumes are sold to a purchaser at a fixed or determinable price, delivery has occurred and title has transferred, persuasive evidence of a sales arrangement exists and collectability of the revenue is probable. The Company utilizes the entitlements method of accounting for natural gas sales revenues. Under this method, revenues for the entitlement share of gas produced are based on the working interest in the properties. The Company records a receivable (payable) to the extent it receives less (more) than its proportionate share of gas revenues. The Company recognizes condensate revenues and natural gas liquids revenues based on the amount of condensate and natural gas liquids sold and delivered to purchasers. Revenues are reported on a gross basis for the amounts received before taking into account production taxes, gathering and transportation expenses, and lease operating costs, which are reported as separate expenses. The Company's aggregate imbalance positions as of December 31, 2015, 2014, and 2013 were not significant.

Income Taxes

The Company has elected to be treated as a partnership for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the Company's members, and no provision for income taxes has been recorded on the accompanying financial statements.

The Company follows the guidance of Accounting Standards Codification ("ASC") Topic 740, *Income Taxes* . Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. The Company's tax returns subject to examination by tax authorities include 2012 through the current period for state and federal tax reporting purposes, respectively.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Property and Equipment

The Company accounts for its oil and gas exploration and development activities under the successful efforts method of accounting. Under this method, costs of productive exploratory wells, all development wells and facilities, and undeveloped leases are capitalized when incurred. Oil and gas lease acquisition costs are also capitalized when incurred. Exploration costs, including personnel costs, geological and geophysical expenses, and delay rentals for oil and gas leases, are charged to expense as incurred. Exploratory drilling costs are initially capitalized, but charged to expense if and when the well is determined not to have found reserves in commercial quantities.

The Company reviews its oil and gas properties for impairment at least annually and whenever events and circumstances indicate that the carrying value of the assets may not be recoverable. The impairment test compares undiscounted future net cash flows to the assets' net book value. If the net capitalized costs exceed future net cash flows, then the cost of the property is written down to fair value. Fair value for oil and gas properties is generally determined based on discounted future net cash flows. Impairment expense for proved properties is reported in exploration and impairment expense. In 2015, 2014, and 2013, the Company did not recognize an impairment expense relative to its proved oil and gas properties. Unproved oil and gas properties are assessed periodically, but at least annually, for impairment on a prospect-by-prospect basis based on remaining lease terms, drilling results, reservoir performance, commodity price outlooks, or future plans to develop acreage and allocate capital. In 2015, the Company recognized impairment expense of $12,272,304. No impairment expense was recognized for unproved oil and gas properties for 2014 or 2013.

The sale of a partial interest in a proved oil and gas property is accounted for as normal retirement, and no gain or loss is recognized as long as the treatment does not significantly affect the units-of-production depletion rate. The sale of a partial interest in an unproved property is accounted for as a recovery of cost when substantial uncertainty exists as to the ultimate recovery of the cost applicable to the interest retained. A gain on the sale is recognized to the extent that the sales price exceeds the carrying amount of the unproved property. A gain or loss is recognized for all other sales of producing and non-producing properties. There were no sales of proved oil and gas properties or unproved properties in 2015, 2014, or 2013.

Maintenance and repairs are charged to expense; renewals and betterments are capitalized to the appropriate property and equipment accounts. Upon retirement or disposition of assets, the costs and related accumulated depreciation are removed from the accounts with the resulting gains or losses, if any, reflected in results of operations.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

The provision for depletion, depreciation, and amortization of oil and gas properties is calculated on a field basis based on proved reserves using the units-of-production method. Based on the Company's continued growth, during the year ended December 31, 2015, the Company changed the manner in which it estimates depletion, depreciation, and amortization of oil and gas properties from using a units-of-production method by prospect to using a units-of-production method by field. The change in estimate decreased the depletion, depreciation, and amortization of oil and gas properties by approximately $17.2 million during 2015. Costs of certain facilities and equipment serving a number of properties are depreciated using the straight-line method over the estimated useful lives of the assets ranging from 7 to 15 years. The provisions for depreciation of the ranch property, office furniture, and equipment are calculated using the straight-line method over the estimated useful lives ranging from 5 to 15 years. Included in real estate and ranch property are buildings that are depreciated using the straight-line method over the estimated useful lives ranging from 20 to 39 years.

Commodity Derivative Instruments

The Company uses derivative instruments to provide a measure of stability to its cash flows in an environment of volatile oil and gas prices and to manage its exposure to natural gas price volatility. All derivatives are initially, and subsequently, measured at estimated fair value and recorded as assets or liabilities on the balance sheets. The Company has elected not to designate its derivatives as cash flow hedges. For derivative contracts that do not qualify as cash flow hedges, changes in the estimated fair value of the contracts are recorded in gains and losses under the other income and expense caption in the statements of operations. When derivative contracts are settled, the Company also recognizes realized gains and losses under the other income and expense caption in its statements of operations.

Asset Retirement Obligation

Asset retirement obligations ("ARO") relate to future costs associated with the plugging and abandonment of oil and gas wells, removal of equipment and facilities from leased acreage and returning such land to its original condition. The Company records the estimated fair value of an ARO in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company reports a gain or loss upon settlement to the extent the actual costs differ from the recorded liability.

The majority of the Company's ARO relates to the plugging and abandoning of oil and gas wells and the reclamation of the Company's well locations. Revisions to estimated ARO result in adjustments to the related capitalized asset and corresponding liability.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Asset Retirement Obligation (continued)

The following is a reconciliation of the ARO:

	For the Years Ended December 31,	
	2015	2014
Balance, beginning of period	$ 5,441,375	$ 2,993,819
Additions	1,015,774	193,874
Acquired oil and gas properties (Note 3)	305,007	-
Revisions (a)	181,253	2,045,390
Settlements and disposals	-	(7,030)
Accretion expense	351,484	215,322
Balance, end of period	$ 7,294,893	$ 5,441,375

(a) Based on increasing service costs, ARO related to natural gas well pads was revised in 2015.

Equity-Based Compensation

Compensation expenses associated with equity-based awards is recognized at the fair value of the awards over the vesting period on a straight-line basis.

Recently Issued Accounting Pronouncements

In January 2016, the Financial Accounting Standard Board (“FASB”) issued accounting standard update (ASU) 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The objective of this update is to improve the recognition and measurement of financial instruments. ASU 2016-01 is effective for annual periods beginning after December 15, 2018. The Company is currently evaluating the impact of the adoption of this guidance.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. The objective of this update is to provide guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for the annual period ending after December 15, 2016. The standard will be adopted prospectively.

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements (continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The objective of this update is to clarify the principles for recognizing revenue and to develop a common revenue standard. ASU 2015-14 deferred the effective reporting periods of ASU 2014-09, and it is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. The Company is currently evaluating the potential impact that the adoption will have on the Company's disclosures and financial statements.

Correction of Prior Year Balances

Subsequent to the issuance of the Company’s 2014 consolidated financial statements, the Company identified errors pertaining to the recognition of a liability for gas gathering deficiency payments and the classification of derivative cash settlement payments in the statement of cash flows. The prior period amounts have been revised to reflect the correct amounts. The correction of these errors decreased non-current accrued liabilities in the Balance Sheet by $1.3 million and $1.6 million, respectively, and increased members’ equity in the Balance Sheet by $1.3 million and $1.6 million as of December 31, 2014 and 2013, respectively, and decreased the Company’s gas gathering and transportation - operated expense in the Statement of Operations by $0.26 million and $1.6 million for 2014 and 2013, respectively. In the Statement of Operations the corrections decreased the Company’s net income for 2014 by $0.26 million and decreased the Company’s net loss for 2013 by $1.6 million. The change in classification of derivative settlement payments in the statement of cash flows increased cash flows from investing activities and decreased cash flows from operating activities by $3.6 million in 2014. The change in classification of derivative settlement payments in the statement of cash flows decreased cash flows from investing activities and increased cash flows from operating activities by $0.3 million in 2013.

Note 2 - Fair Value Measurements

Authoritative guidance defines estimated fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed securities and U.S. government treasury securities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, and are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives such as over-the-counter forwards and options.

Level 3 – Pricing inputs include significant inputs that are generally less observable than objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all applicable instruments and includes in Level 3 all of those whose fair value is based on significant unobservable inputs.

Note 2 - Fair Value Measurements (continued)

The assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's policy is to recognize transfers in and/or out of the fair value hierarchy as of the end of the reporting period in which the event or change in circumstances caused the transfer. The Company has consistently applied the valuation techniques discussed below in all periods presented. The following table presents the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2015 and 2014, by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
December 31, 2015				
Assets				
Derivative instruments, current	$ -	$ 4,516,289	$ -	$ 4,516,289
Liabilities				
Derivative instruments, non-current	$ -	$ 13,339,226	$ -	$ 13,339,226
December 31, 2014				
Assets				
Derivative instruments, current	$ -	$ 7,800,242	$ -	$ 7,800,242

As of December 31, 2015 the Company's commodity derivative financial instruments were comprised of nine natural gas swaps and one costless collar. As of December 31, 2014 and 2013, the Company's commodity derivative financial instruments were comprised of two natural gas swaps and four costless collars. The fair values of the swap agreements are determined under the income valuation technique using a discounted cash flows model. The fair values of the collar agreements are determined under the income valuation technique using an option-pricing model. The valuation models require a variety of inputs, including contractual terms, published forward prices, volatilities for options, and discount rates, as appropriate. The Company's estimates of fair value of derivatives include consideration of the counterparty's creditworthiness, the Company's creditworthiness, and the time value of money. The consideration of these factors results in an estimated exit price for each derivative asset or liability under a marketplace participant's view. All of the significant inputs are observable, either directly or indirectly; therefore, the Company's derivative instruments are included within the Level 2 fair value hierarchy. The counterparties in all of the Company's commodity derivative financial instruments are the lenders in the Company's bank credit facility.

Non-Recurring Fair Value Measurements

There were no non-recurring fair value measurements at December 31, 2015 or 2014.

Note 2 - Fair Value Measurements (continued)

Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and notes payable. With the exception of the notes payable, the financial statement carrying amounts of these items approximate their fair values due to their short-term nature. The fair value of the Company's note payable (Note 5) approximates its carrying value due to the variable interest rate.

Note 3 - Proved and Unproved Properties

In the normal course of its business, the Company anticipates acquiring interests in proved oil and gas properties and in unproved acreage in its area of operations. On July 31, 2015, Mesa Piceance LLC ("Mesa") contributed $14.97 million in cash in exchange for 25,112 A Units issued by the Company. Also, on July 31, 2015, the Company entered into a Contribution and Purchase Agreement ("CP Agreement") with Mesa. The Company purchased $3.97 million of developed properties and leasehold acreage (which qualifies as a business) in exchange for 6,660 additional Class A units issued by the Company. The contribution of a business by Mesa into the Company is accounted for as a business combination, and as such, the Company recorded the estimated fair value of the identifiable assets acquired and liabilities assumed as of the acquisition date (the date on which the Company obtained control of the properties).

The following table summarizes the purchase price and final allocation of the fair value of assets acquired and liabilities assumed:

Purchase Price		July 31, 2015
Oil and gas properties		
Unproved	$	2,828,070
Proved		1,386,892
Asset retirement obligations		(305,007)
Other assets		59,535
	$	3,969,490

There were no significant property acquisitions during the years ended December 31, 2014 and 2013.

Note 4 - Accrued Liabilities

Accrued liabilities, current, consist of the following:

	December 31, 2015	December 31, 2014
Accrued capital expenditures	$ 4,272,400	$ 2,623,400
Accrued production and property taxes	3,070,424	2,273,548
Accrued bonuses	1,785,243	2,149,321
Accrued pipeline throughput commitment deficiency	1,429,305	1,575,909
Accrued joint developer prepayment	1,000,859	-
Accrued general and administrative expenses	120,549	-
Accrued gathering and processing expenses	604,849	-
Accrued lease operating expenses	179,400	169,400
Accrued other	433,135	236,222
	$ 12,896,164	$ 9,027,800

Note 5 - Credit Facility

On June 4, 2012, the Company entered into a credit facility (the "Facility"), as amended, with J.P. Morgan Securities, LLC and Wells Fargo Securities LLC, each as an arranger, JPMorgan Chase Bank, N.A. as the administrative agent (the "Administrative Agent"), and the lenders party thereto. The Facility is a $400 million secured revolving credit facility secured by a lien on the Company's oil and gas properties and related assets.

Availability under the Facility is limited to the lesser of (i) $400 million or (ii) the borrowing base in effect from time to time. The borrowing base is determined by the Administrative Agent and the lenders, in their sole discretion, based on customary lending practices, review of the oil and gas properties included in the borrowing base, financial review of the Company, and such other factors as may be deemed relevant. The borrowing base is redetermined (i) on or about March 15 of each year based on the previous December 31 reserve report prepared by an independent engineering firm acceptable to the Administrative Agent, and (ii) on or about September 15 of each year based on the previous June 30 reserve report prepared by the Company's internal engineers. The borrowing base at December 31, 2015 was $110 million. At December 31, 2015, and 2014, the outstanding balance on the Facility was $77,250,000 and $98,000,000, respectively.

Note 5 - Credit Facility (continued)

During the year ended December 31, 2015 the Company incurred $738,775 of debt issuance costs in relation to the second amendment to the credit agreement dated December 17, 2015. No debt issuance costs were incurred for the year ended December 31, 2014. The remaining unamortized debt issuance costs incurred in relation to the original Facility and the debt issuance costs incurred in relation to the amended Facility are being amortized straight-line over the life of the amended Facility.

Amounts borrowed bear interest at rates ranging from LIBOR plus 1.75% to LIBOR plus 2.75% per annum for Eurodollar loans and the prime rate plus 0.75% to prime rate plus 1.75% per annum for Base Rate loans, depending upon the ratio of outstanding credit to the borrowing base. At December 31, 2015, interest rates were between 2.50% and 2.74% for Eurodollar loans and 4.5% for Base Rate loans. At December 31, 2014 and 2013, interest rates were 2.67% for Eurodollar loans and 4.75% for Base Rate loans. Interest is due monthly on draw date of each Eurodollar and Base Rate loan. The agreement contains customary operational and financial covenants, including a current ratio covenant, a total debt to consolidated EBITDAX (as defined) covenant, and a borrowing base covenant. At December 31, 2015 and 2014, the Company was in compliance with all such covenants. Under the terms of the Facility, the Company is generally prohibited from making future cash distributions to its owners.

On December 17, 2015, the Company amended the Facility conditional upon closing the purchase and sale transaction with a major oil and gas company, see Note 9. Subject to the Company closing the asset acquisition transaction, J.P. Morgan Securities, LLC and Wells Fargo Securities LLC will increase the Company's bank revolving credit facility commitment from $110 million to $170 million. The amended Facility will mature on December 15, 2020.

Note 6 - Derivative Instruments

The Company periodically enters into various commodity hedging instruments to mitigate a portion of the effect of natural gas price fluctuations. The Company classifies the fair value amounts of derivative assets and liabilities as net current or non-current derivative assets or net current or non-current derivative liabilities, whichever the case may be, by commodity and counterparty. The Company enters into derivatives under master netting arrangements, which, in an event of default, allows the Company to offset payables to and receivables from the defaulting counterparty. As of December 31, 2015 and 2014, there were no available amounts to be offset.

The Company's commodity derivative contracts as of December 31, 2015 are summarized below:

Collars	Basis	Quantity (MMBtu/Day)	Strike Price ($/MMBtu)
January 1, 2016 – December 31, 2016	CIG	10,000	$2.75 – $3.20

Swaps	Basis	Average Quantity (MMBtu/Day)	Average Swap Price ($/MMBtu)
January 1, 2016 – March 31, 2016	CIG	10,000	$2.70
March 1, 2016 – December 31, 2016	NYMEX	80,642	$2.60 - $2.61
2017 Total	NYMEX	80,642	$2.60 - $2.61
2018 Total	NYMEX	80,642	$2.60 - $2.61

Basis Swaps	Basis	Average Quantity (MMBtu/Day)	Basis Differential ($/MMBtu)
March 1, 2016 – December 31, 2016	CIG	62,696	$ (0.2400) - $ (0.2975)
2017 Total	CIG	10,080	$ (0.24000)
2018 Total	CIG	10,080	$ (0.24000)

Note 6 - Derivative Instruments (continued)

The aggregate fair value of the Company's derivative instruments reported in the balance sheets by type and counterparty, including the classification between current and non-current assets and liabilities, consists of the following:

		December 31, 2015	
	Balance Sheet Classification	Gross Recognized Assets/ Liabilities	Net Recognized Fair Value Assets/ Liabilities
Derivative instruments	Current assets	$ 4,516,289	$ 4,516,289
Derivative instruments	Non-current liabilities	(13,339,226)	(13,339,226)
Total derivative liabilities		$ (8,822,937)	$ (8,822,937)

		December 31, 2014	
	Balance Sheet Classification	Gross Recognized Assets/ Liabilities	Net Recognized Fair Value Assets/ Liabilities
Derivative instruments	Current assets	$ 7,800,242	$ 7,800,242
Total derivative assets		$ 7,800,242	$ 7,800,242

There were no gross amounts offset within counterparties during the years ended December 31, 2015, 2014, and 2013.

Note 6 - Derivative Instruments (continued)

The table below summarizes the realized and unrealized gains and losses related to the Company's derivative instruments for the years ended December 31, 2015, 2014, and 2013.

Commodity Derivative Instrument	Location of Gain (Loss) Recognized	For the Years Ended December 31, 2015	2014	2013
Realized gains (losses) on derivative instruments	Other income (expense)	$ 10,748,650	$ (3,600,950)	$ 328,700
Unrealized (losses) gains on derivative instruments, net	Other income (expense)	(16,623,179)	9,762,944	(1,099,415)
Total realized and unrealized (losses) gains recorded	Other income (expense)	$ (5,874,529)	$ 6,161,994	$ (770,715)

Due to the volatility of oil and natural gas prices, the estimated fair values of the Company's commodity derivative instruments are subject to large fluctuations from period to period.

Note 7 - Commitments and Contingencies

Management Contract

The Company entered into a Management Services Agreement with Laramie II effective August 31, 2012 whereby Laramie II provided management services to the Company for $650,000 per month. The Agreement was terminated effective August 1, 2015. After August 1, 2015 the Company directly incurred and settled general and administrative expenses. For the years ended December 31, 2015, 2014 and 2013, the Company incurred management service fees due to Laramie II of $4,550,000, $7,800,000 and $7,800,000, respectively, included in general and administrative expenses in the statements of operations.

Employment Agreements

The Company has employment agreements with all three of its executive officers.

Note 7 - Commitments and Contingencies (continued)

Operating Leases

The Company leases office space under non-cancelable operating leases. Rental expense is recognized on a straight-line basis over the terms of the leases and was $243,655 for the year ended December 31, 2015. Prior to August 1, 2015, the Company had no operating leases.

Future minimum lease payments under these leases are approximately as follows:

Year Ending December 31,		
2016	$	475,480
2017		599,218
2018		609,014
2019		573,882
2020		583,678
2021		244,900
Total	$	3,086,172

Retirement Savings Plan

The Company outsources payroll and human resources functions to an administrative agent. In conjunction with this arrangement, the Company has a 401(k) plan (the "Plan") available to eligible employees. The Plan provides for up to 5% matching contributions by the Company. In 2015, the Company's matching contributions to the Plan were $57,255. Prior to August 1, 2015, the Company had no employees.

Drilling Rig

At December 31, 2015, the Company had one drilling rig contract that was terminated on January 10, 2016. Under the provisions of a guaranteed minimum daily rate, the Company expensed $133,875 related to this termination in 2016.

Note 7 - Commitments and Contingencies (continued)

Gas Gathering Contracts

The Company assumed the gas gathering contracts of its predecessors and currently has gas gathering agreements with three gas gathering companies for substantially all of its gas production at a fixed rate per Mcf. One primary gathering contract, which expires in December 2024, provides firm transportation for the majority of the Company's production in Garfield County; most of the Company's acreage in Garfield County is dedicated to this contract for gas gathering services. It has a minimum annual throughput commitment ending in 2019. Should the Company not ship the required volumes in a particular year prior to 2019, it must pay the gatherer a deficiency payment equal to the gathering fee for the volume shortfall.

During the years ended December 31, 2015, 2014 and 2013, the Company had incurred gas gathering expense, related to the shortfall, of $1,429,305, $1,575,909 and $1,354,196, respectively. At December 31, 2015 and 2014, the Company had $1,429,305 and $1,575,909 related to the shortfall included in current accrued liabilities, respectively.

The price per MMBtu of shortfall per the contract escalates annually at a seasonally adjusted Consumer Price Index, as defined. The price for the 2015, 2014, and 2013 shortfall was $0.063188, $0.062253, and $0.061187, respectively. The following table summarizes the throughput commitment per year through 2019:

Period	Throughput Commitment	
12/1/2015 - 12/1/2016	27,091	MMBtu
12/1/2016 - 12/1/2017	22,420	MMBtu
12/1/2017 - 12/1/2018	21,226	MMBtu
12/1/2018 - 12/1/2019	21,779	MMBtu

In August 2012, the Company entered into a 20-year-term gas gathering contract with a company that provides gas transportation service on a firm basis for all of the Company's current production in Mesa County, Colorado. Under this contract, the Company has no minimum throughput commitment. All of the Company's acreage in Mesa County with gas production from the Mesaverde formation is dedicated to this contract.

Note 7 - Commitments and Contingencies (continued)

Gas Processing Contracts

The Company assumed its predecessors' two separate gas processing contracts with a major gas processing company that operates in the Piceance Basin.

One of the gas processing contracts expired January 31, 2013 and was renewed for ten years, effective February 1, 2013. The other contract expires on August 31, 2017. All of the Company's current natural gas production in the Piceance Basin is dedicated to these two contracts. Once the contract that expires in 2017 is terminated, the acreage and production dedicated thereto will automatically roll under the ten-year contract. Under both agreements, the Company retains title to the natural gas at all times, and the gas processing company acts as a service provider. Under this arrangement, the gas processing company takes delivery of the Company's unprocessed gas from the Company's gas gatherers at specific pipeline delivery points, transports the Company's gas to its processing plant in the northern portion of the Piceance Basin and, through a refining process, the gas processor strips the natural gas liquids and other plant products from the Company's natural gas. After processing, the resulting residue natural gas is delivered back to the Company at the White River Hub near Meeker, Colorado, where the Company then sells the residue gas to third-party purchasers. The gas processing company takes title to the natural gas liquids and plant products upon extraction and remits payment to the Company on a monthly basis. Under both contracts, the Company pays a fixed fee per Mcf for processing, gathering, and compression services. Neither contract requires a minimum natural gas throughput.

Gas Transportation Contract

Effective August 1, 2015, as part of the Management Services Agreement termination, the Company assumed a 15-year gas transportation contract by and between Laramie II and a major pipeline company dated April 1, 2008. The Company is obligated to ship 15,000 MMBtu per day through the pipeline from July 1, 2009 through December 31, 2023 or pay the pipeline company a deficiency payment equal to an established tariff per MMBtu for the volume shortfall. For the year ended December 31, 2015, the Company incurred $312,201 in deficiency payments for the volume shortfall which is included in general and administrative expenses in the statements of operations.

Environmental Matters

As an owner or lessee and operator of oil and gas properties, the Company is subject to various federal, state, and local laws and regulations relating to discharge of materials into, and protection of, the environment. The Company has policies to ensure continuing compliance with environmental laws and regulations and maintains insurance coverage for certain environmental matters. There can be no assurance that current or future federal, state, or local laws and regulations will not require the Company to spend material amounts to comply with such laws and regulations.

Note 7 - Commitments and Contingencies (continued)

Litigation

The Company is subject to litigation, claims and governmental and regulatory proceedings arising in the ordinary course of business. We accrue a loss contingency for these lawsuits and claims when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Accordingly, no material amounts for loss contingencies associated with litigation, claims or assessments have been accrued at December 31, 2015 or 2014. While the outcome of these lawsuits and claims cannot be predicted with certainty, it is the opinion of the Company's management that the loss for any litigation matters and claims that are reasonably possible to occur will not have a material adverse effect, individually or in the aggregate, on its consolidated financial position, cash flows or results of operations.

Note 8 – Members' Equity

The Company issued additional Class A units to Laramie II and Par, ("Original Members") and other investors ("New Members") under the Unit Purchase Agreement ("UPA") dated March 9, 2015. The Original and New Members purchased 125,840 Class A units at $596 per Class A unit. The Original and New Members collectively purchased half of their commitment, or 62,920 units, for $37,500,000 on March 9, 2015, and purchased the remaining half, or 62,920 units, for $37,500,000 on May 29, 2015.

On July 31, 2015, the Company entered into the CP Agreement with Mesa (see Note 3). Mesa contributed $14.97 million cash and $3.97 million of developed properties and leasehold acreage in exchange for 31,772 additional Class A units.

All Class A unit holders vote as a single class based upon their respective sharing percentages. Revenues and costs are allocated in accordance with specific provisions in the Second Amended and Restated LLC Agreement ("2nd LLC Agreement"). The Class A units are senior to Class B units in terms of liquidation and voting and have first-call on all assets until the Class A units reach payout as defined in the 2nd LLC Agreement.

Note 8 – Members' Equity (continued)

	Class A Units	
	Units	Amount
Balances, December 31, 2014	500,000	$ 365,046,126
CP Agreement – February 27, 2015		
Cash contribution	62,920	37,500,000
CP Agreement – May 29, 2015		
Cash contribution	62,920	37,500,000
Mesa – July 31, 2015		
Cash contribution	25,112	14,966,614
Mesa – July 31, 2015		
Property contribution	6,660	3,969,490
Funding fees and other costs of raising capital		(78,489)
Balances, December 31, 2015	657,612	$ 458,903,741

Class B Units

Piceance Energy Employee Holdings, LLC ("Employee Holdings") was formed on August 28, 2015 by the Management Investors of Piceance Energy Employee Holding, LLC ("Management Investors") and holds all 15,000, Class B units authorized under the Company's Second Amended and Restated Limited Liability Company Agreement (the "LLC Agreement"). Employee Holdings is authorized to grant the Class B units to selected Company employees (including the Management Investors) upon written consent from the Company in its capacity as Manager of Employee Holdings. As of December 31, 2015, Employee Holdings had granted 13,025 Class B units to the Company's employees.

Class B units generally vest over three years, commencing on June 30, 2015. No Class B Units are vested as of December 31, 2015. If an employee is terminated by the Company for cause, all Class B units, whether vested or unvested at the time of termination, shall be deemed automatically forfeited. Employees who cease to be employed by the Company for any reason, other than termination for cause, will forfeit all unvested units. Vested units may be repurchased by the Company at fair value at the Company's option. Distributions to Class B unit holders will only occur after the Class A unit holders reach "pay-out" as defined in the LLC Agreement. Generally, Class A unit holders are entitled to receive the return of their investment in the Company's Class A units plus a specified internal rate of return on such investment prior to the Class B unit holders receiving any cash distributions.

Note 8 – Members' Equity (continued)

Class B Units (continued)

The Company's Class B units are non-voting "profits interests" for which no cash consideration was received upon issuance and which are used to compensate management based on the value of the Company. The Company accounts for the Class B units as an equity award and has recorded compensation expense to date based on the grant date fair value and the vesting period. The estimated fair value of the Class B units at grant date was approximately $19.3 million. Total compensation cost recognized during 2015 was approximately $2.6 million and is included in general and administrative expense in the accompanying 2015 statement of operations. Approximately $16.7 million in compensation expense will be recognized over the remaining 2.5 years Estimated fair values were determined considering the following factors:

- Estimating the fair value of the Company at the dates on which units were awarded and the balance sheet date based on investments in Class A units.
- Allocating the Company's fair value to the unit holders through application of the Option Pricing Method as detailed in the AICPA Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation* .

As part of the Option Pricing Method, a series of Black-Scholes option pricing models was applied in order to model the value to the Class B units as a contingent claim on the upside value of the Company's equity value. The assumptions listed below were made in applying this option pricing model:

- The underlying equity value was solved such that the value allocable to the Class A units aligned to the investment values of $595.50 per share of the Company at grant date. This approach is referred to as the "Backsolve" method in the AICPA guide.
- The exercise prices of the options were based upon the participation thresholds at which the participation ratios of liquidation proceeds change between Class A and B. These amounts were derived based on the rights and preferences outlined in Company's LLC Agreement.
- The maturity dates of the options were assumed to be three years from the grant date, aligning to the expected investment holding period.
- Volatility was based on the volatilities of comparable companies and was estimated at 41% as of the Grant Date.
- The risk-free rate was based on U.S. Treasury Strips, which corresponded with the assumed term (three years) of the options at grant date at 1.04% as of the Grant Date.

Note 9 - Subsequent Events

Pending Acquisition

On December 17, 2015, the Company entered into an agreement to acquire certain properties in the Piceance Basin for $157.5 million, subject to customary adjustments. A deposit of $15.75 million was paid on December 17, 2015 and is included in other assets on the balance sheet at December 31, 2015. The remainder of the adjusted purchase price is due at closing, March 1, 2016. In connection with the proposed acquisition, the Company secured commitments to fund the transaction with $57.5 million of borrowings under its amended reserve based revolver, $30 million of preferred equity issued to a major financial institution, and $70 million of Class A units issued to existing and one new investor. Availability of the revolver financing is conditioned upon, and is intended to be available concurrently with, the closing of the acquisition. The Class A units will be funded through unit purchase agreements with each investor. The contributions from the $30 million of preferred equity and $70 million of Class A units were received on February 24, 2016.

The Company has evaluated all subsequent events through the independent auditors' report date, which is the date the financial statement were available for issuance.