UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2018

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

For the transition period from to

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.)**
825 Town & Country Lane, Suite 1500 Houston, Texas	**77024**
(Address of principal executive offices)	**(Zip Code)**

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

(Former name, former address and former fiscal year, if changed since last report)

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act. Yes ☐ No ☐

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

45,876,894 shares of Common Stock, $0.01 par value, were outstanding as of November 2, 2018 .

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

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The terms "Par," "Company," "we," "our," and "us" refer to Par Pacific Holdings, Inc. and its consolidated subsidiaries unless the context suggests otherwise.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and per share data)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 87,734	$ 118,333
Restricted cash	743	744
Total cash, cash equivalents, and restricted cash	88,477	119,077
Trade accounts receivable	133,026	121,831
Inventories	358,581	345,357
Prepaid and other current assets	10,239	17,279
Total current assets	590,323	603,544
Property and equipment		
Property, plant, and equipment	588,255	529,238
Proved oil and gas properties, at cost, successful efforts method of accounting	400	400
Total property and equipment	588,655	529,638
Less accumulated depreciation and depletion	(105,888)	(79,622)
Property and equipment, net	482,767	450,016
Long-term assets		
Investment in Laramie Energy, LLC	131,466	127,192
Intangible assets, net	24,611	26,604
Goodwill	153,397	107,187
Other long-term assets	23,919	32,864
Total assets	$ 1,406,483	$ 1,347,407
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Obligations under inventory financing agreements	$ 351,188	$ 363,756
Accounts payable	68,592	52,543
Deferred revenue	8,493	9,522
Accrued taxes	14,409	17,687
Other accrued liabilities	45,905	27,444
Total current liabilities	488,587	470,952
Long-term liabilities		
Long-term debt, net of current maturities	389,598	384,812
Common stock warrants	7,204	6,808
Long-term capital lease obligations	5,682	1,220
Other liabilities	38,006	35,896
Total liabilities	929,077	899,688
Commitments and contingencies (Note 12)		
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 September 30, 2018 and December 31, 2017, 46,009,104 shares and 45,776,087 shares issued at September 30, 2018 and December 31, 2017, respectively	460	458
Additional paid-in capital	597,439	593,295
Accumulated deficit	(122,637)	(148,178)
Accumulated other comprehensive income	2,144	2,144
Total stockholders' equity	477,406	447,719
Total liabilities and stockholders' equity	$ 1,406,483	$ 1,347,407

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenues	$ 909,781	$ 610,506	$ 2,531,616	$ 1,780,004
Operating expenses				
Cost of revenues (excluding depreciation)	822,785	509,476	2,232,608	1,485,118
Operating expense (excluding depreciation)	54,905	51,718	158,975	153,741
Depreciation, depletion, and amortization	13,192	11,304	39,004	33,848
General and administrative expense (excluding depreciation)	11,871	11,292	35,981	34,688
Acquisition and integration expense	2,134	—	3,515	253
Total operating expenses	904,887	583,790	2,470,083	1,707,648
Operating income	4,894	26,716	61,533	72,356
Other income (expense)				
Interest expense and financing costs, net	(10,425)	(7,419)	(29,346)	(25,500)
Loss on termination of financing agreements	—	—	—	(1,804)
Other income, net	85	649	861	886
Change in value of common stock warrants	(1,067)	(975)	(396)	(2,211)
Change in value of contingent consideration	—	—	(10,500)	—
Equity earnings from Laramie Energy, LLC	1,050	553	4,274	11,651
Total other income (expense), net	(10,357)	(7,192)	(35,107)	(16,978)
Income (loss) before income taxes	(5,463)	19,524	26,426	55,378
Income tax expense	(359)	(700)	(885)	(1,762)
Net income (loss)	$ (5,822)	$ 18,824	$ 25,541	$ 53,616
Income (loss) per share				
Basic	$ (0.13)	$ 0.41	$ 0.55	$ 1.16
Diluted	$ (0.13)	$ 0.41	$ 0.55	$ 1.16
Weighted-average number of shares outstanding				
Basic	45,709	45,561	45,676	45,505
Diluted	45,709	51,992	45,721	45,527

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2018	**2017**
Cash flows from operating activities:		
Net income	$ 25,541	$ 53,616
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, depletion, and amortization	39,004	33,848
Loss on termination of financing agreements	—	1,804
Non-cash interest expense	5,358	6,189
Change in value of common stock warrants	396	2,211
Deferred taxes	839	462
Stock-based compensation	4,799	5,803
Unrealized loss on derivative contracts	8,105	557
Equity earnings from Laramie Energy, LLC	(4,274)	(11,651)
Net changes in operating assets and liabilities:		
Trade accounts receivable	(12,819)	12,070
Prepaid and other assets	1,868	46,747
Inventories	(8,994)	(121,040)
Obligations under inventory financing agreements	(43,250)	89,549
Accounts payable and other accrued liabilities	35,327	(14,709)
Net cash provided by (used in) operating activities	51,900	105,456
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(74,331)	—
Capital expenditures	(30,198)	(19,888)
Proceeds from sale of assets	805	19
Net cash used in investing activities	(103,724)	(19,869)
Cash flows from financing activities:		
Proceeds from borrowings	106,500	239,538
Repayments of borrowings	(114,926)	(292,684)
Net borrowings (repayments) on deferred payment arrangement	30,682	(1,493)
Payment of deferred loan costs	(379)	(50)
Other financing activities, net	(653)	(872)
Net cash provided by (used in) financing activities	21,224	(55,561)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(30,600)	30,026
Cash, cash equivalents, and restricted cash at beginning of period	119,077	49,018
Cash, cash equivalents, and restricted cash at end of period	$ 88,477	$ 79,044
Supplemental cash flow information:		
Net cash paid for:		
Interest	$ (12,981)	$ (15,168)
Taxes	(48)	(1,115)
Non-cash investing and financing activities:		
Accrued capital expenditures	$ 4,048	$ 4,469

See accompanying notes to the condensed consolidated financial statements.

Note 1 — Overview

Par Pacific Holdings, Inc. and its wholly owned subsidiaries ("Par" or the "Company") own, manage, and maintain 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 ("ULSD") , gasoline, jet fuel, marine fuel, low sulfur fuel oil ("LSFO"), and other associated refined products primarily for consumption in Hawaii. Our refinery in Newcastle, Wyoming , produces gasoline, ULSD , jet fuel, and other associated refined products that are primarily marketed in Wyoming and South Dakota.

2) **Retail** - Our retail outlets in Hawaii sell gasoline, diesel, and retail merchandise throughout the islands of Oahu, Maui, Hawaii, and Kauai. Our Hawaii retail network includes Hele and "76" branded retail sites, company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations. We recently completed the rebranding of 23 of our 34 company-operated convenience stores in Hawaii to "nomnom," a new proprietary brand. Our retail outlets in Washington and Idaho sell gasoline, diesel, and retail merchandise and operate under the " Cenex® " and "Zip Trip®" brand names.

3) **Logistics** - We own and operate terminals, pipelines, a single-point mooring ("SPM"), and trucking operations to distribute refined products throughout the islands of Oahu, Maui, Hawaii, Molokai, and Kauai. In addition, we own and operate a crude oil pipeline gathering system, a refined products pipeline, storage facilities, and loading racks in Wyoming. We also own and operate a jet fuel storage facility and pipeline that serve the Ellsworth Air Force Base in South Dakota.

As of September 30, 2018 , we owned a 39.1% equity investment in Laramie Energy, LLC (" Laramie Energy "); see Note 18—Subsequent Events for further information. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco Counties, Colorado.

Our Corporate and Other reportable segment 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 condensed consolidated financial statements include the accounts of Par and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain amounts previously reported in our condensed consolidated financial statements for prior periods have been reclassified to conform with the current presentation.

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information, the instructions to Form 10-Q, and Article 10 of Regulation S-X of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements. The condensed consolidated financial statements contained in this report include all material adjustments of a normal recurring nature that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the complete fiscal year or for any other period. The condensed consolidated balance sheet as of December 31, 2017 was derived from our audited consolidated financial statements as of that date. These condensed consolidated financial statements should be read together with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017 .

Use of Estimates

The preparation of our condensed consolidated financial statements in conformity with 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.

Inventories

Beginning in 2018, Inventories also include Renewable Identification Numbers ("RINs") . RINs are stated at the lower of cost or net realizable value. The net cost of RINs is recognized within Cost of revenues (excluding depreciation) in our condensed consolidated statements of operations.

Cost Classifications

Cost of revenues (excluding depreciation) includes the hydrocarbon-related costs of inventory sold, transportation costs of delivering product to customers, crude oil consumed in the refining process, costs to satisfy our RINs obligations, and certain hydrocarbon fees and taxes. Cost of revenues (excluding depreciation) also includes the unrealized gains (losses) on derivatives and inventory valuation adjustments. Certain direct operating expenses related to our logistics segment are also included in Cost of revenues (excluding depreciation).

Operating expense (excluding depreciation) includes direct costs of labor, maintenance and services, energy and utility costs, property taxes, and environmental compliance costs as well as chemicals and catalysts and other direct operating expenses.

The following table summarizes depreciation expense excluded from each line item in our condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Cost of revenues	$ 1,620	$ 1,568	$ 4,866	$ 4,510
Operating expense	7,155	5,523	20,560	16,701
General and administrative expense	1,297	610	3,345	1,981

Recent Accounting Pronouncements

There have been no developments to recent accounting pronouncements, including the expected dates of adoption and estimated effects on our financial condition, results of operations, and cash flows, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017 , except for the following:

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02” or “ASC Topic 842”). ASU 2016-02 requires lessees to recognize all leases, including operating leases, on the balance sheet as a right-of-use asset or lease liability, unless the lease is a short-term lease. ASU 2016-02 also requires additional disclosures regarding leasing arrangements. In January 2018, the FASB issued ASU No. 2018-01 (“ASU 2018-01”), which clarifies the related transition and accounting for land easements. In July 2018, the FASB issued ASU No. 2018-11 (“ASU 2018-11”), which allows for an option to apply the transition provisions of ASC Topic 842 at the adoption date versus at the earliest comparative period presented in the financial statements and an optional practical expedient that permits lessors to not separate non-lease components from the associated lease component if certain conditions are met. These three ASUs and other amendments and technical corrections to ASC Topic 842 are effective for interim periods and fiscal years beginning after December 15, 2018, and early application is permitted. We will adopt ASC Topic 842 on January 1, 2019 using the modified retrospective approach. We also plan to apply certain practical expedients that allow us, among other things, not to reassess lease contracts that commenced prior to the effective date. We are in the process of determining the impact this guidance will have on our financial condition, results of operations, and cash flows. We have formally established a working group to assess the amended lease guidance in ASC Topic 842, including its impact on our business processes, accounting systems, controls, and financial statement disclosures. As part of our evaluation, the working group is reviewing existing lease contracts and other arrangements that may include an embedded lease. Our existing lease contracts include leases related to retail facilities, railcars, barges, and other facilities used in the storage, transportation, and sale of crude oil and refined products. The adoption of ASC Topic 842 will have a material impact on our consolidated financial statements, primarily due to the recognition of right-of-use assets and lease liabilities on our consolidated balance sheet. The new standard will also require additional disclosures for financing and operating leases.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (“ ASU 2018-02”). This ASU permits entities to elect to reclassify to retained earnings the stranded effects in Accumulated Other Comprehensive Income related to the changes in the statutory tax rate that were charged to income from continuing operations under the requirements of FASB ASC Topic 740, “Income Taxes.” The guidance in ASU 2018-02 is effective for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. Management is still evaluating the effects of the available adoption methods and has not yet determined which method will be elected.

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (“ ASU 2018-13”). This ASU amends, adds, and removes certain disclosure requirements under FASB

ASC Topic 820 "Fair Value Measurement." The guidance in ASU 2018-13 is effective for fiscal years and interim periods beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of ASU 2018-13 on our disclosures.

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* (" ASU 2018-14"). This ASU amends, adds, and removes certain disclosure requirements under FASB ASC Topic 715 "Compensation — Retirement Benefits." The guidance in ASU 2018-14 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. We are currently evaluating the impact of ASU 2018-14 on our disclosures.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract* (" ASU 2018-15"). This ASU requires entities to account for implementation costs incurred in a cloud computing agreement that is a service contract under the guidance in FASB ASC Topic 350, "Goodwill and Intangible Assets," which results in a capitalized and amortizable intangible asset instead of expensing such costs as required under the current guidance. The guidance in ASU 2018-15 is effective for fiscal years and interim periods beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of ASU 2018-15 on our financial condition, results of operations, and cash flows.

Accounting Principles Adopted

On January 1, 2018, we adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* , as amended by other ASUs issued since May 2014 ("ASU 2014-09" or "ASC Topic 606"), using the modified retrospective method as permitted. Under this method, the cumulative effect of initially applying ASU 2014-09 is recognized as an adjustment to the opening balance of retained earnings (or accumulated deficit) and revenues reported in the periods prior to the date of adoption are not changed. Because the adoption of ASU 2014-09 did not have a material impact on the amount or timing of revenues recognized for the sale of refined products, we did not make such an adjustment to retained earnings. Please read Note 5—Revenue Recognition for further information.

On January 1, 2018, we adopted ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15") and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"). The primary purpose of ASU 2016-15 was to reduce the diversity in practice relating to eight specific cash flow issues: debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (including bank-owned life insurance policies); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. ASU 2016-18 required that an entity include restricted cash and restricted cash equivalents within its statement of cash flows and in the reconciliation to the statement of operations. As the new guidance must be applied using a retrospective transition method, we have also retrospectively revised the comparative period statement of cash flows to reflect the adoption of these ASUs. The adoption of these ASUs did not have a material impact on our financial condition, results of operations, or cash flows.

On January 1, 2018, we adopted ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"). This ASU updated the definition of a business combination and provided a framework for determining whether a transaction involves an asset or a business. The adoption of this ASU changed the policy under which we perform our assessments and accounting for future acquisition or disposal transactions, including the Northwest Retail Acquisition and Hawaii Refinery Expansion . Please read Note 4—Acquisitions for further information.

On January 1, 2018, we adopted ASU 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* ("ASU 2017-07"). This ASU required entities to (1) disaggregate the current-service-cost component from the other components of net benefit cost (the "other components") and present it with other current compensation costs for related employees in the income statement and (2) present the other components elsewhere in the income statement and outside of income from operations if that subtotal is presented. In addition, the ASU required entities to disclose the income statement lines that contain the other components if they are not presented on appropriately described separate lines. As the other components of our net benefit cost are not material, we have not retrospectively revised our comparative periods presented in the statement of operations.

On January 1, 2018, we adopted ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"). The primary purpose of this ASU was to reduce the diversity in practice and cost and complexity in applying the guidance in Topic 718 related to the change to terms or conditions of a share-based payment award. The adoption of ASU 2017-09 did not have a material impact on our financial condition, results of operations, or cash flows.

In March 2018, the FASB issued ASU No. 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118* ("ASU 2018-05"). Under ASU 2018-05, an entity would estimate, to the extent possible, the impacts of the Tax Cut and Jobs Act enacted on December 22, 2017 ("U.S. tax reform") and then adjust the estimates when better information is available or the amount becomes determinable over something similar to the measurement period under business combination guidance. This ASU was effective upon issuance. As of September 30, 2018, we believe the impacts of the U.S. tax reform have been reasonably estimated and recorded within our condensed consolidated financial statements.

Note 3 — Investment in Laramie Energy, LLC

As of September 30, 2018 , we had a 39.1% ownership interest in Laramie Energy ; see Note 18—Subsequent Events for further information. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco Counties, Colorado. On February 28, 2018 , Laramie Energy closed on a purchase and contribution agreement with an unaffiliated third party that contributed all of its oil and gas properties located in the Piceance Basin and a $20.0 million cash payment, collectively with a fair market value of $28.1 million , into Laramie Energy in exchange for 70,227 of Laramie Energy 's newly issued Class A Units. The unaffiliated third party also contributed a $3.5 million cash payment for asset reclamation liabilities related to the properties conveyed. As a result of this transaction, our ownership interest in Laramie Energy decreased from 42.3% to 39.1% .

Laramie Energy has a $400 million revolving credit facility with a borrowing base currently set at $250 million that is secured by a lien on its natural gas and crude oil properties and related assets. As of September 30, 2018 , the balance outstanding on the revolving credit facility was approximately $193.5 million . 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.

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

	Nine Months Ended September 30, 2018
Beginning balance	$ 127,192
Equity earnings from Laramie Energy	782
Accretion of basis difference	3,492
Ending balance	$ 131,466

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

	September 30, 2018	December 31, 2017
Current assets	$ 18,910	$ 18,757
Non-current assets	796,316	720,444
Current liabilities	37,187	42,149
Non-current liabilities	288,965	237,497

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Natural gas and oil revenues	$ 58,557	$ 38,141	$ 151,988	$ 114,178
Income (loss) from operations	6,152	133	11,642	(162)
Net (loss) income	(152)	(1,838)	(1,708)	18,102

Laramie Energy 's net loss for the three and nine months ended September 30, 2018 includes $20.7 million and $52.7 million of depreciation, depletion, and amortization ("DD&A") and $3.2 million and $6.7 million of unrealized losses on derivative instruments, respectively. Laramie Energy 's net income (loss) for the three and nine months ended September 30, 2017 includes $12.3 million and $38.1 million of DD&A and $2.3 million and $35.2 million of unrealized gains on derivative instruments, respectively.

At September 30, 2018 and December 31, 2017 , our equity in the underlying net assets of Laramie Energy exceeded the carrying value of our investment by approximately $60.0 million and $67.2 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 in

2015. 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.

Note 4 — Acquisitions

Northwest Retail Acquisition

On January 9, 2018 , we entered into an Asset Purchase Agreement with CHS, Inc. to acquire twenty-one (21) owned retail gasoline, convenience store facilities and twelve (12) leased retail gasoline, convenience store facilities, all at various locations in Washington and Idaho (collectively, " Northwest Retail "). On March 23, 2018 , we completed the acquisition for cash consideration of approximately $75 million (the " Northwest Retail Acquisition ").

As part of the Northwest Retail Acquisition , Par and CHS, Inc. entered into a multi-year branded petroleum marketing agreement for the continued supply of Cenex® -branded refined products to the acquired Cenex® Zip Trip convenience stores. In addition, the parties also entered into a multi-year supply agreement pursuant to which Par will supply refined products to CHS, Inc. within the Rocky Mountain and Pacific Northwest markets.

We accounted for the acquisition of Northwest Retail 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 Northwest Retail and utilization of our net operating loss carryforwards, as well as trade names and other intangible assets that do not qualify for separate recognition. Goodwill recognized as a result of the Northwest Retail Acquisition is expected to be deductible for income tax reporting purposes.

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

Cash	$	200
Inventories		4,138
Prepaid and other current assets		243
Property, plant, and equipment		30,230
Goodwill (1)		46,210
Accounts payable and other current liabilities		(759)
Long-term capital lease obligations		(5,244)
Other non-current liabilities		(487)
Total	$	74,531

(1) The total goodwill balance of $46.2 million was allocated to our retail segment.

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 the fourth quarter of 2018. During the three months ended September 30, 2018 , the purchase price allocation was adjusted to record a decrease of $3.3 million to intangible assets and a decrease of $0.8 million to other non-current liabilities. Goodwill increased $2.5 million as a result of these adjusting entries recorded during the three months ended September 30, 2018 .

We incurred $0.6 million of acquisition costs related to the Northwest Retail Acquisition for the nine months ended September 30, 2018 . These costs are included in Acquisition and integration expense on our condensed consolidated statement of operations. No acquisition costs related to the Northwest Retail Acquisition were incurred during the three months ended September 30, 2018 .

Hawaii Refinery Expansion

On August 29, 2018 , following IES Downstream, LLC 's (" IES ") announcement to cease refining operations, we entered into a Topping Unit Purchase Agreement with IES to purchase certain of IES 's refining units and related assets plus certain hydrocarbon and non-hydrocarbon inventory (collectively, the " Hawaii Refinery Expansion "). We agreed to purchase the assets for a purchase price of $45 million , payable in $30 million in cash and 860,502 shares of our common stock at closing. The purchase price will be adjusted by the value of the inventory at closing, with the adjustment for the non-hydrocarbon inventory to be paid

for by the issuance of up to 286,834 additional shares. The Hawaii Refinery Expansion is expected to close before the end of the fourth quarter of 2018 and is subject to certain closing conditions.

Note 5 — Revenue Recognition

On January 1, 2018, we adopted ASU 2014-09 (ASC Topic 606) using the modified retrospective method applied to all contracts that were not completed as of January 1, 2018. As such, the comparative financial information for prior periods has not been adjusted and continues to be reported under FASB ASC Topic 605, "Revenue Recognition." We did not identify any significant differences in our existing revenue recognition policies that require modification under the new standard; therefore, we did not recognize a cumulative adjustment on opening equity as of January 1, 2018.

As of September 30, 2018 and December 31, 2017 , receivables from contracts with customers were $116.2 million and $112.3 million , respectively. Our refining segment recognizes deferred revenues when cash payments are received in advance of delivery of products to the customer. Deferred revenue was $8.5 million and $9.5 million as of September 30, 2018 and December 31, 2017 , respectively. We have elected to apply a practical expedient not to disclose the value of unsatisfied performance obligations for contracts with an original expected duration of less than one year.

Refining and Retail

Our refining and retail segment revenues are primarily associated with the sale of refined products. We recognize revenues upon delivery of refined products to a customer, which is the point in time at which title and risk of loss is transferred to the customer. The refining segment's contracts with its customers state the terms of the sale, including the description, quantity, delivery terms, and price of each product sold. Payments from customers are generally due in full within 2 to 30 days of product delivery or invoice date.

We account for certain transactions on a net basis under FASB ASC Topic 845, "Nonmonetary Transactions." These transactions include nonmonetary crude oil and refined product exchange transactions, certain crude oil buy/sell arrangements, and sale and purchase transactions entered into with the same counterparty that are deemed to be in contemplation with one another.

Upon adoption of ASC Topic 606, we made an accounting policy election to apply the sales tax practical expedient, whereby all taxes assessed by a governmental authority that are both imposed on and concurrent with a revenue-producing transaction and collected from our customers will be recognized on a net basis within Cost of revenues (excluding depreciation). This change in our accounting policy did not have a material impact on our condensed consolidated financial information for the three and nine months ended September 30, 2018 .

Logistics

We recognize transportation and storage fees as services are provided to a customer. Substantially all of our logistics revenues represent intercompany transactions that are eliminated in consolidation.

The following table provides information about disaggregated revenue by major product line and includes a reconciliation of the disaggregated revenue with reportable segments (in thousands):

Three Months Ended September 30, 2018	Refining	Logistics	Retail
Product or service:			
Gasoline	$ 260,392	$ —	$ 89,358
Distillates (1)	466,148	—	11,282
Other refined products (2)	124,051	—	—
Merchandise	—	—	24,330
Transportation and terminalling services	—	30,660	—
Total segment revenues	$ 850,591	$ 30,660	$ 124,970

Nine Months Ended September 30, 2018	Refining	Logistics	Retail
Product or service:			
Gasoline	$ 755,523	$ —	$ 232,314
Distillates (1)	1,318,645	—	29,403
Other refined products (2)	317,094	—	—
Merchandise	—	—	61,536
Transportation and terminalling services	—	95,016	—
Total segment revenues	$ 2,391,262	$ 95,016	$ 323,253

(1) Distillates primarily include diesel and jet fuel.
(2) Other refined products include fuel oil, gas oil, and naphtha.

Note 6 — Inventories

Inventories at September 30, 2018 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreements (1)	Total
Crude oil and feedstocks	$ 10,632	$ 107,396	$ 118,028
Refined products and blendstock	78,600	132,613	211,213
Warehouse stock and other (2)	29,340	—	29,340
Total	$ 118,572	$ 240,009	$ 358,581

Inventories at December 31, 2017 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreements (1)	Total
Crude oil and feedstocks	$ 93,970	$ 56,014	$ 149,984
Refined products and blendstock	63,505	108,917	172,422
Warehouse stock and other	22,951	—	22,951
Total	$ 180,426	$ 164,931	$ 345,357

(1) Please read Note 8—Inventory Financing Agreements for further information.
(2) Includes $6.0 million of RINs and environmental credits.

As of September 30, 2018 and December 31, 2017 , there was no reserve for the lower of cost or net realizable value of inventory.

Note 7 — Prepaid and Other Current Assets

Prepaid and other current assets at September 30, 2018 and December 31, 2017 consisted of the following (in thousands):

	September 30, 2018	December 31, 2017
Collateral posted with broker for derivative instruments	$ 2,969	$ 215
Prepaid insurance	109	7,547
Derivative assets	554	4,296
Other	6,607	5,221
Total	$ 10,239	$ 17,279

Note 8 — Inventory Financing Agreements

Supply and Offtake Agreements

On June 1, 2015, we entered into several agreements with J. Aron & Company ("J. Aron") to support the operations of our Hawaii refinery (the "Supply and Offtake Agreements"). On May 8, 2017 , we and J. Aron amended the Supply and Offtake Agreements and extended the term through May 31, 2021 with a one -year extension option upon mutual agreement of the parties. As part of this amendment, J. Aron may enter into agreements with third parties whereby J. Aron will remit payments to these third parties for refinery procurement contracts for which we will become immediately obligated to reimburse J. Aron. As of September 30, 2018 , we had no obligations due to J. Aron under this letter of credit agreement. On December 21, 2017 , in connection with the issuance of the 7.75% Senior Secured Notes , we amended and restated the Supply and Offtake Agreements to update the terms of the collateral and include minimum liquidity requirements. On June 27, 2018, we and J. Aron amended the Supply and Offtake Agreements to increase the amount that we may defer under the deferred payment arrangement. Prior to June 27, 2018, we had the right to defer payments owed to J. Aron up to the lesser of $125 million or 85% of eligible accounts receivable and inventory. Effective June 27, 2018, we have the right to defer payments owed to J. Aron up to the lesser of $165 million or 85% of eligible accounts receivable and inventory.

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 Hawaii refinery. Additionally, we agreed to sell and J. Aron agreed to buy, at market prices, refined products produced at our Hawaii refinery. We will then repurchase the refined products from J. Aron prior to selling the refined products to our retail operations or to third parties. The agreements also provide for the lease of crude oil and certain refined product storage facilities to J. Aron. Following the expiration or termination of the Supply and Offtake 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.

Though title to the crude oil and certain refined product inventories resides with J. Aron, the Supply and Offtake Agreements are accounted for similar to a product financing arrangement; therefore, the crude oil and refined products inventories will continue to be included on our condensed consolidated balance sheets 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 three and nine months ended September 30, 2018 , we incurred approximately $5.0 million and $15.8 million in handling fees related to the Supply and Offtake Agreements, respectively, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. For the three and nine months ended September 30, 2017 , we incurred approximately $3.4 million and $9.8 million in handling fees related to the Supply and Offtake Agreements, respectively. For the three and nine months ended September 30, 2018 , Interest expense and financing costs, net on our condensed consolidated statements of operations includes approximately $1.3 million and $3.3 million of expenses related to the Supply and Offtake Agreements, respectively. For the three and nine months ended September 30, 2017 , Interest expense and financing costs, net on our condensed consolidated statements of operations includes approximately $0.8 million and $2.3 million of expenses related to the Supply and Offtake Agreements, respectively.

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 $165 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 bear interest at a rate equal to three -month 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 condensed consolidated balance sheets. Changes in the amount outstanding under the Deferred Payment Arrangement are included within Cash flows from financing activities on the condensed consolidated statements of cash flows. As of September 30, 2018 and December 31, 2017 , the capacity of the Deferred Payment Arrangement was $101.7 million and $83.1 million , respectively. As of September 30, 2018 and December 31, 2017 , we had $71.8 million and $41.1 million outstanding, respectively.

Under the Supply and Offtake Agreements, we pay or receive certain fees from J. Aron based on changes in market prices over time. In February 2016, we fixed the market fee for the period from December 1, 2016 through May 31, 2018 for $14.6 million to be settled in eighteen equal monthly payments. In 2017, we fixed the market fee for the period from June 1, 2018 through May 2021 for an additional $2.2 million . The receivable from J. Aron was recorded as a reduction to our Obligations under inventory

financing agreements pursuant to our Master Netting Agreement. As of September 30, 2018 and December 31, 2017 , the receivable was $2.2 million and $7.1 million , respectively.

The agreements also provide us with the ability to economically hedge price risk on our inventories and crude oil purchases. Please read Note 10—Derivatives for further information.

Note 9 — Debt

The following table summarizes our outstanding debt (in thousands):

	September 30, 2018	December 31, 2017
5.00% Convertible Senior Notes due 2021	$ 115,000	$ 115,000
7.75% Senior Secured Notes due 2025	300,000	300,000
ABL Credit Facility	—	—
Principal amount of long-term debt	415,000	415,000
Less: unamortized discount and deferred financing costs	(25,402)	(30,188)
Total debt, net of unamortized discount and deferred financing costs	389,598	384,812
Less: current maturities	—	—
Long-term debt, net of current maturities	$ 389,598	$ 384,812

Our debt is subject to various affirmative and negative covenants. As of September 30, 2018 , we were in compliance with all debt covenants. Under the ABL Credit Facility and the indenture governing the 7.75% Senior Secured Notes , our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

7.75% Senior Secured Notes Due 2025

On December 21, 2017 , Par Petroleum, LLC and Par Petroleum Finance Corp. (collectively, the “Issuers”), both our wholly owned subsidiaries, completed the issuance and sale of $300 million in aggregate principal amount of 7.75% Senior Secured Notes in a private placement under Rule 144A and Regulation S of the Securities Act of 1933, as amended. The net proceeds of $289.2 million (net of financing costs and original issue discount of 1%) from the sale were used to repay our previous credit facilities and the forward sale agreement with J. Aron and for general corporate purposes.

The 7.75% Senior Secured Notes bear interest at a rate of 7.750% per year beginning December 21, 2017 (payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2018) and will mature on December 15, 2025 .

ABL Credit Facility

On December 21, 2017 , in connection with the issuance of the 7.75% Senior Secured Notes , Par Petroleum, LLC , Par Hawaii Inc., Mid Pac Petroleum, LLC (“Mid Pac”), HIE Retail, LLC, Hermes Consolidated, LLC, and Wyoming Pipeline Company (collectively, the “ ABL Borrowers ”), entered into a Loan and Security Agreement dated as of December 21, 2017 (the “ ABL Credit Facility ”) with certain lenders and Bank of America, N.A., as administrative agent and collateral agent. The ABL Credit Facility provides for a revolving credit facility that provides for revolving loans and for the issuance of letters of credit (the “ ABL Revolver ”). On July 24, 2018 , we amended the ABL Credit Facility to increase the maximum principal amount at any time outstanding of the ABL Revolver by $10 million to $85 million , subject to a borrowing base. The ABL Revolver had no outstanding balance as of September 30, 2018 and a borrowing base of approximately $67.3 million at September 30, 2018 .

5.00% Convertible Senior Notes Due 2021

As of September 30, 2018 , the outstanding principal amount of the 5.00% Convertible Senior Notes was $115.0 million , the unamortized discount and deferred financing cost was $15.9 million , and the carrying amount of the liability component was $99.1 million .

Cross Default Provisions

Included within each of our debt agreements are customary cross default provisions that require the repayment of amounts outstanding on demand unless the triggering payment default or acceleration is remedied, rescinded, or waived. As of September 30, 2018 , we were in compliance with all of our debt agreements.

Guarantors

In connection with our shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission ("SEC") on September 2, 2016 and declared effective on September 16, 2016 ("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 $750.0 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"). We have 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 us, whether by cash dividends, loans, or advances.

Note 10 — Derivatives

Commodity Derivatives

We utilize crude oil commodity derivative contracts to manage our price exposure in our inventory positions, future purchases of crude oil, future purchases and sales of refined products, and crude oil consumption in our refining process. 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 (excluding depreciation) on our condensed 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 (excluding depreciation) on our condensed consolidated statements of operations. We are required under the Supply and Offtake Agreements to hedge the time spread between the period of crude oil cargo pricing and the month of delivery for certain crude oil purchases. We utilize OTC swaps to accomplish this.

We have entered into forward purchase contracts for crude oil and forward purchases and 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.

We elect to offset fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. Our condensed consolidated balance sheets present derivative assets and liabilities on a net basis. Please read Note 11—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 September 30, 2018 , our open commodity derivative contracts represented:

- OTC swap purchases of 181 thousand barrels that economically hedge our crude oil and refined products month-end target volumes related to our Supply and Offtake Agreements;
- futures sales contracts of 125 thousand barrels that economically hedge our jet fuel inventory;
- OTC swap sales of 250 thousand barrels that economically hedge our refined products exports;
- futures purchases contracts of 305 thousand barrels that economically hedge our sales of refined products; and
- option collars of 60 thousand barrels per month and OTC swaps of 15 thousand barrels per month, both through December 2018 , that economically hedge our internally consumed fuel.

Interest Rate Derivatives

We are exposed to interest rate volatility in our ABL Revolver and in the Supply and Offtake Agreements. We utilize interest rate swaps to manage our interest rate risk. As of September 30, 2018 , we had locked in an average fixed rate of 0.97% in exchange for a floating interest rate indexed to the three-month LIBOR on an aggregate notional amount of $100 million . The interest rate swap matures in February 2019 . In February 2018, we terminated a separate $100 million floating interest rate swap originally maturing in March 2021 , which resulted in a realized gain of $3.7 million .

Our 5.00% Convertible Senior Notes include a redemption option and a related make-whole premium which represent an embedded derivative that is not clearly and closely related to the 5.00% Convertible Senior Notes . As such, we have accounted for this embedded derivative at fair value with changes in the fair value recorded in Interest expense and financing costs, net , on

our condensed consolidated statements of operations. As of September 30, 2018 , this embedded derivative was deemed to have a *de minimis* fair value.

The following table provides information on the fair value amounts (in thousands) of these derivatives as of September 30, 2018 and December 31, 2017 and their placement within our condensed consolidated balance sheets.

	Balance Sheet Location	September 30, 2018	December 31, 2017
		Asset (Liability)	
Commodity derivatives (1)	Prepaid and other current assets	$ —	$ 2,814
Commodity derivatives	Other accrued liabilities	(2,073)	(39)
J. Aron repurchase obligation derivative	Obligations under inventory financing agreements	(8,752)	(19,564)
Interest rate derivatives	Prepaid and other current assets	554	1,482
Interest rate derivatives	Other long-term assets	—	2,328

(1) Does not include cash collateral of $3.0 million and $0.2 million recorded in Prepaid and other current assets and $7.0 million and $7.0 million in Other long-term assets as of September 30, 2018 and December 31, 2017 , respectively.

The following table summarizes the pre-tax gains (losses) recognized in Net income (loss) on our condensed consolidated statements of operations resulting from changes in fair value of derivative instruments not designated as hedges charged directly to earnings (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Statement of Operations Location	2018	2017	2018	2017
Commodity derivatives	Cost of revenues (excluding depreciation)	$ (2,842)	$ 3,657	$ 843	$ 26
J. Aron repurchase obligation derivative	Cost of revenues (excluding depreciation)	(4,330)	(24,041)	10,812	(4,995)
Interest rate derivatives	Interest expense and financing costs, net	(21)	148	1,277	(477)

Note 11 — Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Common Stock Warrants

As of September 30, 2018 and December 31, 2017 , we had 354,350 common stock warrants outstanding. We estimate the fair value of our outstanding common stock warrants using the difference between the strike price of the warrant and the market price of our common stock, which is a Level 3 fair value measurement. As of September 30, 2018 and December 31, 2017 , the warrants had a weighted-average exercise price of $0.09 and $0.09 and a remaining term of 3.92 years and 4.67 years , respectively.

The estimated fair value of the common stock warrants was $20.33 and $19.21 per share as of September 30, 2018 and December 31, 2017 , respectively.

Derivative Instruments

We utilize crude oil commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil, future purchases and sales of refined products, and cost of crude oil consumed in the refining process. We utilize interest rate swaps to manage our interest rate risk.

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 a Level 3 instrument. We do not have other commodity derivatives classified as Level 3 at September 30, 2018 or December 31, 2017 . Please read Note 10—Derivatives for further information on derivatives.

Financial Statement Impact

Fair value amounts by hierarchy level as of September 30, 2018 and December 31, 2017 are presented gross in the tables below (in thousands):

	September 30, 2018					
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	$ 1,056	$ 13,675	$ —	$ 14,731	$ (14,731)	$ —
Interest rate derivatives	—	554	—	554	—	554
Total	$ 1,056	$ 14,229	$ —	$ 15,285	$ (14,731)	$ 554
Liabilities						
Common stock warrants	$ —	$ —	$ (7,204)	$ (7,204)	$ —	$ (7,204)
Commodity derivatives	(2,801)	(14,003)	—	(16,804)	14,731	(2,073)
J. Aron repurchase obligation derivative	—	—	(8,752)	(8,752)	—	(8,752)
Total	$ (2,801)	$ (14,003)	$ (15,956)	$ (32,760)	$ 14,731	$ (18,029)

	December 31, 2017					
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	$ 557	$ 21,907	$ —	$ 22,464	$ (19,650)	$ 2,814
Interest rate derivatives	—	3,810	—	3,810	—	3,810
Total	$ 557	$ 25,717	$ —	$ 26,274	$ (19,650)	$ 6,624
Liabilities						
Common stock warrants	$ —	$ —	$ (6,808)	$ (6,808)	$ —	$ (6,808)
Commodity derivatives	(596)	(19,093)	—	(19,689)	19,650	(39)
J. Aron repurchase obligation derivative	—	—	(19,564)	(19,564)	—	(19,564)
Total	$ (596)	$ (19,093)	$ (26,372)	$ (46,061)	$ 19,650	$ (26,411)

(1) Does not include cash collateral of $10.0 million and $7.2 million as of September 30, 2018 and December 31, 2017 , respectively, included within Prepaid and other current assets and Other long-term assets on our condensed consolidated balance sheets.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Balance, at beginning of period	$ (10,559)	$ (7,324)	$ (26,372)	$ (25,134)
Settlements	—	—	—	—
Total unrealized income (loss) included in earnings	(5,397)	(25,016)	10,416	(7,206)
Balance, at end of period	$ (15,956)	$ (32,340)	$ (15,956)	$ (32,340)

The carrying value and fair value of long-term debt and other financial instruments as of September 30, 2018 and December 31, 2017 are as follows (in thousands):

	September 30, 2018	
	Carrying Value	Fair Value
5.00% Convertible Senior Notes due 2021 (1) (3)	$ 99,145	$ 148,793
7.75% Senior Secured Notes due 2025 (1)	290,453	299,250
Common stock warrants (2)	7,204	7,204

	December 31, 2017	
	Carrying Value	Fair Value
5.00% Convertible Senior Notes due 2021 (1) (3)	$ 95,486	$ 149,007
7.75% Senior Secured Notes due 2025 (1)	289,326	300,423
Common stock warrants (2)	6,808	6,808

(1) The fair values measurements of the 5.00% Convertible Senior Notes and the 7.75% Senior Secured Notes are considered Level 2 measurements as discussed below.

(2) The fair value of the common stock warrants is considered a Level 3 measurement in the fair value hierarchy.

(3) The carrying value of the 5.00% Convertible Senior Notes excludes the fair value of the equity component, which was classified as equity upon issuance.

The fair value of the 5.00% Convertible Senior Notes was determined by aggregating the fair value of the liability and equity components of the notes. The fair value of the liability component of the 5.00% Convertible Senior Notes was determined using a discounted cash flow analysis in which the projected interest and principal payments were discounted at an estimated market yield for a similar debt instrument without the conversion feature. The equity component was estimated based on the Black-Scholes model for a call option with strike price equal to the conversion price, a term matching the remaining life of the 5.00% Convertible Senior Notes , and an implied volatility based on market values of options outstanding as of September 30, 2018 . The fair value of the 5.00% Convertible Senior Notes is considered a Level 2 measurement in the fair value hierarchy.

The fair value of the 7.75% Senior Secured Notes was determined using a market approach based on quoted prices. Because the 7.75% Senior Secured Notes may not be actively traded, the inputs used to measure the fair value are classified as Level 2 inputs within the fair value hierarchy.

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

Note 12 — 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 financial condition, results of operations, or cash flows.

Tesoro Earn-out Dispute

On June 17, 2013, a wholly owned subsidiary of Par entered into a membership interest purchase agreement with Tesoro Corporation ("Tesoro," which changed its name to Andeavor Corporation before being purchased by Marathon Petroleum Company in October 2018), pursuant to which the Par subsidiary purchased all of the issued and outstanding membership interests in Tesoro Hawaii, LLC. Tesoro Hawaii, LLC was initially renamed Hawaii Independent Energy, LLC, and subsequently renamed Par Hawaii Refining, LLC (" PHR "). The cash consideration for the acquisition was subject to an earn-out provision during the years 2014-2016, subject to, among other things, an annual earn-out cap of $20 million and an overall cap of $40 million . During 2016, we paid Tesoro a total of $16.8 million to settle the 2014 and 2015 earn-out periods. Tesoro disputed our calculation of the 2015 and 2016 earn-out amounts and asserted that it was entitled to an additional earn-out amount of $4.3 million for the 2015 earn-out period and a total earn-out amount of $8.3 million for the 2016 earn-out period. On March 22, 2018 , Tesoro agreed to settle the earn-out dispute and release and discharge any related claims in exchange for our payment of $10.5 million .

Mid Pac Earn-out 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 provided for an earn-out payment to be made to the Barbatas in an amount equal to four times the amount by which the average of Inter Island's earn ings before interest, taxes, depreciation, and amortization during the relevant earn-out period exceeded $3.5 million . The earn-out payment was capped at a maximum of $4.5 million . Mid Pac contended that there were no amounts owed to the Barbatas for the earn-out period, while the Barbatas contended they were entitled to $4.5 million . In June 2018, Mid Pac and the Barbatas agreed to settle the earn-out dispute and release and discharge any related claims in exchange for our payment of $350 thousand and our assumption of up to an aggregate $300 thousand of certain environmental monitoring and remediation obligations.

United Steelworkers Union Dispute

A portion of our employees at the Hawaii 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, the USW filed a claim against PHR before the United States National Labor Relations Board (the "NLRB") alleging a refusal to bargain collectively and in good faith. On March 29, 2016, the NLRB deferred final determination on the USW charge to the grievance/arbitration process under the extant collective bargaining agreement. Arbitration was commenced and concluded on October 1, 2018, with the arbitrator taking the matter under advisement thereafter. PHR denies the USW's allegations and intends to vigorously defend itself in connection with such claim in the grievance/arbitration process and any subsequent proceeding before the NLRB.

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. Except as disclosed below, 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.

Our Hawaii refinery and our Wyoming refinery were each granted a one-year small refinery exemption for the year 2017 from the U.S. Environmental Protection Agency ("EPA") . Owing primarily to the receipt of these small refinery exemptions, our net income for the three and nine months ended September 30, 2018 includes $3.3 million of RINs expense and $7.5 million of RINs benefit , respectively.

Wyoming refinery

Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and/or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. The largest cost component arising from these various decrees relates to the investigation, monitoring, and remediation of soil, groundwater, surface water, and sediment contamination associated with the facility's historic operations. Investigative work by Wyoming Refining and negotiations with the relevant agencies as to remedial

approaches remain ongoing on a number of aspects of the contamination, meaning that investigation, monitoring, and remediation costs are not reasonably estimable for some elements of these efforts. As of September 30, 2018 , we have accrued $17.5 million for the well-understood components of these efforts based on current information, approximately one-third of which we expect to incur in the next five years and the remainder to be incurred over approximately 30 years .

Additionally, we believe the Wyoming refinery will need to modify or close a series of wastewater impoundments in the next several years and replace those impoundments with a new wastewater treatment system. Based on current information, reasonable estimates we have received suggest costs of approximately $11.6 million to design and construct a new wastewater treatment system.

Finally, among the various historic consent decrees, orders, and settlement agreements into which Hermes Consolidated LLC, and its wholly owned subsidiary, Wyoming Pipeline Company (collectively, "WRC" or "Wyoming Refining") have entered, there are several penalty orders associated with exceedances of permitted limits by the Wyoming refinery's wastewater discharges. Although the frequency of these exceedances has declined over time, Wyoming Refining may become subject to new penalty enforcement action in the next several years, which could involve penalties in excess of $100 thousand .

Regulation of Greenhouse Gases

The EPA regulates greenhouse gases ("GHG") under the federal Clean Air Act ("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 federal CAA 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 the cost of the products we produce, which could have a material adverse effect on our financial condition, results of operations, or cash flows.

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 Hawaii State Government. The Hawaii refinery's capacity to reduce fuel use and GHG emissions is limited. However, the state's pending regulation allows, and the Hawaii refinery expects to 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) that 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 of 2007 (the "EISA") that, 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 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 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. 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, that 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, 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, with the most recent rulemaking addressing certain technical corrections and clarifications effective June 21, 2016. The effective date for the new standard was January 1, 2017, however, approved small volume refineries have until January 1, 2020 to meet the standard. As noted above, our refineries were granted small volume refinery status by the EPA for 2017.

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. Along with credit and trading options, potential capital upgrades for the Hawaii and Wyoming refineries are being evaluated. We may also 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 , Par Petroleum, LLC (formerly Hawaii Pacific Energy, a wholly owned subsidiary of Par created for purposes of the PHR acquisition), Tesoro, and PHR entered into an Environmental Agreement ("Environmental Agreement") that allocated responsibility for known and contingent environmental liabilities related to the acquisition of PHR , including the Consent Decree as described below.

Consent Decree

On July 18, 2016, PHR and subsidiaries of Tesoro entered into a consent decree with the EPA, the U.S. Department of Justice ("DOJ"), and other state governmental authorities concerning alleged violations of the federal CAA related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates ("Consent Decree"), including our Hawaii refinery. As a result of the Consent Decree, PHR expanded its previously-announced 2016 Hawaii refinery turnaround to undertake additional capital improvements to reduce emissions of air pollutants and to provide for certain nitrogen oxide and sulfur dioxide emission controls and monitoring and to install certain lock detection and repair equipment required by the Consent Decree. Although the turnaround was completed during the third quarter of 2016, work related to the Consent Decree is ongoing. This work subjects us to risks associated with engineering, procurement, and construction of improvements and repairs to our facilities and related penalties and fines to the extent applicable deadlines under the Consent Decree are not satisfied, as well as risks related to the performance of equipment required by, or affected by, the Consent Decree. Each of these risks could have a material adverse effect on our business, financial condition, or results of operations.

Tesoro is responsible under the Environmental Agreement for directly paying, or reimbursing PHR, for all reasonable third-party capital expenditures incurred pursuant to the Consent Decree to the extent related to acts or omissions prior to the date of the closing of the PHR acquisition. Tesoro is obligated to pay all applicable fines and penalties related to the Consent Decree. Through September 30, 2018 , Tesoro has reimbursed us for $12.2 million of the total capital expenditures of $13.1 million incurred in connection with the Consent Decree. Net capital expenditures and reimbursements related to the Consent Decree for the nine months ended September 30, 2018 and 2017 are presented within Capital expenditures on our condensed consolidated statement of cash flows for the related periods.

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 date of the closing of the PHR acquisition, any fine, penalty, or other cost assessed by a governmental authority in connection with violations of environmental laws by PHR prior to the date of the closing of the PHR acquisition, certain groundwater remediation work, fines, or penalties imposed on PHR by the Consent Decree related to acts or omissions of Tesoro prior to the date of the closing of the PHR acquisition, and 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 Corporation ("Delta") 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 Delta and its subsidiaries (collectively, "Debtors") hold against third parties. On February 27, 2018, the Bankruptcy Court entered its final decree closing the Chapter 11 bankruptcy cases of Delta and the other Debtors, discharging the trustee for the General Trust, and finding that all assets of the General Trust were resolved, abandoned, or liquidated and have been distributed in accordance with the requirements of the Plan. In addition, the final decree required the Company or the General Trust, as applicable, to maintain the current accruals owed on account of the remaining claims of the U.S. Government and Noble Energy, Inc.

As of September 30, 2018 , two related claims totaling approximately $22.4 million remained to be resolved and we have accrued approximately $0.5 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end.

One of the two remaining claims 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. The second unliquidated claim, which is related to the same plugging and abandonment obligation, was filed by Noble Energy Inc., the operator and majority interest owner of the Sword Unit. 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, only owned an approximate 3.4% aggregate 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 were settled at a ratio of 54.4 shares per $1,000 of claim.

Note 13 — Stockholders' Equity

Incentive Plan

The following table summarizes our compensation costs recognized in General and administrative expense (excluding depreciation) and Operating expense (excluding depreciation) under the Amended and Restated Par Pacific Holdings, Inc. 2012 Long-term Incentive Plan and Stock Purchase Plan (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Restricted Stock Awards	$ 955	$ 967	$ 2,734	$ 3,482
Restricted Stock Units	235	127	605	364
Stock Option Awards	506	583	1,460	1,957

During the three and nine months ended September 30, 2018 , we granted 9 thousand and 252 thousand shares of restricted stock and restricted stock units with a fair value of approximately $0.2 million and $4.4 million , respectively. As of September 30, 2018 , there were approximately $6.7 million of total unrecognized compensation costs related to restricted stock awards and restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.6 years .

During the nine months ended September 30, 2018 , we granted 252 thousand stock option awards with a weighted-average exercise price of $17.34 per share. No stock option awards were granted during the three months ended September 30, 2018 . As of September 30, 2018 , there were approximately $3.6 million 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 2.6 years .

During the nine months ended September 30, 2018 , we granted 49 thousand performance restricted stock units to executive officers. No performance restricted stock units were granted for the three months ended September 30, 2018 . These performance restricted stock units had a fair value of approximately $0.8 million and are subject to certain annual performance targets as defined

by our Board of Directors. As of September 30, 2018 , there were approximately $1.0 million of total unrecognized compensation costs related to the performance restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.1 years .

Note 14 — Income (Loss) per Share

Basic income (loss) per share 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 common stock warrants, representing 354 thousand shares during the three and nine months ended September 30, 2018 and 354 thousand shares during the three and nine months ended September 30, 2017 , respectively. The common stock warrants are included in the calculation of basic income (loss) per share because they are issuable for minimal consideration. The following table sets forth the computation of basic and diluted income (loss) per share (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$ (5,822)	$ 18,824	$ 25,541	$ 53,616
Less: Undistributed income allocated to participating securities (1)	—	238	361	685
Net income (loss) attributable to common stockholders	(5,822)	18,586	25,180	52,931
Plus: Net income effect of convertible securities	—	2,566	—	—
Numerator for diluted income (loss) per common share	$ (5,822)	$ 21,152	$ 25,180	$ 52,931
Basic weighted-average common stock shares outstanding	45,709	45,561	45,676	45,505
Plus: dilutive effects of common stock equivalents (2)	—	6,431	45	22
Diluted weighted-average common stock shares outstanding	45,709	51,992	45,721	45,527
Basic income (loss) per common share	$ (0.13)	$ 0.41	$ 0.55	$ 1.16
Diluted income (loss) per common share	$ (0.13)	$ 0.41	$ 0.55	$ 1.16

(1) Participating securities include restricted stock that has been issued but has not yet vested.
(2) 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 three months ended September 30, 2018 .

For the nine months ended September 30, 2018 , our calculation of diluted shares outstanding excluded 33 thousand shares of unvested restricted stock and 1.3 million stock options. For the three and nine months ended September 30, 2017 , our calculation of diluted shares outstanding excluded 31 thousand and 83 thousand shares of unvested restricted stock and 1.3 million and 1.5 million stock options, respectively.

As discussed in Note 9—Debt , we have the option of settling the 5.00% Convertible Senior Notes in cash or shares of common stock, or any combination thereof, upon conversion. For the three and nine months ended September 30, 2018 and September 30, 2017 , diluted income (loss) per share was determined using the if-converted method. Our calculation of diluted shares outstanding for each of the three and nine months ended September 30, 2018 and the nine months ended September 30, 2017 excluded 6.4 million common stock equivalents, as the effect would be anti-dilutive.

Note 15 — Income Taxes

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 recent prior periods, and projections for future results of operations over the periods in which the deferred tax assets are deductible, among other factors,

management continues to conclude that we did not meet the "more likely than not" requirement in order to recognize deferred tax assets and a valuation allowance has been recorded for substantially all of our net deferred tax assets at September 30, 2018 .

During the three and nine months ended September 30, 2018 and 2017 , no adjustments were recognized for uncertain tax positions.

As of December 31, 2017, we had approximately $1.6 billion in net operating loss carryforwards ("NOL carryforwards"); however, we currently have a valuation allowance against this and substantially all of our other deferred taxed assets. 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. If sufficient positive evidence of improving actual operating results becomes available, the amount of the deferred tax asset considered more likely than not to be recognized would be increased with a corresponding reduction in income tax expense in the period recorded.

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 our refining, retail, and logistics operations.

Note 16 — Segment Information

We report the results for the following four business segments: (i) Refining , (ii) Retail , (iii) Logistics , and (iv) Corporate and Other. Beginning in the first quarter of 2018, the results of operations of Northwest Retail are included in our retail segment.

Summarized financial information concerning reportable segments consists of the following (in thousands):

Three Months Ended September 30, 2018	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 850,591	$ 30,660	$ 124,970	$ (96,440)	$ 909,781
Cost of revenues (excluding depreciation)	805,051	18,384	95,968	(96,618)	822,785
Operating expense (excluding depreciation)	36,766	1,663	16,476	—	54,905
Depreciation, depletion, and amortization	8,336	1,654	1,876	1,326	13,192
General and administrative expense (excluding depreciation)	—	—	—	11,871	11,871
Acquisition and integration expense	—	—	—	2,134	2,134
Operating income (loss)	$ 438	$ 8,959	$ 10,650	$ (15,153)	$ 4,894
Interest expense and financing costs, net					(10,425)
Other income, net					85
Change in value of common stock warrants					(1,067)
Equity earnings from Laramie Energy, LLC					1,050
Loss before income taxes					(5,463)
Income tax expense					(359)
Net loss					$ (5,822)
Capital expenditures	$ 5,332	$ 4,501	$ 1,425	$ 1,283	$ 12,541

Three Months Ended September 30, 2017	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 578,511	$ 31,838	$ 83,682	$ (83,525)	$ 610,506
Cost of revenues (excluding depreciation)	513,664	15,857	63,175	(83,220)	509,476
Operating expense (excluding depreciation)	36,126	4,029	11,563	—	51,718
Depreciation, depletion, and amortization	7,390	1,602	1,471	841	11,304
General and administrative expense (excluding depreciation)	—	—	—	11,292	11,292
Operating income (loss)	$ 21,331	$ 10,350	$ 7,473	$ (12,438)	$ 26,716
Interest expense and financing costs, net					(7,419)
Other income, net					649
Change in value of common stock warrants					(975)
Equity earnings from Laramie Energy, LLC					553
Income before income taxes					19,524
Income tax expense					(700)
Net income					$ 18,824
Capital expenditures	$ 3,171	$ 2,606	$ 811	$ 1,523	$ 8,111

(1) Includes eliminations of intersegment revenues and cost of revenues of $96.4 million and $83.4 million for the three months ended September 30, 2018 and 2017 , respectively.

Nine Months Ended September 30, 2018	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 2,391,262	$ 95,016	$ 323,253	$ (277,915)	$ 2,531,616
Cost of revenues (excluding depreciation)	2,204,634	57,775	248,328	(278,129)	2,232,608
Operating expense (excluding depreciation)	108,862	5,870	44,239	4	158,975
Depreciation, depletion, and amortization	24,173	4,969	6,441	3,421	39,004
General and administrative expense (excluding depreciation)	—	—	—	35,981	35,981
Acquisition and integration expense	—	—	—	3,515	3,515
Operating income (loss)	$ 53,593	$ 26,402	$ 24,245	$ (42,707)	$ 61,533
Interest expense and financing costs, net					(29,346)
Other income, net					861
Change in value of common stock warrants					(396)
Change in value of contingent consideration					(10,500)
Equity earnings from Laramie Energy, LLC					4,274
Income before income taxes					26,426
Income tax expense					(885)
Net income					$ 25,541
Capital expenditures	$ 15,359	$ 9,050	$ 2,520	$ 3,269	$ 30,198

Nine Months Ended September 30, 2017	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 1,685,341	$ 91,456	$ 243,711	$ (240,504)	$ 1,780,004
Cost of revenues (excluding depreciation)	1,493,472	46,982	184,916	(240,252)	1,485,118
Operating expense (excluding depreciation)	107,237	12,675	33,829	—	153,741
Depreciation, depletion, and amortization	22,243	4,613	4,377	2,615	33,848
General and administrative expense (excluding depreciation)	—	—	—	34,688	34,688
Acquisition and integration expense	—	—	—	253	253
Operating income (loss)	$ 62,389	$ 27,186	$ 20,589	$ (37,808)	$ 72,356
Interest expense and financing costs, net					(25,500)
Loss on termination of financing agreement					(1,804)
Other income, net					886
Change in value of common stock warrants					(2,211)
Equity earnings from Laramie Energy, LLC					11,651
Income before income taxes					55,378
Income tax expense					(1,762)
Net income					$ 53,616
Capital expenditures	$ 5,495	$ 5,345	$ 4,434	$ 4,614	$ 19,888

(1) Includes eliminations of intersegment revenues and cost of revenues of $277.3 million and $241.5 million for the nine months ended September 30, 2018 and 2017 , respectively.

Note 17 — Related Party Transactions

Equity Group Investments ("EGI") - Service Agreement

On September 17, 2013 , we entered into a letter agreement ("Services Agreement") with Equity Group Investments ("EGI"), an affiliate of Zell Credit Opportunities Fund, LP ("ZCOF"), which owns 10% or more of our common stock directly or through affiliates. Pursuant to the Services Agreement, EGI 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 does not receive a fee for the provision of the strategic, advisory, or consulting services set forth in the Services Agreement, 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 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 services under the Services Agreement. In consideration of the services provided by EGI under the Services Agreement, we agreed to indemnify EGI for certain losses relating to or arising out of the Services Agreement or the services provided thereunder.

The Services Agreement has 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. There were no significant costs incurred related to this agreement during the three and nine months ended September 30, 2018 or 2017 .

Legal Settlement

In April 2018, the Company received $0.8 million from a stockholder in settlement of a third-party claim for recovery of short-swing profits under Section 16(b) of the Securities Exchange Act of 1934, as amended.

Note 18 — Subsequent Events

Laramie Energy Unit Repurchase

On October 18, 2018 , Laramie Energy repurchased 138,795 of its Class A Units from certain unitholders for an aggregate purchase price of $14.8 million . As a result of this transaction, our ownership interest in Laramie Energy increased from 39.1% to 46.0% .

Second Amendment to ABL Loan Facility

On October 16, 2018 , we amended certain defined terms in the ABL Credit Facility in connection with a property purchase transaction and a refinancing transaction related to our retail business segment in Hawaii.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a growth-oriented company headquartered in Houston, Texas, that manages and maintains interests in energy and infrastructure businesses. We were created through the successful reorganization of Delta in August 2012. The reorganization converted approximately $265 million of unsecured debt to equity and allowed us to preserve significant tax attributes.

Our business is organized into three primary operating segments:

1) **Refining** - Our refinery in Kapolei, Hawaii, produces ULSD, gasoline, jet fuel, marine fuel, LSFO, and other associated refined products primarily for consumption in Hawaii. Our refinery in Newcastle, Wyoming , produces gasoline, ULSD, jet fuel, and other associated refined products that are primarily marketed in Wyoming and South Dakota.

2) **Retail** - Our retail outlets in Hawaii sell gasoline, diesel, and retail merchandise throughout the islands of Oahu, Maui, Hawaii, and Kauai. Our Hawaii retail network includes Hele and "76" branded retail sites, company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock locations. We recently completed the rebranding of 23 of our 34 company-operated convenience stores in Hawaii to "nomnom," a new proprietary brand. Our retail outlets in Washington and Idaho sell gasoline, diesel, and retail merchandise and operate under the " Cenex® " and "Zip Trip®" brand names.

3) **Logistics** - We own and operate terminals, pipelines, an SPM, and trucking operations to distribute refined products throughout the islands of Oahu, Maui, Hawaii, Molokai, and Kauai. In addition, we own and operate a crude oil pipeline gathering system, a refined products pipeline, storage facilities, and loading racks in Wyoming. We also own and operate a jet fuel storage facility and pipeline that serve the Ellsworth Air Force Base in South Dakota.

As of September 30, 2018 , we owned a 39.1% equity investment in Laramie Energy ; see Note 18—Subsequent Events for further information. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco Counties, Colorado.

We have four reportable segments: (i) Refining , (ii) Retail , (iii) Logistics , and (iv) Corporate and Other. Beginning in the first quarter of 2018, the results of operations of Northwest Retail are included in our retail segment. Our Corporate and Other reportable segment includes administrative costs and several small non-operated oil and gas interests that were owned by our predecessor. Please read Note 16—Segment Information to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for detailed information on our operating results by segment.

Results of Operations

Three months ended September 30, 2018 compared to the three months ended September 30, 2017

Net Income (Loss). Our financial performance for the third quarter 2018 was primarily impacted by declining crack spreads and unfavorable crude differentials at our Hawaii refinery, partially offset by an increase in refined product sales volumes. Our net income (loss) decreased from net income of $18.8 million for the three months ended September 30, 2017 to a net loss of $5.8 million for the three months ended September 30, 2018 . Other factors impacting our results period over period include increased interest expense and financing costs, net , and acquisition and integration expense.

Adjusted EBITDA and Adjusted Net Income (Loss). For the three months ended September 30, 2018 , Adjusted EBITDA was $27.1 million compared to $45.1 million for the three months ended September 30, 2017 . The change was primarily related

to declining crack spreads, unfavorable crude differentials, and the impact of Hurricane Lane at our Hawaii refinery at our Hawaii refinery, partially offset by an increase in refined product sales volumes.

For the three months ended September 30, 2018 , Adjusted Net Income was $5.5 million compared to $25.2 million for the three months ended September 30, 2017 . The change was primarily related to the same factors described above for the decrease in Adjusted EBITDA as well as higher interest expense and financing costs, net.

Nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

Net Income (Loss). During 2018 , our financial performance was primarily driven by a $10.5 million non-recurring charge related to the Tesoro earn-out settlement, declining crack spreads, and unfavorable crude differentials at our Hawaii refinery, partially offset by an increase in total refined product sales volumes, improved crack spreads at our Wyoming refinery, and a decrease in RINs expense of approximately $22.0 million. Our net income decreased from $53.6 million for the nine months ended September 30, 2017 to $25.5 million for the nine months ended September 30, 2018 . Other factors impacting our results period over period include higher DD&A and a decrease in our Equity earnings (losses) from Laramie Energy .

Adjusted EBITDA and Adjusted Net Income (Loss). For the nine months ended September 30, 2018 , Adjusted EBITDA was $89.7 million compared to $107.0 million for the nine months ended September 30, 2017 . The change was primarily related to declining crack spreads and unfavorable crude differentials at our Hawaii refinery, partially offset by an increase in total refined product sales volumes, improved crack spreads at our Wyoming refinery, and a decrease in RINs expense of approximately $22.0 million.

For the nine months ended September 30, 2018 , Adjusted Net Income was approximately $27.2 million compared to $42.7 million for the nine months ended September 30, 2017 . The change was primarily related to the same factors described above for the decrease in Adjusted EBITDA. Other factors impacting our results period over period include higher DD&A and interest expense and financing costs, net , and Equity losses from Laramie Energy excluding our share of Laramie's unrealized gain (loss) on derivatives.

The following tables summarize our consolidated results of operations for the three and nine months ended September 30, 2018 compared to the three and nine months ended September 30, 2017 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report.

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change [1]
Revenues	$ 909,781	$ 610,506	$ 299,275	49 %
Cost of revenues (excluding depreciation)	822,785	509,476	313,309	61 %
Operating expense (excluding depreciation)	54,905	51,718	3,187	6 %
Depreciation, depletion, and amortization	13,192	11,304	1,888	17 %
General and administrative expense (excluding depreciation)	11,871	11,292	579	5 %
Acquisition and integration expense	2,134	—	2,134	NM
Total operating expenses	904,887	583,790		
Operating income	4,894	26,716		
Other income (expense)				
Interest expense and financing costs, net	(10,425)	(7,419)	(3,006)	(41)%
Other income, net	85	649	(564)	(87)%
Change in value of common stock warrants	(1,067)	(975)	(92)	(9)%
Equity earnings from Laramie Energy, LLC	1,050	553	497	90 %
Total other income (expense), net	(10,357)	(7,192)		
Income (loss) before income taxes	(5,463)	19,524		
Income tax expense	(359)	(700)	341	49 %
Net income (loss)	$ (5,822)	$ 18,824		

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change [1]
Revenues	$ 2,531,616	$ 1,780,004	$ 751,612	42 %
Cost of revenues (excluding depreciation)	2,232,608	1,485,118	747,490	50 %
Operating expense (excluding depreciation)	158,975	153,741	5,234	3 %
Depreciation, depletion, and amortization	39,004	33,848	5,156	15 %
General and administrative expense (excluding depreciation)	35,981	34,688	1,293	4 %
Acquisition and integration expense	3,515	253	3,262	1,289 %
Total operating expenses	2,470,083	1,707,648		
Operating income	61,533	72,356		
Other income (expense)				
Interest expense and financing costs, net	(29,346)	(25,500)	(3,846)	(15)%
Loss on termination of financing agreements	—	(1,804)	1,804	100 %
Other income, net	861	886	(25)	(3)%
Change in value of common stock warrants	(396)	(2,211)	1,815	82 %
Change in value of contingent consideration	(10,500)	—	(10,500)	NM
Equity earnings from Laramie Energy, LLC	4,274	11,651	(7,377)	(63)%
Total other income (expense), net	(35,107)	(16,978)		
Income before income taxes	26,426	55,378		
Income tax expense	(885)	(1,762)	877	50 %
Net income	$ 25,541	$ 53,616		

[1] NM - Not meaningful

The following tables summarize our operating income (loss) by segment for the three and nine months ended September 30, 2018 and 2017 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report.

Three months ended September 30, 2018	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 850,591	$ 30,660	$ 124,970	$ (96,440)	$ 909,781
Cost of revenues (excluding depreciation)	805,051	18,384	95,968	(96,618)	822,785
Operating expense (excluding depreciation)	36,766	1,663	16,476	—	54,905
Depreciation, depletion, and amortization	8,336	1,654	1,876	1,326	13,192
General and administrative expense (excluding depreciation)	—	—	—	11,871	11,871
Acquisition and integration expense	—	—	—	2,134	2,134
Operating income (loss)	$ 438	$ 8,959	$ 10,650	$ (15,153)	$ 4,894

Three months ended September 30, 2017	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 578,511	$ 31,838	$ 83,682	$ (83,525)	$ 610,506
Cost of revenues (excluding depreciation)	513,664	15,857	63,175	(83,220)	509,476
Operating expense (excluding depreciation)	36,126	4,029	11,563	—	51,718
Depreciation, depletion, and amortization	7,390	1,602	1,471	841	11,304
General and administrative expense (excluding depreciation)	—	—	—	11,292	11,292
Operating income (loss)	$ 21,331	$ 10,350	$ 7,473	$ (12,438)	$ 26,716

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of $96.4 million and $83.4 million for the three months ended September 30, 2018 and 2017 , respectively.

Nine months ended September 30, 2018	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 2,391,262	$ 95,016	$ 323,253	$ (277,915)	$ 2,531,616
Cost of revenues (excluding depreciation)	2,204,634	57,775	248,328	(278,129)	2,232,608
Operating expense (excluding depreciation)	108,862	5,870	44,239	4	158,975
Depreciation, depletion, and amortization	24,173	4,969	6,441	3,421	39,004
General and administrative expense (excluding depreciation)	—	—	—	35,981	35,981
Acquisition and integration expense	—	—	—	3,515	3,515
Operating income (loss)	$ 53,593	$ 26,402	$ 24,245	$ (42,707)	$ 61,533

Nine months ended September 30, 2017	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 1,685,341	$ 91,456	$ 243,711	$ (240,504)	$ 1,780,004
Cost of revenues (excluding depreciation)	1,493,472	46,982	184,916	(240,252)	1,485,118
Operating expense (excluding depreciation)	107,237	12,675	33,829	—	153,741
Depreciation, depletion, and amortization	22,243	4,613	4,377	2,615	33,848
General and administrative expense (excluding depreciation)	—	—	—	34,688	34,688
Acquisition and integration expense	—	—	—	253	253
Operating income (loss)	$ 62,389	$ 27,186	$ 20,589	$ (37,808)	$ 72,356

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of $277.3 million and $241.5 million for the nine months ended September 30, 2018 and 2017 , respectively.

Below is a summary of key operating statistics for the refining segment for the three and nine months ended September 30, 2018 and 2017 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total Refining Segment				
Feedstocks Throughput (Mbpd)	88.6	90.3	90.8	90.1
Refined product sales volume (Mbpd)	99.9	91.8	99.2	91.2
Hawaii Refinery				
Feedstocks Throughput (Mbpd)	71.5	73.8	73.8	74.4
Source of Crude Oil:				
North America	15.3%	14.8%	29.6%	24.4%
Latin America	—%	—%	—%	0.1%
Africa	31.8%	29.1%	32.7%	23.1%
Asia	38.1%	23.6%	23.0%	24.3%
Middle East	14.8%	32.5%	14.7%	28.1%
Total	100.0%	100.0%	100.0%	100.0%
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	26.0%	28.8%	27.4%	27.9%
Distillate	49.9%	47.2%	48.6%	47.1%
Fuel oils	16.0%	15.6%	16.3%	16.1%
Other products	4.8%	5.1%	4.5%	5.7%
Total yield	96.7%	96.7%	96.8%	96.8%
Refined product sales volume (Mbpd)				
On-island sales volume	75.3	63.7	72.2	62.1
Exports sale volume	8.3	11.2	9.9	12.7
Total refined product sales volume	83.6	74.9	82.1	74.8
4-1-2-1 Singapore Crack Spread ($ per barrel) (1)	$ 7.81	$ 8.20	$ 6.87	$ 7.30
4-1-2-1 Mid Pacific Crack Spread ($ per barrel) (1)	8.93	9.94	8.01	8.67
Mid Pacific Crude Oil Differential ($ per barrel) (2)	0.34	(0.33)	(0.03)	(0.71)
Operating income (loss) per bbl ($/throughput bbl)	(2.16)	0.91	0.94	2.05
Adjusted Gross Margin per bbl ($/throughput bbl) (3)	3.66	6.32	4.74	6.39
Production costs per bbl ($/throughput bbl) (4)	3.97	3.69	3.72	3.66
DD&A per bbl ($/throughput bbl)	0.66	0.63	0.68	0.64

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Wyoming Refinery				
Feedstocks Throughput (Mbpd)	17.1	16.5	17.0	15.7
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	47.7%	50.5%	48.2%	51.2%
Distillate	46.0%	43.4%	46.3%	43.1%
Fuel oil	2.1%	2.7%	1.8%	2.6%
Other products	1.7%	1.6%	1.3%	1.6%
Total yield	97.5%	98.2%	97.6%	98.5%
Refined product sales volume (Mbpd)	16.3	16.9	17.1	16.4
Wyoming 3-2-1 Index (5)	$ 26.25	$ 25.29	$ 22.34	$ 21.11
Operating income (loss) per bbl ($/throughput bbl)	9.32	9.97	7.45	4.82
Adjusted Gross Margin per bbl ($/throughput bbl) (3)	17.95	18.67	16.35	14.03
Production costs per bbl ($/throughput bbl) (4)	6.10	6.67	6.63	7.07
DD&A per bbl ($/throughput bbl)	2.54	2.03	2.28	2.13

(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 and Mid Pacific crack spreads (or four barrels of Brent crude oil 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 Hawaii 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 crude oils 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 oil.

(3) Please see discussion of Adjusted Gross Margin below. We calculate Adjusted Gross Margin per barrel by dividing Adjusted Gross Margin by total refining throughput.

(4) Management uses production costs per barrel to evaluate performance and compare efficiency to other companies in the industry. There is a variety of ways to calculate production costs per barrel; different companies within the industry calculate it in different ways. We calculate production costs per barrel by dividing all direct production costs, which include the costs to run the refinery including personnel costs, repair and maintenance costs, insurance, utilities, and other miscellaneous costs, by total refining throughput. Our production costs are included in Operating expense (excluding depreciation) on our condensed consolidated statement of operations, which also includes costs related to our bulk marketing operations.

(5) The profitability of our Wyoming refinery is heavily influenced by crack spreads in nearby markets. We believe the Wyoming 3-2-1 Index is the best market indicator for our operations in Wyoming. The Wyoming 3-2-1 Index is computed by taking two parts gasoline and one part distillate (ultra-low sulfur diesel) as created from three barrels of West Texas Intermediate Crude Oil ("WTI"). Pricing is based 50% on applicable product pricing in Rapid City, South Dakota, and 50% on applicable product pricing in Denver, Colorado.

Below is a summary of key operating statistics for the retail and logistics segments for the three and nine months ended September 30, 2018 and 2017 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Retail Segment				
Retail sales volumes (thousands of gallons) (1)	32,217	24,064	85,896	69,868
Logistics Segment				
Pipeline throughput (Mbpd)				
Crude oil pipelines	88.0	82.3	88.3	86.5
Refined product pipelines	82.9	85.0	84.4	86.7
Total pipeline throughput	170.9	167.3	172.7	173.2

(1) Retail sales volumes for the three and nine months ended September 30, 2018 , includes the 92 days and 192 days of retail sales volumes from Northwest Retail since acquisition on March 23, 2018 , respectively.

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 titled measures reported by other companies.

Adjusted Gross Margin

Adjusted Gross Margin is defined as (i) operating income (loss) plus operating expense (excluding depreciation); depreciation, depletion, and amortization; inventory valuation adjustments (which adjusts for timing differences to reflect the economics of our inventory financing agreements, including lower of cost or net realizable value adjustments, the impact of the embedded derivative repurchase obligation, and purchase price allocation adjustments); and unrealized losses (gains) on derivatives or (ii) revenues less cost of revenues (excluding depreciation) less inventory valuation adjustments and unrealized losses (gains) on derivatives. We define cost of revenues (excluding depreciation) as the hydrocarbon-related costs of inventory sold, transportation costs of delivering product to customers, crude oil consumed in the refining process, costs to satisfy our RINs obligations, and certain hydrocarbon fees and taxes. Cost of revenues (excluding depreciation) also includes the unrealized gains (losses) on derivatives and inventory valuation adjustments that we exclude from Adjusted Gross Margin.

Management believes Adjusted Gross Margin is an important measure of operating performance and uses Adjusted Gross Margin per barrel to evaluate operating performance and compare profitability to other companies in the industry and to industry benchmarks. Management believes Adjusted Gross Margin provides useful information to investors because it eliminates the gross impact of volatile commodity prices and adjusts for certain non-cash items and timing differences created by our inventory financing agreements and lower of cost or net realizable value adjustments to demonstrate the earnings potential of the business before other fixed and variable costs, which are reported separately in Operating expense (excluding depreciation) and Depreciation, depletion, and amortization .

Adjusted Gross Margin should not be considered an alternative to operating income (loss), net cash flows from operating activities, or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted Gross Margin presented by other companies may not be comparable to our presentation since each company may define this term differently as they may include other manufacturing costs and depreciation expense in cost of revenues.

The following tables present a reconciliation of Adjusted Gross Margin to the most directly comparable GAAP financial measure, operating income (loss), on a historical basis, for selected segments, for the periods indicated (in thousands):

Three months ended September 30, 2018	Refining	Logistics	Retail
Operating income	$ 438	$ 8,959	$ 10,650
Operating expense (excluding depreciation)	36,766	1,663	16,476
Depreciation, depletion, and amortization	8,336	1,654	1,876
Inventory valuation adjustment	3,944	—	—
Unrealized loss on derivatives	2,858	—	—
Adjusted Gross Margin	$ 52,342	$ 12,276	$ 29,002

Three months ended September 30, 2017	Refining	Logistics	Retail
Operating income	$ 21,331	$ 10,350	$ 7,473
Operating expense (excluding depreciation)	36,126	4,029	11,563
Depreciation, depletion, and amortization	7,390	1,602	1,471
Inventory valuation adjustment	9,423	—	—
Unrealized gain on derivatives	(3,033)	—	—
Adjusted Gross Margin	$ 71,237	$ 15,981	$ 20,507

Nine months ended September 30, 2018	Refining	Logistics	Retail
Operating income	$ 53,593	$ 26,402	$ 24,245
Operating expense (excluding depreciation)	108,862	5,870	44,239
Depreciation, depletion, and amortization	24,173	4,969	6,441
Inventory valuation adjustment	(20,034)	—	—
Unrealized loss on derivatives	4,849	—	—
Adjusted Gross Margin	$ 171,443	$ 37,241	$ 74,925

Nine months ended September 30, 2017	Refining	Logistics	Retail
Operating income	$ 62,389	$ 27,186	$ 20,589
Operating expense (excluding depreciation)	107,237	12,675	33,829
Depreciation, depletion, and amortization	22,243	4,613	4,377
Inventory valuation adjustment	(1,989)	—	—
Unrealized loss on derivatives	79	—	—
Adjusted Gross Margin	$ 189,959	$ 44,474	$ 58,795

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 expense, unrealized (gains) losses on derivatives, loss on termination of financing agreements, release of tax valuation allowance, inventory valuation adjustment, severance costs, impairment expense, and (gain) loss on sale of assets. Beginning in 2018, Adjusted Net Income (Loss) also excludes Par's share of Laramie Energy's unrealized loss (gain) on derivatives. The exclusion of Par's share of Laramie Energy's unrealized loss (gain) on derivatives from Adjusted Net Income (Loss) is consistent with our treatment of Par's unrealized (gains) losses on derivatives, which are also excluded from Adjusted Net Income (Loss). We have recast the non-GAAP information for the three and nine months ended September 30, 2017 to conform to the current period presentation.

Adjusted EBITDA is Adjusted Net Income (Loss) excluding interest expense and financing costs, taxes, DD&A, and, beginning in 2018, equity losses (earnings) from Laramie Energy, excluding Par's share of unrealized loss (gain) on derivatives. We believe Adjusted Net Income (Loss) and Adjusted EBITDA are useful supplemental financial measures that allow investors 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. Adjusted Net Income (Loss) and Adjusted EBITDA presented by other companies may not be comparable to our presentation as other companies may define these terms differently.

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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$ (5,822)	$ 18,824	$ 25,541	$ 53,616
Inventory valuation adjustment	3,944	9,423	(20,034)	(1,989)
Unrealized loss (gain) on derivatives	2,858	(3,033)	4,849	79
Acquisition and integration expense	2,134	—	3,515	253
Loss on termination of financing agreement	—	—	—	1,804
Change in value of common stock warrants	1,067	975	396	2,211
Change in value of contingent consideration	—	—	10,500	—
Severance costs	—	—	—	1,595
Par's share of Laramie Energy's unrealized loss (gain) on derivatives (1)	1,271	(997)	2,440	(14,914)
Adjusted Net Income (2)	5,452	25,192	27,207	42,655
Depreciation, depletion, and amortization	13,192	11,304	39,004	33,848
Interest expense and financing costs, net	10,425	7,419	29,346	25,500
Equity losses (earnings) from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives	(2,321)	444	(6,714)	3,263
Income tax expense	359	700	885	1,762
Adjusted EBITDA	$ 27,107	$ 45,059	$ 89,728	$ 107,028

(1) Included in Equity earnings (losses) from Laramie Energy, LLC on our condensed consolidated statements of operations.

(2) For the three and nine months ended September 30, 2018 and 2017 , there was no tax valuation allowance release, impairment expense, or (gain) loss on sale of assets.

Factors Impacting Segment Results

Three months ended September 30, 2018 compared to the three months ended September 30, 2017

Refining. Operating income for our refining segment was $0.4 million for the three months ended September 30, 2018 , a decrease of $20.9 million compared to operating income of $21.3 million for the three months ended September 30, 2017 . The decrease in profitability was primarily driven by lower crack spreads, unfavorable crude differentials, and the impact of Hurricane Lane at our Hawaii refinery, partially offset by an increase in crack spreads at our Wyoming refinery. The Wyoming 3-2-1 Index increased from $25.29 per barrel in the third quarter of 2017 to $26.25 per barrel in the third quarter of 2018 . The combined Mid Pacific crack spread decreased from $10.27 per barrel in the third quarter of 2017 to $8.59 per barrel in the third quarter of 2018 . Other factors that had a favorable impact on our operating income period over period include an increase in total refined product sales volumes, including record high on-island sales in Hawaii of 75.3 thousand barrels per day, and a decrease in RINs expense of approximately $3.7 million.

Logistics. Operating income for our logistics segment was $9.0 million for the three months ended September 30, 2018 , a decrease of $1.4 million compared to operating income of $10.4 million for the three months ended September 30, 2017 . The decrease in profitability is primarily due to a decrease in barge revenues as a result of lower throughput volume and average prices per throughput barrel, partially offset by an increase in trucking volumes.

Retail. Operating income for our retail segment was $10.7 million for the three months ended September 30, 2018 , an increase of $3.2 million compared to operating income of $7.5 million for the three months ended September 30, 2017 . The increase in operating income was primarily due to an increase in gross margin and higher sales volumes of 34% , primarily due to the acquisition of Northwest Retail .

Nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

Refining. Operating income for our refining segment was $53.6 million for the nine months ended September 30, 2018 , a decrease of $8.8 million compared to operating income of $62.4 million for the nine months ended September 30, 2017 . The decrease in profitability was primarily driven by lower crack spreads and unfavorable crude differentials at our Hawaii refinery, partially offset by improved crack spreads at our Wyoming refinery. The combined Mid Pacific crack spread decreased 14% from $9.38 per barrel for the nine months ended September 30, 2017 to $8.04 per barrel for the nine months ended September 30, 2018 . The Wyoming Index increased 6% from $21.11 per barrel for the nine months ended September 30, 2017 to $22.34 per barrel for the nine months ended September 30, 2018 . Other contributing factors include an increase in total refined product sales volumes, including higher on-island sales in Hawaii, and a decrease in RINs expense of approximately $22.0 million.

Logistics. Operating income for our logistics segment was $26.4 million for the nine months ended September 30, 2018 , a decrease of $0.8 million compared to operating income of $27.2 million for the nine months ended September 30, 2017 . The decrease in profitability is primarily due to a decrease in barge revenues as a result of lower throughput volume and average prices per throughput barrel, partially offset by an increase in trucking volumes.

Retail. Operating income for our retail segment was $24.2 million for the nine months ended September 30, 2018 , an increase of $3.6 million compared to operating income of $20.6 million for the nine months ended September 30, 2017 . The increase in profitability is primarily due to an increase in gross margins and an increase in sales volumes of 23% primarily due to the acquisition of Northwest Retail .

Adjusted Gross Margin

Three months ended September 30, 2018 compared to the three months ended September 30, 2017

Refining. For the three months ended September 30, 2018 , our refining Adjusted Gross Margin was approximately $52.3 million , a decrease of $18.9 million compared to $71.2 million for the three months ended September 30, 2017 . The decrease was primarily due to lower crack spreads, unfavorable crude differentials, and the impact of Hurricane Lane at our Hawaii refinery, partially offset by an increase in crack spreads at our Wyoming refinery. The combined Mid Pacific crack spread decreased 16% from $10.27 per barrel during the three months ended September 30, 2017 to $8.59 per barrel during the three months ended September 30, 2018 . The Wyoming 3-2-1 Index increased from $25.29 per barrel in the third quarter of 2017 to $26.25 per barrel in the third quarter of 2018 . Other contributing factors include an increase in total refined product sales volumes, including record high on-island sales in Hawaii, and a decrease in RINs expense of approximately $3.7 million.

Logistics. For the three months ended September 30, 2018 , our logistics Adjusted Gross Margin was approximately $12.3 million , a decrease of $3.7 million compared to $16.0 million for the three months ended September 30, 2017 . The decrease was primarily driven by a decrease in barge revenues as a result of lower throughput volume and average prices per throughput barrel, partially offset by an increase in trucking volumes.

Retail. For the three months ended September 30, 2018 , our retail Adjusted Gross Margin was approximately $29.0 million , an increase of $8.5 million when compared to $20.5 million for the three months ended September 30, 2017 . The increase was primarily due to an increase in gross margin and higher sales volumes of 34% , primarily due to the acquisition of Northwest Retail .

Nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

Refining. For the nine months ended September 30, 2018 , our refining Adjusted Gross Margin was approximately $171.4 million , a decrease of $18.6 million compared to $190.0 million for the nine months ended September 30, 2017 . The decrease in profitability was primarily driven by lower crack spreads and crude differentials at our Hawaii refinery, partially offset by improved crack spreads at our Wyoming refinery. The combined Mid Pacific crack spread decreased 14% from $9.38 per barrel for the nine months ended September 30, 2017 to $8.04 per barrel for the nine months ended September 30, 2018 . The Wyoming Index increased 6% from $21.11 per barrel for the nine months ended September 30, 2017 to $22.34 per barrel for the nine months ended September 30, 2018 . Other factors that had a favorable impact on our operating income period over period include an increase in total refined product sales volumes, including higher on-island sales in Hawaii, and a decrease in RINs expense of approximately $22.0 million.

Logistics. For the nine months ended September 30, 2018 , our logistics Adjusted Gross Margin was approximately $37.2 million , a decrease of $7.3 million compared to $44.5 million for the nine months ended September 30, 2017 . The decrease was primarily driven by a decline in barge revenues as a result of lower throughput volume and average prices per throughput barrel, partially offset by an increase in trucking volumes.

Retail. For the nine months ended September 30, 2018 , our retail Adjusted Gross Margin was approximately $74.9 million , an increase of $16.1 million when compared to approximately $58.8 million for the nine months ended September 30, 2017 . The increase was primarily due to an increase in gross margin and higher sales volumes of 23% , primarily due to the acquisition of Northwest Retail .

Discussion of Consolidated Results

Three months ended September 30, 2018 compared to the three months ended September 30, 2017

Revenues. For the three months ended September 30, 2018 , revenues were $909.8 million , a $299.3 million increase compared to $610.5 million for the three months ended September 30, 2017 . The increase was primarily due to an increase of $262.1 million in third-party refining segment revenue, which was driven by higher crude oil prices and a 9% increase in refined product sales volumes. Brent crude oil prices averaged $75.93 per barrel during the third quarter of 2018 compared to $52.14 per barrel during the third quarter of 2017. Revenues in our retail segment increased $41.3 million primarily driven by the acquisition of Northwest Retail .

Cost of Revenues (Excluding Depreciation). For the three months ended September 30, 2018 , cost of revenues (excluding depreciation) was $822.8 million , a $313.3 million increase compared to $509.5 million for the three months ended September 30, 2017 . The increase was primarily driven by higher crude oil prices as discussed above and a 9% increase in refined product sales volumes, partially offset by a decrease in RINs expense of approximately $3.7 million. Cost of revenues (excluding depreciation) in our retail segment increased $32.8 million primarily driven by the acquisition of Northwest Retail .

Operating Expense (Excluding Depreciation). For the three months ended September 30, 2018 , operating expense (excluding depreciation) was approximately $54.9 million , a $3.2 million increase when compared to $51.7 million for the three months ended September 30, 2017 . The increase was primarily driven by operating expenses related to the Northwest Retail assets, acquired on March 23, 2018 .

Depreciation, Depletion, and Amortization . For the three months ended September 30, 2018 , DD&A was approximately $13.2 million , an increase of $1.9 million compared to $11.3 million for the three months ended September 30, 2017 . The increase was primarily due to approximately $1.5 million of accelerated depreciation resulting from changes in the estimated useful lives of certain refinery equipment, storage tanks, and leasehold improvements. Other factors that contributed to the increase were the acquisition of Northwest Retail on March 23, 2018 and a higher depreciable asset base.

General and Administrative Expense (Excluding Depreciation). For the three months ended September 30, 2018 , general and administrative expense (excluding depreciation) was approximately $11.9 million , which is relatively consistent with when compared to $11.3 million for the three months ended September 30, 2017 .

Acquisition and Integration Expense. For the three months ended September 30, 2018 , we incurred approximately $2.1 million of expenses related to acquisition costs primarily associated with the Hawaii Refinery Expansion . No such costs were incurred during the three months ended September 30, 2017 .

Interest Expense and Financing Costs, Net . For the three months ended September 30, 2018 , our interest expense and financing costs were approximately $10.4 million , an increase of $3.0 million when compared to $7.4 million for the three months ended September 30, 2017 . The increase was primarily due to higher interest expense and financing costs of $6.3 million related to the 7.75% Senior Secured Notes issued and ABL Revolver entered into in December 2017 and a $0.6 million increase in interest expense and financing costs associated with our Supply and Offtake Agreements, partially offset by lower interest expense and financing costs of $4.2 million related to the debt and credit agreements terminated in June and December 2017.

Change in Value of Common Stock Warrants . For the three months ended September 30, 2018 , the change in value of common stock warrants resulted in a loss of approximately $1.1 million , a change of $0.1 million when compared to a loss of approximately $ 1.0 million for the three months ended September 30, 2017 . For the three months ended September 30, 2018 , our stock price increased from $17.38 per share as of June 30, 2018 to $20.40 per share as of September 30, 2018 , which resulted in an increase in the fair value of the common stock warrants. During the three months ended September 30, 2017 , our stock price increased from $18.04 per share as of June 30, 2017 to $20.80 per share as of September 30, 2017 , which resulted in an increase in the fair value of the common stock warrants.

Equity Earnings (Losses) From Laramie Energy . For the three months ended September 30, 2018 , equity earnings from Laramie Energy were approximately $1.1 million , an increase of $0.5 million compared to equity earnings of $0.6 million for the three months ended September 30, 2017 . The change in equity earnings was primarily due to higher sales volumes during the three months ended September 30, 2018 , partially offset by an increase in Laramie's loss on derivative instruments compared to the same period in 2017. In addition, our ownership percentage decreased from 42.3% to 39.1% on February 28, 2018 due to an investment made by a third party.

Income Taxes. For the three months ended September 30, 2018 , we recorded income tax expense of $359 thousand primarily due to deferred federal taxes for the period. For the three months ended September 30, 2017 , we recorded income tax expense of $700 thousand related primarily to alternative minimum tax.

Nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

Revenues. For the nine months ended September 30, 2018 , revenues were $2.5 billion , a $0.7 billion increase compared to $1.8 billion for the nine months ended September 30, 2017 . The increase was primarily due to an increase of $679.3 million in third-party revenues at our refining segment primarily as a result of higher crude oil prices and refined product sales volumes. Average Brent prices increased from $52.56 per barrel in the nine months ended September 30, 2017 to $72.73 per barrel in the nine months ended September 30, 2018 . Refined product sales volumes increased 9% from 91.2 Mbpd in the nine months ended September 30, 2017 to 99.2 Mbpd in the nine months ended September 30, 2018 . Revenues in our retail segment increased $79.6 million primarily driven by the acquisition of Northwest Retail .

Cost of Revenues (Excluding Depreciation). For the nine months ended September 30, 2018 , cost of revenues (excluding depreciation) was $2.2 billion , a $0.7 billion increase compared to $1.5 billion for the nine months ended September 30, 2017 . The increase was primarily due to higher crude oil prices and refined product sales volumes at our refining segment as discussed above, partially offset by a reduction of RINs expense. Cost of revenues (excluding depreciation) in our retail segment increased $63.4 million primarily driven by the acquisition of Northwest Retail .

Operating Expense (Excluding Depreciation). For the nine months ended September 30, 2018 , operating expense (excluding depreciation) was approximately $159.0 million , an increase of $5.3 million compared to $153.7 million for the nine months ended September 30, 2017 . The increase was primarily due to operating expenses related to the Northwest Retail assets, acquired on March 23, 2018 .

Depreciation, Depletion, and Amortization . For the nine months ended September 30, 2018 , DD&A was approximately $39.0 million , an increase of $5.2 million when compared to $33.8 million for the nine months ended September 30, 2017 . The increase was primarily due to approximately $3.2 million of accelerated depreciation resulting from changes in the estimated useful lives of certain refinery equipment, storage tanks, and leasehold improvements. Other factors that contributed to the increase were higher depreciable asset base, including the Northwest Retail acquisition.

General and Administrative Expense (Excluding Depreciation). For the nine months ended September 30, 2018 , general and administrative expense (excluding depreciation) was approximately $36.0 million , which is relatively consistent with $34.7 million for the nine months ended September 30, 2017 .

Acquisition and Integration Expense. For the nine months ended September 30, 2018 , we incurred approximately $3.5 million of expenses primarily related to acquisition and integration costs for the Northwest Retail Acquisition and the Hawaii Refinery Expansion . For the nine months ended September 30, 2017 , we incurred approximately $0.3 million of integration costs related to the Wyoming Refining acquisition completed in July 2016.

Interest Expense and Financing Costs, Net . For the nine months ended September 30, 2018 , our interest expense and financing costs were approximately $29.3 million , an increase of $3.8 million when compared to $25.5 million for the nine months ended September 30, 2017 . The increase was primarily due to higher interest expense and financing costs of $19.0 million related to the 7.75% Senior Secured Notes issued in December 2017 and a $1.1 million increase in interest expense and financing costs associated with our Supply and Offtake Agreements, partially offset by lower interest expense and financing costs of $14.9 million related to the debt and credit agreements terminated in December 2017 and a net increase on gains on interest rate derivatives of $1.8 million.

Change in Value of Common Stock Warrants . For the nine months ended September 30, 2018 , the change in value of common stock warrants resulted in a loss of approximately $0.4 million , a change of $1.8 million when compared to a loss of $2.2 million for the nine months ended September 30, 2017 . For the nine months ended September 30, 2018 , our stock price increased from $19.28 per share as of December 31, 2017 to $20.40 per share as of September 30, 2018 , which resulted in an increase in the fair value of the common stock warrants. During the nine months ended September 30, 2017 , our stock price increased from $14.54 per share on December 31, 2016 to $20.80 per share on September 30, 2017 , which resulted in an increase in the value of the common stock warrants.

Change in Value of Contingent Consideration . For the nine months ended September 30, 2018 , the change in the value of our contingent consideration liability resulted in a loss of $10.5 million as a result of the settlement agreement reached with Tesoro. For the nine months ended September 30, 2017 , there was no change in value of our contingent consideration liability. Please read Note 12—Commitments and Contingencies for more information.

Loss on Termination of Financing Agreements. For the nine months ended September 30, 2017 , our loss on termination of financing agreements was approximately $1.8 million and represents the acceleration of deferred amortization costs in connection with the termination of the Delayed Draw Term Loan and Bridge Loan Credit Agreement during the second quarter of 2017. No such loss was incurred for the nine months ended September 30, 2018 .

Equity Earnings (Losses) From Laramie Energy . For the nine months ended September 30, 2018 , equity earnings from Laramie Energy were approximately $4.3 million , a decrease of $7.4 million compared to equity earnings of $11.7 million for the nine months ended September 30, 2017 . The change was primarily due to a decrease in Laramie's gain on derivative instruments, partially offset by higher sales volumes during the nine months ended September 30, 2018 compared to the same period in 2017 . In addition, our ownership percentage decreased from 42.3% to 39.1% on February 28, 2018 due to an investment made by a third party.

Income Taxes. For the nine months ended September 30, 2018 , we recorded income tax expense of $885 thousand primarily due to deferred federal taxes for the period. For the nine months ended September 30, 2017 , we recorded income tax expense of $1.8 million primarily due to alternative minimum tax expense.

Consolidating Condensed Financial Information

On December 21, 2017 , Par Petroleum, LLC (the "Issuer") issued its 7.75% Senior Secured Notes due 2025 in a private offering under Rule 144A and Regulation S of the Securities Act. The notes were co-issued by Par Petroleum Finance Corp., which has no independent assets or operations. The notes are guaranteed on a senior unsecured basis only as to payment of principal and interest by Par Pacific Holdings, Inc. (the "Parent") and are guaranteed on a senior secured basis by all of the subsidiaries of Par Petroleum, LLC (other than Par Petroleum Finance Corp.).

The following supplemental condensed consolidating financial information reflects (i) the Parent's separate accounts, (ii) Par Petroleum, LLC and its consolidated subsidiaries' accounts, (iii) the accounts of subsidiaries of the Parent that are not guarantors of the 7.75% Senior Secured Notes and consolidating adjustments and eliminations, and (iv) the Parent's consolidated accounts for the dates and periods indicated. For purposes of the following condensed consolidating information, the Parent's investment in its subsidiaries is accounted for under the equity method of accounting (dollar amounts in thousands).

	As of September 30, 2018			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	$ 46,943	$ 40,594	$ 197	$ 87,734
Restricted cash	743	—	—	743
Trade accounts receivable	—	132,358	668	133,026
Inventories	—	358,581	—	358,581
Prepaid and other current assets	2,683	7,905	(349)	10,239
Due from related parties	21,377	19,909	(41,286)	—
Total current assets	71,746	559,347	(40,770)	590,323
Property and equipment				
Property, plant, and equipment	18,546	569,709	—	588,255
Proved oil and gas properties, at cost, successful efforts method of accounting	—	—	400	400
Total property and equipment	18,546	569,709	400	588,655
Less accumulated depreciation and depletion	(8,427)	(97,176)	(285)	(105,888)
Property and equipment, net	10,119	472,533	115	482,767
Long-term assets				
Investment in Laramie Energy, LLC	—	—	131,466	131,466
Investment in subsidiaries	608,907	—	(608,907)	—
Intangible assets, net	—	24,611	—	24,611
Goodwill	—	150,799	2,598	153,397
Other long-term assets	3,580	20,339	—	23,919
Total assets	$ 694,352	$ 1,227,629	$ (515,498)	$ 1,406,483
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Obligations under inventory financing agreements	$ —	$ 351,188	$ —	$ 351,188
Accounts payable	4,524	62,587	1,481	68,592
Advances from customers	—	8,493	—	8,493
Accrued taxes	37	14,372	—	14,409
Other accrued liabilities	5,989	41,653	(1,737)	45,905
Due to related parties	98,218	—	(98,218)	—
Total current liabilities	108,768	478,293	(98,474)	488,587
Long-term liabilities				
Long-term debt, net of current maturities	99,145	290,453	—	389,598
Common stock warrants	7,204	—	—	7,204
Long-term capital lease obligations	559	5,123	—	5,682
Other liabilities	1,270	41,505	(4,769)	38,006
Total liabilities	216,946	815,374	(103,243)	929,077
Commitments and contingencies				
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 and 46,009,104 shares issued	460	—	—	460
Additional paid-in capital	597,439	345,825	(345,825)	597,439
Accumulated earnings (deficit)	(122,637)	63,456	(63,456)	(122,637)
Accumulated other comprehensive income	2,144	2,974	(2,974)	2,144
Total stockholders' equity	477,406	412,255	(412,255)	477,406
Total liabilities and stockholders' equity	$ 694,352	$ 1,227,629	$ (515,498)	$ 1,406,483

	As of December 31, 2017			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	$ 65,615	$ 51,429	$ 1,289	$ 118,333
Restricted cash	744	—	—	744
Trade accounts receivable	—	120,032	1,799	121,831
Inventories	—	345,072	285	345,357
Prepaid and other current assets	11,768	7,115	(1,604)	17,279
Due from related parties	8,113	32,171	(40,284)	—
Total current assets	86,240	555,819	(38,515)	603,544
Property and equipment				
Property, plant, and equipment	15,773	513,307	158	529,238
Proved oil and gas properties, at cost, successful efforts method of accounting	—	—	400	400
Total property and equipment	15,773	513,307	558	529,638
Less accumulated depreciation and depletion	(6,226)	(73,029)	(367)	(79,622)
Property and equipment, net	9,547	440,278	191	450,016
Long-term assets				
Investment in Laramie Energy, LLC	—	—	127,192	127,192
Investment in subsidiaries	552,748	—	(552,748)	—
Intangible assets, net	—	26,604	—	26,604
Goodwill	—	104,589	2,598	107,187
Other long-term assets	1,976	30,888	—	32,864
Total assets	$ 650,511	$ 1,158,178	$ (461,282)	$ 1,347,407
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Obligations under inventory financing agreements	$ —	$ 363,756	$ —	$ 363,756
Accounts payable	4,510	46,273	1,760	52,543
Advances from customers	—	9,522	—	9,522
Accrued taxes	—	20,227	(2,540)	17,687
Other accrued liabilities	12,913	14,420	111	27,444
Due to related parties	82,524	—	(82,524)	—
Total current liabilities	99,947	454,198	(83,193)	470,952
Long-term liabilities				
Long-term debt, net of current maturities	95,486	289,326	—	384,812
Common stock warrants	6,808	—	—	6,808
Long-term capital lease obligations	551	669	—	1,220
Other liabilities	—	41,253	(5,357)	35,896
Total liabilities	202,792	785,446	(88,550)	899,688
Commitments and contingencies				
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 and 45,776,087 shares issued	458	—	—	458
Additional paid-in capital	593,295	345,825	(345,825)	593,295
Accumulated earnings (deficit)	(148,178)	23,933	(23,933)	(148,178)
Accumulated other comprehensive income	2,144	2,974	(2,974)	2,144
Total stockholders' equity	447,719	372,732	(372,732)	447,719
Total liabilities and stockholders' equity	$ 650,511	$ 1,158,178	$ (461,282)	$ 1,347,407

	Three Months Ended September 30, 2018			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ 22	$ 909,749	$ 10	$ 909,781
Operating expenses				
Cost of revenues (excluding depreciation)	—	822,785	—	822,785
Operating expense (excluding depreciation)	—	54,905	—	54,905
Depreciation, depletion, and amortization	1,268	11,915	9	13,192
General and administrative expense (excluding depreciation)	5,296	6,499	76	11,871
Acquisition and integration expense	2,134	—	—	2,134
Total operating expenses	8,698	896,104	85	904,887
Operating income (loss)	(8,676)	13,645	(75)	4,894
Other income (expense)				
Interest expense and financing costs, net	(2,726)	(7,699)	—	(10,425)
Other income (expense), net	121	(36)	—	85
Change in value of common stock warrants	(1,067)	—	—	(1,067)
Equity earnings (losses) from subsidiaries	6,574	—	(6,574)	—
Equity earnings from Laramie Energy, LLC	—	—	1,050	1,050
Total other income (expense), net	2,902	(7,735)	(5,524)	(10,357)
Income (loss) before income taxes	(5,774)	5,910	(5,599)	(5,463)
Income tax benefit (expense)	(48)	(1,400)	1,089	(359)
Net income (loss)	$ (5,822)	$ 4,510	$ (4,510)	$ (5,822)
Adjusted EBITDA	$ (5,153)	$ 32,326	$ (66)	$ 27,107

	Three Months Ended September 30, 2017			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 610,665	$ (159)	$ 610,506
Operating expenses				
Cost of revenues (excluding depreciation)	—	510,304	(828)	509,476
Operating expense (excluding depreciation)	—	50,768	950	51,718
Depreciation, depletion, and amortization	624	10,492	188	11,304
General and administrative expense (excluding depreciation)	4,489	6,852	(49)	11,292
Total operating expenses	5,113	578,416	261	583,790
Operating income (loss)	(5,113)	32,249	(420)	26,716
Other income (expense)				
Interest expense and financing costs, net	(2,589)	(4,830)	—	(7,419)
Loss on termination of financing agreements	—	—	—	—
Other income (expense), net	502	48	99	649
Change in value of common stock warrants	(975)	—	—	(975)
Equity earnings (losses) from subsidiaries	26,999	—	(26,999)	—
Equity earnings from Laramie Energy, LLC	—	—	553	553
Total other income (expense), net	23,937	(4,782)	(26,347)	(7,192)
Income (loss) before income taxes	18,824	27,467	(26,767)	19,524
Income tax benefit (expense)	—	(17,284)	16,584	(700)
Net income (loss)	$ 18,824	$ 10,183	$ (10,183)	$ 18,824
Adjusted EBITDA	$ (3,987)	$ 49,179	$ (133)	$ 45,059

	Nine Months Ended September 30, 2018			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ 22	$ 2,531,056	$ 538	$ 2,531,616
Operating expenses				
Cost of revenues (excluding depreciation)	—	2,232,288	320	2,232,608
Operating expense (excluding depreciation)	—	158,971	4	158,975
Depreciation, depletion, and amortization	3,245	35,730	29	39,004
General and administrative expense (excluding depreciation)	15,677	20,074	230	35,981
Acquisition and integration expense	3,314	201	—	3,515
Total operating expenses	22,236	2,447,264	583	2,470,083
Operating income (loss)	(22,214)	83,792	(45)	61,533
Other income (expense)				
Interest expense and financing costs, net	(8,066)	(21,280)	—	(29,346)
Other income (expense), net	944	(71)	(12)	861
Change in value of common stock warrants	(396)	—	—	(396)
Change in value of contingent consideration	—	(10,500)	—	(10,500)
Equity earnings (losses) from subsidiaries	55,321	—	(55,321)	—
Equity earnings from Laramie Energy, LLC	—	—	4,274	4,274
Total other income (expense), net	47,803	(31,851)	(51,059)	(35,107)
Income (loss) before income taxes	25,589	51,941	(51,104)	26,426
Income tax benefit (expense)	(48)	(12,417)	11,580	(885)
Net income (loss)	$ 25,541	$ 39,524	$ (39,524)	$ 25,541
Adjusted EBITDA	$ (14,711)	$ 104,467	$ (28)	$ 89,728

	Nine Months Ended September 30, 2017			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 1,779,174	$ 830	$ 1,780,004
Operating expenses				
Cost of revenues (excluding depreciation)	—	1,485,048	70	1,485,118
Operating expense (excluding depreciation)	—	152,791	950	153,741
Depreciation, depletion, and amortization	1,974	31,310	564	33,848
General and administrative expense (excluding depreciation)	14,372	20,142	174	34,688
Acquisition and integration expense	253	—	—	253
Total operating expenses	16,599	1,689,291	1,758	1,707,648
Operating income (loss)	(16,599)	89,883	(928)	72,356
Other income (expense)				
Interest expense and financing costs, net	(11,102)	(14,398)	—	(25,500)
Loss on termination of financing agreements	(1,804)	—	—	(1,804)
Other income (expense), net	614	130	142	886
Change in value of common stock warrants	(2,211)	—	—	(2,211)
Equity earnings (losses) from subsidiaries	84,718	—	(84,718)	—
Equity earnings from Laramie Energy, LLC	—	—	11,651	11,651
Total other income (expense), net	70,215	(14,268)	(72,925)	(16,978)
Income (loss) before income taxes	53,616	75,615	(73,853)	55,378
Income tax benefit (expense)	—	(32,424)	30,662	(1,762)
Net income (loss)	$ 53,616	$ 43,191	$ (43,191)	$ 53,616
Adjusted EBITDA	$ (12,558)	$ 119,808	$ (222)	$ 107,028

Non-GAAP Financial Measures

Adjusted EBITDA for the supplemental consolidating condensed financial information, which is segregated at the "Parent Guarantor," "Issuer," and "Non-Guarantor Subsidiaries and Eliminations" levels, is calculated in the same manner as for the Par Pacific Holdings, Inc. Adjusted EBITDA calculations. See "Results of Operations — Non-GAAP Performance Measures — Adjusted Net Income (Loss) and Adjusted EBITDA" above.

The following tables present a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, net income (loss), on a historical basis for the periods indicated (in thousands):

	Three Months Ended September 30, 2018			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ (5,822)	$ 4,510	$ (4,510)	$ (5,822)
Inventory valuation adjustment	—	3,944	—	3,944
Unrealized loss (gain) on derivatives	—	2,858	—	2,858
Acquisition and integration expense	2,134	—	—	2,134
Change in value of common stock warrants	1,067	—	—	1,067
Par ' s share of Laramie Energy ' s unrealized loss (gain) on derivatives (1)	—	—	1,271	1,271
Depreciation, depletion, and amortization	1,268	11,915	9	13,192
Interest expense and financing costs, net	2,726	7,699	—	10,425
Equity losses (earnings) from Laramie Energy, LLC, excluding Par ' s share of unrealized loss (gain) on derivatives	—	—	(2,321)	(2,321)
Equity losses (income) from subsidiaries	(6,574)	—	6,574	—
Income tax expense (benefit)	48	1,400	(1,089)	359
Adjusted EBITDA	$ (5,153)	$ 32,326	$ (66)	$ 27,107

	Three Months Ended September 30, 2017			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ 18,824	$ 10,183	$ (10,183)	$ 18,824
Inventory valuation adjustment	—	9,423	—	9,423
Unrealized loss (gain) on derivatives	—	(3,033)	—	(3,033)
Change in value of common stock warrants	975	—	—	975
Par ' s share of Laramie Energy ' s unrealized loss (gain) on derivatives (1)	—	—	(997)	(997)
Depreciation, depletion, and amortization	624	10,492	188	11,304
Interest expense and financing costs, net	2,589	4,830	—	7,419
Equity losses (earnings) from Laramie Energy, LLC, excluding Par ' s share of unrealized loss (gain) on derivatives	—	—	444	444
Equity losses (income) from subsidiaries	(26,999)	—	26,999	—
Income tax expense (benefit)	—	17,284	(16,584)	700
Adjusted EBITDA	$ (3,987)	$ 49,179	$ (133)	$ 45,059

	Nine Months Ended September 30, 2018			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ 25,541	$ 39,524	$ (39,524)	$ 25,541
Inventory valuation adjustment	—	(20,034)	—	(20,034)
Unrealized loss (gain) on derivatives	—	4,849	—	4,849
Acquisition and integration expense	3,314	201	—	3,515
Change in value of common stock warrants	396	—	—	396
Change in value of contingent consideration	—	10,500	—	10,500
Par ' s share of Laramie Energy ' s unrealized loss (gain) on derivatives (1)	—	—	2,440	2,440
Depreciation, depletion, and amortization	3,245	35,730	29	39,004
Interest expense and financing costs, net	8,066	21,280	—	29,346
Equity losses (earnings) from Laramie Energy, LLC, excluding Par ' s share of unrealized loss (gain) on derivatives	—	—	(6,714)	(6,714)
Equity losses (income) from subsidiaries	(55,321)	—	55,321	—
Income tax expense (benefit)	48	12,417	(11,580)	885
Adjusted EBITDA	$ (14,711)	$ 104,467	$ (28)	$ 89,728

	Nine Months Ended September 30, 2017			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ 53,616	$ 43,191	$ (43,191)	$ 53,616
Inventory valuation adjustment	—	(1,989)	—	(1,989)
Unrealized loss (gain) on derivatives	—	79	—	79
Acquisition and integration expense	253	—	—	253
Loss on termination of financing agreements	1,804	—	—	1,804
Change in value of common stock warrants	2,211	—	—	2,211
Severance costs	1,200	395	—	1,595
Par ' s share of Laramie Energy ' s unrealized loss (gain) on derivatives (1)	—	—	(14,914)	(14,914)
Depreciation, depletion, and amortization	1,974	31,310	564	33,848
Interest expense and financing costs, net	11,102	14,398	—	25,500
Equity losses (earnings) from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives	—	—	3,263	3,263
Equity losses (income) from subsidiaries	(84,718)	—	84,718	—
Income tax expense (benefit)	—	32,424	(30,662)	1,762
Adjusted EBITDA	$ (12,558)	$ 119,808	$ (222)	$ 107,028

(1) Included in Equity earnings (losses) from Laramie Energy, LLC on our condensed consolidated statements of operations.

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.

Our liquidity position as of September 30, 2018 was $184.9 million and consisted of $137.2 million at Par Petroleum, LLC and subsidiaries, $47.5 million at Par Pacific Holdings, and $0.2 million at all our other subsidiaries. Our consolidated liquidity position as of November 2, 2018 was $182.1 million. The change in our liquidity position from September 30, 2018 to November 2, 2018 was primarily attributable to changes in working capital.

As of September 30, 2018 , we had access to the J. Aron Deferred Payment Arrangement, the ABL Credit Facility , and cash on hand of $87.7 million . In addition, we have the Supply and Offtake Agreements with J. Aron, which are used to finance the majority of the inventory at our Hawaii refinery. Generally, the primary uses of our capital resources have been in the operations of our refining and retail segments, payments related to acquisitions, and to repay or refinance indebtedness.

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. 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.

We may from time to time seek to retire or repurchase our outstanding 5.00% Convertible Senior Notes or 7.75% Senior Secured Notes through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material.

Cash Flows

The following table summarizes cash activities for the nine months ended September 30, 2018 and 2017 (in thousands):

	Nine Months Ended September 30,	
	2018	**2017**
Net cash provided by (used in) operating activities	$ 51,900	$ 105,456
Net cash used in investing activities	(103,724)	(19,869)
Net cash provided by (used in) financing activities	21,224	(55,561)

Net cash provided by operating activities was approximately $51.9 million for the nine months ended September 30, 2018 , which resulted from net income of approximately $25.5 million , non-cash charges to operations of approximately $54.2 million , and net cash used for changes in operating assets and liabilities of approximately $27.9 million . The change in our operating assets and liabilities for the nine months ended September 30, 2018 is primarily due to a decrease in our Obligations under inventory financing agreements driven by the timing of crude oil purchases and deliveries. Net cash provided by operating activities was approximately $105.5 million for the nine months ended September 30, 2017 , which resulted from net income of approximately $53.6 million , non-cash charges to operations of approximately $39.2 million , and net cash provided by changes in operating assets and liabilities of approximately $12.6 million .

For the nine months ended September 30, 2018 , net cash used in investing activities was approximately $103.7 million and primarily related to $74.3 million for the Northwest Retail Acquisition and additions to property and equipment totaling approximately $30.2 million . Net cash used in investing activities was approximately $19.9 million for the nine months ended September 30, 2017 and related to additions to property and equipment.

Net cash provided by financing activities for the nine months ended September 30, 2018 was approximately $21.2 million , which consisted primarily of net debt repayments of approximately $8.4 million and net borrowings associated with the J. Aron deferred payment of approximately $30.7 million . Net cash used in financing activities for the nine months ended September 30, 2017 was approximately $55.6 million , which consisted primarily of net debt repayments from borrowings of approximately $53.2 million and net repayments of the J. Aron deferred payment arrangement of $1.5 million .

Capital Expenditures

Our capital expenditures for the nine months ended September 30, 2018 totaled approximately $30.2 million and were primarily related to the first phase of our hydrotreater construction at our Hawaii refinery, other refinery facilities and equipment at both refineries, and scheduled maintenance. Our capital expenditure budget for 2018 ranges from $50 million to $55 million and primarily relates to annual maintenance costs and growth projects at our refining and retail segments, including the first phase of our hydrotreater construction to increase ultra-low sulfur distillate production capacity at our Hawaii refinery and expansion projects at our Wyoming refinery.

We also continue to seek strategic investments in business opportunities, but the amount and timing of those investments are not predictable.

Commitments and Contingencies

Supply and Offtake Agreements. On June 1, 2015, we entered into the Supply and Offtake Agreements with J. Aron to support the operations of our Hawaii refinery. On May 8, 2017, we and J. Aron amended the Supply and Offtake Agreements and extended the term through May 31, 2021 with a one -year extension option upon mutual agreement of the parties. The Supply and Offtake Agreements were amended and restated on December 21, 2017 in connection with the issuance of the 7.75% Senior Secured Notes and the entry into the ABL Credit Facility . On June 27, 2018, we and J. Aron amended the Supply and Offtake Agreements to increase the amount that we may defer under the deferred payment arrangement. Please read Note 8—Inventory Financing Agreements for more information.

Consent Decree. On July 18, 2016, PHR and subsidiaries of Tesoro entered into a consent decree with the EPA, the DOJ, and other state governmental authorities concerning alleged violations of the federal CAA related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates ("Consent Decree"), including our Hawaii refinery. As a result of the Consent Decree, PHR expanded its previously-announced 2016 Hawaii refinery turnaround to undertake additional capital improvements to reduce emissions of air pollutants, to provide for certain nitrogen oxide and sulfur dioxide emission controls and monitoring and to install certain leak detection and repair equipment required by the Consent Decree. Although the turnaround was completed during the third quarter of 2016, work related to the Consent Decree is ongoing.

Tesoro is responsible under the Environmental Agreement for directly paying, or reimbursing PHR, for all reasonable third-party capital expenditures incurred pursuant to the Consent Decree to the extent related to acts or omissions prior to the date of the closing of the PHR acquisition. Tesoro is obligated to pay all applicable fines and penalties related to the Consent Decree. Please read Note 12—Commitments and Contingencies for more information.

Wyoming refinery. Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and/or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. Please read Note 12—Commitments and Contingencies for more information.

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (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 including, without limitation, our beliefs with regard to available capital resources, our beliefs regarding the likelihood or impact of any potential fines or penalties and of the fair value of certain assets, and our expectations with respect to laws and regulations, including environmental regulations and related compliance costs and any fines or penalties related thereto, including potential fines and penalties related to Wyoming Refining; our expectations regarding the sufficiency of our cash flows and liquidity; our expectations regarding anticipated capital improvements and the timing and cost of work that remains to be completed related to the Consent Decree; our expectations regarding the impact of the adoption of certain accounting standards; our beliefs as to the impact of changes to inputs regarding the valuation of our stock warrants, as well as our estimates regarding the fair value of such warrants and certain indebtedness; estimated costs to settle claims from the Delta bankruptcy; the estimated value of, and our ability to settle, legal claims remaining to be settled against third parties; our expectations regarding the closing of the Hawaii Refinery Expansion, including the timing of closing and the anticipated synergies and other benefits thereof; our expectations regarding certain tax liabilities and debt obligations; our expectations and estimates regarding our Supply and Offtake Agreements; management's assumptions about future events; our ability to raise additional debt or equity capital; our ability to make strategic investments in business opportunities; and the estimates, assumptions and projections regarding future financial condition, results of operations, liquidity, and cash flows. These and other forward-looking statements could cause the actual results, performance, or achievements of Par and its subsidiaries 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 Quarterly Report on Form 10-Q 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, including those set out in our most recent Annual Report on Form 10-K and this Quarterly Report on Form 10-Q under "Risk Factors."

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 Quarterly Report on Form 10-Q 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 above and under Critical Accounting Policies and Risk Factors included in our most recent Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. 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 3. 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 (excluding depreciation) 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 throughput for the three months ended September 30, 2018 of 89 thousand barrels per day, would change annualized operating income by approximately $31.9 million . This analysis may differ from actual results.

In order to manage commodity price risks, we utilize exchange-traded futures, options, and 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 crude oil and refined products inventory; and
- our fuel requirements for our Hawaii refinery.

We are required under the Supply and Offtake Agreements to hedge the time spread between the period of crude oil cargo pricing and the month of delivery for certain crude oil purchases. We manage this exposure by entering into swaps with J. Aron. Please read Note 8—Inventory Financing Agreements 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 28, 2019. At September 30, 2018 , these open commodity derivative contracts represent:

- OTC swap purchases of 181 thousand barrels that economically hedge our crude oil and refined products month-end target inventory under our Supply and Offtake Agreements;
- futures sales contracts of 125 thousand barrels that economically hedge our jet fuel inventory;
- OTC swap sales of 250 thousand barrels that economically hedge our refined products exports;
- futures purchases contracts of 305 thousand barrels that economically hedge our sales of refined products; and
- option collars of 60 thousand barrels per month and OTC swaps of 15 thousand barrels per month, both through December 2018 , that economically hedge our internally consumed fuel.

Based on our net open positions at September 30, 2018 , a $1 change in the price of crude oil, assuming all other factors remain constant, would result in a change of approximately $0.2 million to the fair value of these derivative instruments and Cost of revenues (excluding depreciation) .

Our predominant variable operating cost is the cost of fuel consumed in the refining process, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. Assuming normal operating conditions, we consume approximately 72 thousand barrels per day of crude oil during the refining process at our Hawaii refinery. We internally consume approximately 3% of this throughput in the refining process, which is accounted for as a fuel cost. We have economically hedged our internally consumed fuel cost at our Hawaii refinery by purchasing option collars and swaps. These option collars have a weighted-average strike price ranging from a floor of $37.49 per barrel to a ceiling of $68.33 per barrel. The OTC swaps have a weighted-average price of $46.45 . We do not economically hedge our internally consumed fuel cost at our Wyoming refinery.

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 RINs volume obligation is based on a percentage of our Hawaii and Wyoming refineries' non-renewable gasoline and diesel fuels. The EPA sets the percentage annually. 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 normal purchases normal sales exception and do not record these contracts at their fair values.

Interest Rate Risk

As of September 30, 2018 , we had no outstanding debt that was subject to floating interest rates. We had interest rate exposure in connection with our liability under the J. Aron Supply and Offtake Agreements for which we pay a charge based on three-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 (excluding depreciation) and Interest expense and financing costs, net , of approximately $3.0 million and $0.5 million per year, respectively.

We utilize interest rate swaps to manage our interest rate risk. As of September 30, 2018 , we had locked in a fixed rate of 0.97% in exchange for a floating interest rate indexed to the three-month LIBOR on an aggregate notional amount of $100 million . The interest rate swap matures in February 2019 . In February 2018, we terminated a separate $100 million floating interest rate swap originally maturing in March 2021 , which resulted in a realized gain of $3.7 million .

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 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-Q, as of September 30, 2018 , 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 as of September 30, 2018 , these disclosure controls and procedures were effective and designed to ensure that the information required to be disclosed in our reports filed with the SEC is recorded, processed, summarized, and reported on a timely basis and accumulated and reported to management as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

There were no changes during the quarter ended September 30, 2018 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financing reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of our business. Please read Note 12—Commitments and Contingencies to our condensed consolidated financial statements for more information.

Item 1A. RISK FACTORS

We are subject to certain risks. For a discussion of these risks, see "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017 . Except as set forth below, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K.

The pending Hawaii Refinery Expansion may not close as anticipated.

The Hawaii Refinery Expansion is expected to close in the fourth quarter of 2018, subject to the satisfaction of certain closing conditions. If these conditions are not satisfied or waived, the Hawaii Refinery Expansion will not be consummated. Certain of the conditions that remain to be satisfied include, but are not limited to:

- the continued accuracy of the representations and warranties contained in the Hawaii Refinery Expansion purchase agreement;
- the performance by each party of its obligations under the Hawaii Refinery Expansion purchase agreement;
- the absence of any decree, order, injunction, ruling, or judgment that prohibits the Hawaii Refinery Expansion or makes the Hawaii Refinery Expansion unlawful;
- the absence of a material adverse effect with respect to the assets to be acquired in the Hawaii Refinery Expansion;
- the separation by IES of the refining units that it is retaining at its Hawaii refinery from the assets to be acquired in the Hawaii Refinery Expansion; and
- the execution of certain agreements related to the consummation of the Hawaii Refinery Expansion.

In addition, we and IES can mutually agree to terminate the Hawaii Refinery Expansion purchase agreement without completing the Hawaii Refinery Expansion. Further, we or IES can unilaterally terminate the Hawaii Refinery Expansion purchase agreement without the other party's agreement and without completing the Hawaii Refinery Expansion upon the occurrence of certain events.

We cannot assure you that the pending Hawaii Refinery Expansion will close on our expected timeframe, or at all, or close without material adjustment.

We may fail to successfully integrate the assets to be acquired in the Hawaii Refinery Expansion with our existing business in a timely manner, which could have a material adverse effect on our business, financial condition, results of operations, or cash flows, or we may fail to realize all of the expected benefits of the Hawaii Refinery Expansion, which could negatively impact our future results of operations.

Integration of the assets to be acquired in the Hawaii Refinery Expansion with our existing business will be a complex, time-consuming, and costly process. A failure to successfully integrate the assets with our existing business in a timely manner may have a material adverse effect on our business, financial condition, results of operations, or cash flows. The difficulties of combining the assets with our existing operations include, among other things:

- the operational complexities associated with us operating the assets to be acquired in the Hawaii Refinery Expansion and IES operating the related logistics assets as separate business operations when they were previously integrated as a single business operation;
- integrating personnel from diverse business backgrounds and organizational cultures;
- the diversion of management's attention from other business concerns;
- an inability to complete other internal growth projects and/or acquisitions; and
- difficulties integrating the assets with our other assets in Hawaii.

If we consummate the Hawaii Refinery Expansion and if any of these risks or unanticipated liabilities or costs were to materialize, then any desired benefits of the Hawaii Refinery Expansion may not be fully realized, if at all, and our future results of operations could be negatively impacted. In addition, the assets to be acquired in the Hawaii Refinery Expansion may actually perform at levels below the forecasts we used to evaluate the assets, due to factors that are beyond our control. If the assets perform at levels below the forecasts we used to evaluate the assets, then our future results of operations could be negatively impacted.

Flaws in our ongoing due diligence in connection with the assets to be acquired in the Hawaii Refinery Expansion could have a significant negative effect on our financial condition and results of operations.

We conducted limited due diligence in connection with the Hawaii Refinery Expansion prior to signing the purchase agreement with respect thereto and are continuing to conduct due diligence during the period between the signing and closing of the Hawaii Refinery Expansion. Intensive due diligence is time consuming and expensive due to the operations, accounting, finance, and legal professionals who must be involved in the due diligence process and the fact that such efforts do not always lead to a consummated transaction. Diligence may not reveal all material issues that may affect the assets to be acquired in the Hawaii Refinery Expansion. In addition, factors outside of our control may later arise. If, during the due diligence process, we fail to identify issues specific to the assets, we may be forced to later write down or write off assets, restructure our operations, or incur impairment or other charges that could result in other reporting losses. We cannot assure you that we will not have to take write-downs or write-offs in connection with the acquisitions of certain of the assets and assumption of certain liabilities of the assets to be acquired in the Hawaii Refinery Expansion, which could have a negative effect on our financial condition and results of operations following closing.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Dividends

We have not paid dividends on our common stock and we do not expect to do so in the foreseeable future. In addition, under the ABL Credit Facility and the indenture governing the 7.75% Senior Secured Notes , our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

Stock Repurchases

The following table sets forth certain information with respect to repurchases of our common stock during the quarter ended September 30, 2018 :

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
July 1 - July 31, 2018	3,396	$ 17.29	—	—
August 1 - August 31, 2018	1,510	17.29	—	—
September 1 - September 30, 2018	8,670	20.34	—	—
Total	13,576	$ 19.24	—	—

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

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLSOURE

Not applicable.

Item 5. OTHER INFORMATION

In response to the comments received from the staff of the SEC, the Company is supplementing certain disclosures to provide additional information in Item 2, Properties, of its Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "2017 Form 10-K") with respect to internal controls over reserve estimates, proved undeveloped reserves, and drilling activity included.

As the updated disclosures relate only to Item 2, Properties, of the 2017 Form 10-K, the previously issued consolidated financial statements and footnotes to the 2017 Form 10-K are unchanged. These updated disclosures do not amend or otherwise update any other information in the 2017 Form 10-K and do not reflect events occurring after the filing of the 2017 Form 10-K or update those disclosures affected by subsequent events. Accordingly, these updated disclosures should be read in conjunction with the 2017 Form 10-K and with our subsequent filings with the SEC. All capitalized terms used but not defined herein shall have the meanings ascribed to them in the 2017 Form 10-K. The revised disclosures are presented below.

Internal Controls Over Reserve Estimates, Technical Qualifications, and Technologies Used

Our policies regarding internal controls require our reserve estimates to be prepared in compliance with the SEC definitions and guidance by an independent third-party reserve engineering firm. These reserve estimates are reviewed and approved by our recently formed reserves committee, which ensures that our reserves estimates and related disclosures are prepared in compliance with SEC definitions and guidance taking into consideration recent developments, including the impact of changes in commodity price and drilling and transportation costs, drilling and completion technological innovations, the evaluation of reasons for historically low conversion rates in recent years for previous proved undeveloped reserves, and deviations from previously sanctioned development plans for such reserves.

Our reserves committee comprises the following members: our Chief Executive Officer, our Chief Financial Officer, our General Counsel and Secretary, our Chief Accounting Officer, our Associate General Counsel, our Director of Financial Reporting, and a mergers and acquisitions analyst with a background in the oil and gas industry. The reserves committee also consults with representatives from our independent reserve engineering firm. In addition, with respect to the reserves that we own indirectly through Laramie Energy, our Chief Executive Officer and our Chief Financial Officer participate in Laramie Energy's board of

managers meetings (which generally occur at least quarterly) as our appointees to Laramie Energy's board of managers under the Laramie Energy limited liability company agreement. Together with the other members of our reserves committee, our Chief Executive Officer and our Chief Financial Officer review Laramie Energy's development plan and related capital expenditures and meet regularly with Laramie Energy's management in connection with our review of the development and classification of such reserves to ensure that such reserves are prepared in compliance with the SEC definitions and guidance. Under the Laramie Energy limited liability company agreement, Laramie Energy is required to provide to us certain reports and other information on a monthly, quarterly, and annual basis, including monthly and quarterly reports with respect to drilling and completion activities and a comparison of budgeted amounts for such month or quarter to the actual results of operations for such month or quarter (with a written explanation of any material variances). This information allows our reserves committee to monitor Laramie Energy's development activities and to evaluate any deviations from Laramie Energy's development plan to ensure compliance with the SEC definitions and guidance. The reserves committee also utilizes the information received from Laramie Energy to provide feedback to Laramie Energy (through Laramie Energy's board of managers, if necessary) with respect to such development activities. The enhanced scrutiny and evaluation of Laramie Energy's development plan by our reserves committee, supported by access to information required by Laramie Energy's organizational documents and our ability to provide feedback to Laramie Energy at the highest organizational level, ensure that our reserves estimates and related disclosures are prepared in compliance with SEC definitions and guidance.

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. William Monteleone, our Chief Financial Officer and the chair of our reserves committee, reviews the independence and professional qualifications of the third-party engineering firms we engage with the other members of our reserves committee. He also supervises the submission of technical and financial data to third-party engineering firms and reviews the prepared reports with the other members of our reserves committee. Mr. Monteleone has more than nine 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. Benjamin W. Johnson and Mr. John G. Hattner. Mr. Johnson, a Licensed Professional Engineer in the State of Texas (No. 124738), has been practicing consulting petroleum engineering at NSAI since 2007 and has over two years of prior industry experience. He graduated from Texas Tech University in 2005 with a Bachelor of Science Degree in Petroleum Engineering. Mr. Hattner, a Licensed Professional Geoscientist in the State of Texas, Geophysics (License No. 559), has been practicing consulting petroleum geoscience at NSAI since 1991 and has over 11 years of prior industry experience. 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, 2017 have been filed as part of Exhibit 99.1 to this Annual Report on Form 10-K.

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.

Proved Undeveloped Reserves

All of our proved undeveloped reserves at December 31, 2017 are held through our minority equity ownership in Laramie Energy. The following table provides information regarding changes in our share of Laramie Energy ' s proved undeveloped reserves for the year ended December 31, 2017.

	Gas (MMcf)	Oil (Mbbl)	NGLs (Mbbl)	Total (MMcfe)
Proved undeveloped reserves at December 31, 2016 (1)	150,302	451	4,195	178,181
Revisions of previous estimates	(13,152)	55	(732)	(17,216)
Extensions and discoveries	—	—	—	—
Acquisitions	—	—	—	—
Conversion to proved developed reserves	(18,572)	(57)	(550)	(22,215)
Proved undeveloped reserves at December 31, 2017	118,578	449	2,913	138,750

(1) We have revised our previously disclosed proved undeveloped reserves quantities as of December 31, 2016 to reflect the removal of Laramie Energy ' s proved undeveloped locations scheduled for completion more than 5 years from initial booking that were classified as proved undeveloped reserves as of December 31, 2016. For additional information, please read Note 23—Supplemental Oil and Gas Disclosures (Unaudited) to our consolidated financial statements under Item 8 of this Form 10-K.

As of December 31, 2017, our share of Laramie Energy's proved undeveloped reserves totaled 138,750 MMcfe, an approximate 22% decrease from proved undeveloped reserves at December 31, 2016. The decrease in our share of Laramie Energy's proved undeveloped reserves was due to the following:

- During the year ended December 31, 2017, Laramie Energy expended approximately $23.3 million in connection with the development of its proved undeveloped reserves to convert 30 locations to proved developed reserves on original three column spacing per section as discussed in "Drilling Activity" below. Our share of Laramie's proved undeveloped reserves converted to proved developed reserves during 2017 was 22,215 MMcfe. While the total number of proved undeveloped locations converted to proved developed reserves during 2017 was substantially consistent with Laramie Energy's original development plan (the "2017 development plan"), of the 30 locations converted to proved developed locations in 2017, only 9 were originally scheduled to be completed in 2017, and the remaining 21 were accelerated into 2017. This is primarily due to Laramie Energy renegotiating its gathering and processing contract with its primary gathering and processing counterparty (the "Gathering Contract") in January 2017, and modifying its development schedule to take advantage of cost reductions with respect to certain locations covered by the Gathering Contract. The 21 locations that were accelerated in 2017 were added to the 2017 development plan because they are covered by the Gathering Contract. During 2017, Laramie Energy also converted 30,362 MMcfe of probable reserves from 44 locations to proved developed reserves. Laramie Energy added these locations to the 2017 development plan because they are covered by the Gathering Contract. Four of these 44 locations representing 2,730 MMcfe of reserves were originally scheduled as proved undeveloped reserves within the 2016 year end development plan based upon three column spacing per section. During 2017, Laramie Energy shifted, based upon technological innovations in the field, to two column spacing per section and converted these four locations to proved developed reserves. We considered these locations as conversions from probable reserves to proved developed reserves during the year. In July 2017, while preparing proved undeveloped reserve locations necessary to fulfill its minimum volume commitment owed to Occidental Petroleum Corporation ("Occidental") in connection with certain acreage acquired from Occidental in March 2016, Laramie Energy experienced a drilling pad failure that affected two drilling pad sites and resulted in the rescheduling of the drilling of 27 locations from 2017 to 2018. These locations were subsequently drilled and completed in early 2018.

- With respect to the development plan for 2018, Laramie Energy finalized the locations necessary to take advantage of cost reductions covered by the Gathering Contract as well as to satisfy the minimum volume commitment owed to Occidental, resulting in the addition of 32 locations and 11,882 MMcfe of proved undeveloped reserves at year-end 2017. A net 6 locations and 8,908 MMcfe of proved undeveloped reserves were added in connection with Laramie Energy's shift to two column spacing in acreage acquired from Occidental in March 2016. 40 locations and 22,485 MMcfe were added that were drilled but not completed as of such time and previously categorized as probable reserves. 45 locations and 28,508 MMcfe were added due to proximity to the water treatment facility discussed in "Drilling Activity" below, while 27 locations and 15,071 MMcfe were dropped due to their distance from the water treatment facility. An additional 124 locations and 71,819 MMcfe were dropped in favor of other locations due to their proximity to infrastructure and ability to satisfy contractual obligations in the Gathering Contract.

- In recognition of Laramie Energy's historically low conversion rate, the potential impact of recent commodity price volatility, and Par's position as an equity interest owner without control of Laramie Energy's operations, Par has

decided to base its determination of Laramie Energy's proved undeveloped reserves at year end 2017 on only a two year drilling and three year completion time horizon. Members of our reserves committee met regularly with Laramie Energy's management to finalize our determination of proved undeveloped reserves at year end 2017. The negative revisions of 17,216 MMcfe to our share of Laramie Energy's proved undeveloped reserves during 2017 are primarily related to the change in Par's booking policy.

Laramie Energy expects to expend approximately $101.8 million and $73.1 million to convert approximately 122 and 60 proved undeveloped locations to proved developed reserves in 2018 and 2019, respectively. Through March 6, 2018, Laramie Energy had already drilled 25 and completed 22 of the proved undeveloped locations included in the 2017 reserve report.

As of December 31, 2017, Laramie Energy had no proved undeveloped reserves that are expected to remain undeveloped for five years or more after booking as proved reserves.

Drilling Activity

Laramie Energy is currently running one drilling rig performing multi-well pad drilling in the Mesaverde Formation. Due to the emergence and further refinement of certain technological innovations in completion techniques such as low-cost proppantless fracturing, or "sandless fracing," Laramie Energy is utilizing enhanced frac design to reduce the overall number of wells required to drain the same proven undeveloped acreage. As a result, Laramie Energy adjusted its development well pattern from three to two column spacing per section in 2017 to account for these improvements. This drilling pattern is intended to more efficiently develop the same sections, acreage, and reserves as were targeted in prior development plans with fewer wells per section. Our current development plan is designed to take advantage of the improved efficiencies provided by this drilling pattern as well as cost reductions provided by the Gathering Contract described above and a $17.6 million water gathering, treating, storage, and redelivery system completed by Laramie Energy in 2017 (the "water treatment facility"). During 2017, drill times averaged 4.9 days per well, or 6.3 wells per month, and the typical pad contained 16-24 wells, depending on the well spacing being utilized on the pad.

Laramie Energy completed 74 natural gas wells during the year ended December 31, 2017 that were drilled during 2017 and prior years. Laramie Energy drilled no exploratory wells and 124 development wells during 2017. As of December 31, 2017, Laramie Energy had drilled but not completed 59 natural gas development wells.

During 2016, Laramie Energy completed 56 natural gas wells that were drilled during 2016 and prior years. During 2015, Laramie Energy completed 24 natural gas wells that were drilled during 2015 and prior years. The operators of our other natural gas and oil interests in Colorado and New Mexico did not drill any exploratory or development wells during 2017, 2016, and 2015.

Item 6. EXHIBITS

2.1	Third Amended Joint Chapter 11 Plan of Reorganization of Delta Petroleum Corporation and Its Debtor Affiliates dated August 16, 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 10.1 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 June 17, 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 of 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 of 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. @
2.9	Unit Purchase Agreement, dated as of June 13, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 15, 2016. @
2.10	First Amendment to Unit Purchase Agreement dated as of July 14, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on July 15, 2016. @
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	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.
4.3	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.
4.4	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.

4.5	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, 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.
4.6	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.
4.7	Indenture, dated June 21, 2016, between Par Pacific Holdings, Inc. and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 22, 2016.
4.8	Registration Rights Agreement, dated June 21, 2016, between Par Pacific Holdings, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 22, 2016.
4.9	Registration Rights Agreement dated as of July 14, 2016, by and among Par Pacific Holdings, Inc. and the purchasers party thereto. Incorporated by Reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 15, 2016.
4.10	First Amendment to Registration Rights Agreement dated as of September 27, 2016, by and among the Company and the purchasers party thereof. Incorporated by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.
4.11	Second Amendment to Registration Rights Agreement dated as of September 30, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.15 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.
4.12	Third Amendment to Registration Rights Agreement dated as of October 7, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.
4.13	Fourth Amendment to Registration Rights Agreement dated as of October 14, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.17 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.
4.14	Fifth Amendment to Registration Rights Agreement dated as of October 21, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.18 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.
4.15	Sixth Amendment to Registration Rights Agreement dated as of October 28, 2016 by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.19 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.
4.16	Second Amended and Restated Par Pacific Holdings, Inc. 2012 Long Term Incentive Plan. Incorporated by reference to Appendix A to the Company's Proxy Statement on Schedule 14A filed on March 29, 2018.
4.17	Par Pacific Holdings, Inc. 2018 Employee Stock Purchase Plan. Incorporated by reference to Appendix B to the Company's Proxy Statement on Schedule 14A filed on March 29, 2018.
10.1	Topping Unit Purchase Agreement by and among IES Downstream, LLC, Eagle Island, LLC, Par Hawaii Refining, LLC, and Par Pacific Holdings, Inc., dated as of August 29, 2018. * #
10.2	Unit Purchase Agreement by and among Laramie Energy, LLC, EnCap Energy Capital Fund VI, L.P., and EnCap Energy VI-B Acquisitions, L.P., dated as of October 18, 2018. * #
10.3	Second Amendment to Loan and Security Agreement dated as of October 16, 2018 by and among Par Petroleum, LLC, Par Hawaii, Inc., Mid Pac Petroleum, LLC, HIE Retail, LLC, Hermes Consolidated, LLC, Wyoming Pipeline Company, LLC, and the other members party thereto, the financial institutions party thereto, and Bank of America, N.A., as administrative agent. *
10.4	Fourth Amended and Restated Limited Liability Company Agreement of Laramie Energy, LLC, dated as of October 18, 2018, by and among Par Piceance Energy Equity LLC and the other members party thereto. *
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. *
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.

** 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.

@ Schedules and similar attachments 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.

Confidential treatment has been requested for portions of this exhibit. Omissions are designated with brackets containing asterisks. As part of our confidential treatment request, a complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements 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.

PAR PACIFIC HOLDINGS, INC.
(Registrant)

By: /s/ William Pate
William Pate
President and Chief Executive Officer

By: /s/ William Monteleone
William Monteleone
Chief Financial Officer

Date: November 7, 2018

EXECUTION VERSION

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

TOPPING UNIT PURCHASE AGREEMENT

BY AND AMONG

IES DOWNSTREAM, LLC,

EAGLE ISLAND, LLC

AND

PAR HAWAII REFINING, LLC

AND FOR THE LIMITED PURPOSES SET FORTH HEREIN

PAR PACIFIC HOLDINGS, INC.

DATED AS OF AUGUST 29, 2018

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

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Schedules

Schedule A Seller Disclosure Schedule
Schedule B Purchaser Disclosure Schedule
Schedule C Issuer Disclosure Schedule

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

TOPPING UNIT PURCHASE AGREEMENT

THIS TOPPING UNIT PURCHASE AGREEMENT is entered into as of August 29, 2018 (this " Agreement "), by and among IES Downstream, LLC, a Delaware limited liability company (" Seller "), Eagle Island, LLC, a Delaware limited liability company (the " Company "), Par Hawaii Refining, LLC, a Hawaii limited liability company (" Purchaser "), and, for the limited purposes set forth herein, Par Pacific Holdings, Inc., a Delaware corporation (" Issuer "). The Seller and Purchaser shall each be referred to in this Agreement as a " Party ", and collectively as the " Parties ". Capitalized terms that are used in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to such terms in ARTICLE XIII.

W I T N E S S E T H:

WHEREAS, Seller owns the Refinery and, directly and indirectly through certain of its Affiliates, is engaged in, among other things, the Refinery Operations;

WHEREAS, prior to entering into this Agreement, Seller has independently determined to cease conducting its Refinery Operations;

WHEREAS , Purchaser desires to employ certain employees upon the terms and conditions set forth herein and to acquire certain of the Refinery Units owned by Seller and described on Section 1.1 of the Seller Disclosure Schedule hereto (the " Topping Units "), which employees and Topping Units have been utilized by Seller, directly and indirectly through certain of its Affiliates, in the Topping Operations;

WHEREAS , Seller desires to contribute and transfer to the Company, and the Company desires to acquire Seller's rights in and to the Transferred Assets (including the Topping Units) and to assume the Assumed Liabilities, on the terms and subject to the conditions set forth herein;

WHEREAS , Seller shall continue to own the Retained Refinery Units following its contribution and transfer of the Transferred Assets to the Company and has independently determined to cease conducting all of its Refinery Operations thereafter;

WHEREAS , the Transferred Assets (including the Topping Units) are not independently capable of producing Hawaii-grade gasoline blendstock without further processing of the product yields that are produced by the Transferred Assets;

WHEREAS , Seller desires to sell and transfer to Purchaser, and Purchaser desires to purchase, at the Closing (following the transfer to the Company of the Transferred Assets and Assumed Liabilities), all of the limited liability company interests (the " Company Interests ") of the Company, on the terms and subject to the conditions set forth herein; and

WHEREAS , simultaneously herewith or at the Closing, as applicable, the Parties and the Company have entered into or will enter into certain of the Ancillary Agreements, pursuant

to which Seller, Purchaser and the Company, as applicable, will provide certain goods and services to the Parties and the Company.

NOW , **THEREFORE** , in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree hereby as follows:

ARTICLE I

PURCHASE AND SALE

1.1 Purchase and Sale of the Transferred Assets .

(a) On the terms and subject to the conditions of this Agreement, at the Closing, Seller shall contribute, sell, assign, transfer, convey and deliver to the Company, and the Company shall acquire and accept from Seller, all right, title and interest of Seller in and to the assets set forth below (the " Transferred Assets "), other than the Excluded Assets (as defined below), in each case free and clear of all Liens, other than Permitted Liens, Liens created or imposed by Purchaser or Liens under applicable securities Laws:

(i) the Topping Units;

(ii) the Facilities and Equipment;

(iii) the Hydrocarbon Inventory;

(iv) the Non-Hydrocarbon Inventory;

(v) the rights of the Purchaser and the Company with respect to the Transferred Real Property set forth in the Refinery Property Lease;

(vi) the rights of the Purchaser and the Company with respect to the Seller Real Property and the SPM Property set forth in the Refinery Access Agreement;

(vii) the Assumed Contracts;

(viii) the Transferable Permits;

(ix) the Transferred Records;

(x) all of Seller's rights under warranties, indemnities and all similar rights against third parties, in each case that are exclusively related to any Transferred Assets;

(xi) the other assets and properties listed on Section 1.1(a)(x) of the Seller Disclosure Schedule; and

(xii) all other assets and rights (excluding any Excluded Assets) of every kind and nature, real or personal, tangible or intangible, used or held by Seller exclusively for use in connection with (A) its ownership, lease, use or operation of the Topping Units or (B) the Topping Operations.

For the avoidance of doubt, the Transferred Assets shall not include Refinery Units that are independently capable of producing Hawaii-grade gasoline blendstock without further processing of the product yields that are produced by the Transferred Assets.

1.2 Excluded Assets .

(a) Notwithstanding anything to the contrary herein, any assets of Seller or its Affiliates (other than the Company) that do not constitute Transferred Assets, including the following assets and properties of, or in the possession of, Seller and its Affiliates (other than the Company) and all rights, title and interest therein (the " Excluded Assets "), shall be excluded from the Transferred Assets and retained by Seller and its Affiliates (other than the Company):

(i) the Retained Refinery Units;

(ii) the Logistics and Retail Assets;

(iii) all cash, cash equivalents, cash deposits, bank accounts, certificates of deposit and other similar cash or cash equivalents of every kind, nature, character and description;

(iv) all rights, title and interest in and to accounts receivable and notes receivable, including payments for all finished and unfinished products that are en-route to any customer, exchange balances and all rights to receive payment under any notes, bonds and other evidences of Indebtedness (collectively, " Accounts Receivable "), arising out of the Topping Operations prior to the Closing;

(v) all Contracts other than the Assumed Contracts;

(vi) the fee ownership of all Seller Real Property (other than, following the subdivision and transfer to Purchaser of, the portion thereof constituting the Main Premises), subject to the terms of the Refinery Access Agreement and the Refinery Property Lease;

(vii) actions, claims, deposits, prepayments, refunds, causes of action, rights of recovery defenses, rights of set off, counterclaims, or rights of recoupment of any kind or nature (including under any insurance policy, bond or surety and any such item relating to Taxes), in each case relating to the Topping Operations as conducted prior to the Closing or to the Excluded Assets or Excluded Liabilities;

(viii) all Intellectual Property;

(ix) all Seller Benefit Plans and all assets under the Seller Benefit Plans;

(x) the Excluded Records;

(xi) Seller's rights under this Agreement and the Ancillary Agreements and the agreements and instruments delivered to Seller and its Affiliates by Purchaser pursuant to this Agreement or any Ancillary Agreement;

(xii) any claim, right or interest of the Seller in or to any refund, rebate, abatement, or other recovery of Taxes with respect to the Transferred Assets for the Pre-Closing Period; and

(xiii) except as provided in Section 1.1(a), all assets and properties of Seller or any of its Affiliates not used exclusively in connection with the Topping Operations.

1.3 Assumed Liabilities.

[***]

1.4 Excluded Liabilities.

[***]

1.5 Sale of Company Interests. Subject to the terms and conditions set forth in this Agreement, at the Closing but following the consummation of the transactions described in Sections 1.1 and 1.3 (collectively, the "Contribution"), Purchaser shall purchase from Seller, and Seller shall sell, transfer and assign to Purchaser, all of the Company Interests, free and clear of all Liens other than Liens created or imposed by Purchaser or under applicable securities Laws.

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price. The purchase price for the purchase of the Company Interests shall be FORTY FIVE MILLION U.S. Dollars ($45,000,000.00) (the "Base Price" and, as such amount may be adjusted pursuant to the provisions of Section 2.2, the "Purchase Price"), payable as follows: (i) THIRTY MILLION U.S. Dollars ($30,000,000.00) (the "Cash Purchase Price") and (ii) 860,502 shares of Issuer's common stock, par value $0.01 ("Common Stock" and, such shares of Common Stock referred to herein as the "Par Pacific Base Shares").

2.2 Closing Payment; Adjustment of the Purchase Price. At the Closing, Purchaser shall (i) pay or cause to be paid, by wire transfer of immediately available funds to the bank accounts

designated in writing by Seller at least two (2) Business Days prior to the Closing Date an amount (the "Closing Payment") in cash equal to the Cash Purchase Price, less the Escrow Amount, and (a) increased by the Estimated Hydrocarbon Inventory Value (provided that such amount shall not in any event exceed the Maximum Hydrocarbon Adjustment Amount), and (b) increased by the Estimated Net Prorated Amount (if it is a positive number) or reduced by the Estimated Net Prorated Amount (if it is a negative number), as applicable, and (ii) deliver the Par Pacific Base Shares and a number of shares of Common Stock (rounded to the nearest whole number) equal to the Estimated Non-Hydrocarbon Inventory Value divided by the Thirty-Day VWAP (the "Par Pacific Inventory Shares" and together with the Par Pacific Base Shares, the "Par Pacific Shares") to Seller in book entry form (subject to the restrictions on transfer contemplated by Section 4.21) pursuant to instructions designated in writing by Seller.

2.3 Inventory Adjustment Items. On the Closing Date, Seller shall cause to be taken (i) a measurement of the Hydrocarbon Inventory as of the Closing Date and shall cause a valuation of such Hydrocarbon Inventory as of the Closing Date (the "Closing Hydrocarbon Inventory Value") to be undertaken and calculated pursuant to the procedures set forth on Annex C (the "Inventory Procedures Schedule") and (ii) a measurement of the Non-Hydrocarbon Inventory as of the Closing Date based on the book value of

such Non-Hydrocarbon Inventory as of the Closing Date (the " Closing Non-Hydrocarbon Inventory Value ") as reflected in the books and records of Seller.

2.4 General Proration; Adjustment Items . Subject to the provisions hereof and except to the extent duplicative of any other adjustments set forth herein: (i) all Prorated Expenses shall be prorated as of the Closing, with Seller liable to the extent the Prorated Expenses relate to any time period prior to the Closing and Purchaser and the Company liable to the extent the Prorated Expenses relate to any time period after the Closing and (ii) all Prorated Assets that are attributable to the Transferred Assets shall be prorated as of the Closing, with Seller entitled to all such Prorated Assets to the extent relating to any time period prior to the Closing and the Company entitled to all such Prorated Assets to the extent relating to any time period after the Closing (such Prorated Expenses and Prorated Assets, the " Prorated Payments and Assets "). The Prorated Payments and Assets relating to a time period shall be based on the number of days in the actual year or other appropriate period (x) before the Closing and (y) after the Closing. Seller and Purchaser agree to furnish each other with such documents and other records (other than Excluded Records) as may be reasonably requested in order to confirm all Prorated Payments and Assets calculations made in accordance with this Section 2.4 . Following the Closing, Purchaser shall prepare Purchaser's calculation of the actual Net Prorated Amount as of the Closing in accordance with Section 2.6 (the " Closing Net Prorated Amount ").

2.5 Estimated Closing Statement . At least three (3) days prior to the Closing, Seller, in consultation with Purchaser, shall prepare and deliver to Purchaser a statement (the " Estimated Closing Statement ") that shall set forth in reasonable detail the following estimated adjustments to the Base Price (each, an " Estimated Closing Adjustment Amount "): (a) the Estimated Hydrocarbon Inventory Value (provided that such amount shall not in any event exceed the Maximum Hydrocarbon Adjustment Amount), (b) the Estimated Non-Hydrocarbon Inventory Value, and (c) Estimated Net Prorated Amount, along with providing reasonable access to documentation supporting its estimation of the same to the extent available. The Closing Payment payable by

Purchaser at Closing shall be (I) increased by the amount of the Estimated Hydrocarbon Inventory Value (provided that such amount shall not in any event exceed the Maximum Hydrocarbon Adjustment Amount) and (II) increased or decreased, as applicable, by the amount of the Estimated Net Prorated Amount. The Estimated Closing Adjustment Amounts for clauses (a) and (b) of this Section 2.5 shall be based on good faith estimates of related volumes at the Closing and prepared generally in accordance with the methodologies and procedures set forth on the Inventory Procedures Schedule. In the event that Purchaser and Seller have any disagreement regarding preparation of the Estimated Closing Statement, Purchaser and Seller shall nevertheless consummate the Transaction based upon Seller's Estimated Closing Statement.

2.6 Post-Closing Purchase Price Adjustments .

(a) Closing Statement . On or within one hundred twenty (120) days following the Closing Date, Purchaser shall deliver to Seller a closing statement (the " Closing Statement ") that will set forth the Closing Hydrocarbon Inventory Value (provided that such amount shall not in any event exceed the Maximum Hydrocarbon Adjustment Amount) and the following (each, a " Closing Adjustment Amount "): (i) the Closing Non-Hydrocarbon Inventory Value; and (ii) the Closing Net Prorated Amount. For the avoidance of doubt, any objections or disputes with respect to the Closing Hydrocarbon Inventory Value shall be resolved pursuant to the procedures contained in the Inventory Procedures Schedule.

(b) Disputes .

(i) If Seller fails to object in writing to any portion of the Closing Non-Hydrocarbon Inventory Value and Closing Net Prorated Amount within thirty (30) days following Seller's receipt of the Closing Statement from Purchaser, then such portion of the applicable Closing Adjustment Amounts not objected to shall be deemed final and binding upon Seller and Purchaser.

(ii) If Seller disagrees with any portion of the Closing Adjustment Amounts reflected on the Closing Statement, then Seller must notify Purchaser in writing of such disagreement within sixty (60) days following Seller's receipt of the Closing Statement by setting forth Seller's calculation of the disputed portion of such Closing Adjustment Amount (the " Disputed Closing Adjustment Amount "), describing the basis for such disagreement and providing reasonable supporting documentation for such disagreement (such notification, an " Objection Notice "). If an Objection Notice is timely delivered to Purchaser, then Purchaser and Seller shall negotiate in good faith to resolve their disagreements with respect to the Disputed Closing Adjustment Amount. In the event that Purchaser and Seller are unable to resolve all such disagreements within thirty (30) days after Purchaser's receipt of any such Objection Notice, either Purchaser or Seller may at any time thereafter, but within a period not exceeding thirty (30) days, submit such remaining disagreements to the Independent Accountant.

(iii) Purchaser and Seller shall direct the Independent Accountant, once appointed, to resolve all remaining disagreements with respect to the calculation of the Disputed Closing Adjustment Amount as soon as practicable, but in any event shall direct

the Independent Accountant to render a determination within thirty (30) days after retention of the Independent Accountant. The Independent Accountant shall consider only those items and amounts in Purchaser's and Seller's respective calculations of the Closing Adjustment Amount that are identified as being items and amounts to which Purchaser and Seller have been unable to agree. In resolving any disputed item, the Independent Accountant may not assign a value to any item greater than the greatest value for such item claimed by any Party or less than the smallest value for such item claimed by any Party. The Independent Accountant's determination of the Disputed Closing Adjustment Amount shall be based solely on written materials submitted by Purchaser, on the one hand, and Seller, on the other hand (i.e., not on independent review), and on the definitions included in this Agreement. The determination of the Independent Accountant shall be conclusive and binding upon the Parties and shall not be subject to appeal or further review.

(iv) The fees, costs and expenses of the Independent Accountant shall be allocated to and borne by Purchaser, on the one hand, and Seller, on the other hand, based on the inverse of the percentage that the Independent Accountant's determination (before such allocation) bears to the total amount of the total items in dispute as originally submitted to the Independent Accountant. For example, should the items in dispute total in amount to One Thousand US Dollars ($1,000) and the Independent Accountant awards Six Hundred US Dollars ($600) in favor of Seller's position, then sixty percent (60%) of the costs of its review would be borne by Purchaser and forty percent (40%) of the costs would be borne by Seller.

2.7 Payment of Adjustment Amount .

(a) Within ten (10) Business Days after the Closing Adjustment Amount is finally determined by (i) mutual agreement of Purchaser and Seller or (ii) pursuant to the procedures in Section 2.6 , payment shall be made as follows (provided, however, that, if more than one final Closing Adjustment Amount is concurrently determined by mutual agreement of Purchaser and Seller or pursuant to the procedures in Section 2.6 , then Purchaser shall make one net payment to Seller, or Seller shall make one net payment to Purchaser, as applicable, with respect to all such final Closing Adjustment Amounts):

(i) With respect to the Closing Hydrocarbon Inventory Value, either (A) Purchaser shall pay to Seller the amount by which the final Closing Hydrocarbon Inventory Value exceeds the Estimated Hydrocarbon Inventory Value by wire transfer of immediately available funds to an account designated in writing by Seller, or (B) Seller shall pay to Purchaser the amount by which the Estimated Hydrocarbon Inventory Value exceeds the final Closing Hydrocarbon Inventory Value.

(ii) With respect to the Closing Non-Hydrocarbon Inventory Value, either (A) Purchaser shall pay to Seller the amount by which the final Closing Non-Hydrocarbon Inventory Value exceeds the Estimated Non-Hydrocarbon Inventory Value by wire transfer of immediately available funds to an account designated in writing by Seller, or (B) Seller shall pay to Purchaser, by wire transfer of immediately available funds to an account

designated in writing by Purchaser, the amount by which the Estimated Non-Hydrocarbon Inventory Value exceeds the final Closing Non-Hydrocarbon Inventory Value.

(iii) With respect to the Closing Net Prorated Amount: (A) if the final Closing Net Prorated Amount minus the Estimated Net Prorated Amount is less than zero, Seller shall pay to Purchaser, by wire transfer of immediately available funds to an account designated in writing by Purchaser, an amount equal to the absolute value of the difference between the final Closing Net Prorated Amount and the Estimated Net Prorated Amount; and (B) if the final Closing Net Prorated Amount minus the Estimated Net Prorated Amount is greater than zero, Purchaser shall pay to Seller an amount equal to the difference between the Closing Net Prorated Amount and the Estimated Net Prorated Amount by wire transfer of immediately available funds to an account designated in writing by Seller.

(iv) If (A) the Closing Hydrocarbon Inventory Value is equal to the Estimated Hydrocarbon Inventory Value, (B) the Closing Non-Hydrocarbon Inventory Value is equal to the Estimated Non-Hydrocarbon Inventory Value, and/or (C) the final Closing Net Prorated Amount is equal to zero, then no amounts shall be paid under this Section 2.7 .

(b) Upon payment of the amounts provided in this Section 2.7 in accordance herewith, none of the Parties may make or assert any claim under this Section 2.7.

2.8 Escrow Amount .

(a) Generally . At the Closing, a portion of the Purchase Price shall be deposited with the Escrow Agent in an amount equal to the Escrow Amount as security for the indemnification rights of Purchaser pursuant to ARTICLE X. The Escrow Amount, as adjusted from time to time, together with any interest or other income earned thereon, shall be referred to as the " Escrow Fund ".

(b) Escrow Fund . The Escrow Fund shall be distributed by the Escrow Agent in accordance ARTICLE X of this Agreement and the Escrow Agreement.

2.9 Withholding Taxes . Purchaser is entitled to deduct and withhold from any amounts payable pursuant to this Agreement any withholding of Taxes or other amounts required under the Code or other applicable Law. To the extent that any such amounts are so deducted or withheld and timely remitted to the appropriate Person, such amounts will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. Prior to deducting and withholding any amounts pursuant to this Section 2.9 (and in any event no later than five (5) days prior to making any payment hereunder), Purchaser shall notify the payee of any amounts that Purchaser, or any other applicable withholding agent on behalf of Purchaser, intends to deduct or withhold from any payments hereunder and provide the payee with reasonable support for the basis on which Purchaser, or other applicable withholding agent on behalf of Purchaser, intends to deduct or withhold under applicable Law. The Parties shall cooperate with each other, as and to the extent reasonably requested by the other Party, to minimize or eliminate any potential deductions and withholdings that Purchaser, or other applicable withholding agent on behalf of Purchaser, may believe it is required to make under applicable Law.

ARTICLE III

CLOSING

3.1 Closing . The closing of the Transactions (the " Closing ") shall take place at 10:00 a.m., New York time, at the offices of Hogan Lovells US LLP, 875 Third Avenue, New York, New York 10022 (or, if agreed by the Parties, by the electronic exchange of documents), no later than two Business Days after the last of the conditions to Closing set forth in ARTICLE VIII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date, but subject to the satisfaction of such conditions), or at such other time or on such other date or at such other place as Seller and Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the " Closing Date "); provided , however , in the event that the Estimated Hydrocarbon Inventory Value exceeds the Maximum Hydrocarbon Adjustment Amount, Seller shall have the right, on one occasion, to extend the Closing Date upon writing notice to the Purchaser by a period of up to ten (10) Business Days as specified in such notice to give Seller the opportunity to attempt to reduce the Estimated Hydrocarbon Inventory Value to an amount less than the Maximum Hydrocarbon Adjustment Amount; provided , further , that the Closing shall be deemed for all purposes of this Agreement to occur as of the Effective Time on the Closing Date.

3.2 Deliveries by Seller at Closing . At Closing, Seller shall deliver, or cause to be delivered, to Purchase r and / or the Company, as applicable, the following:

(a) the Contribution, Assignment and Assumption Agreement duly executed and delivered by Seller;

(b) the Escrow Agreement duly executed and delivered by Seller;

(c) the Services Agreement duly executed and delivered by Seller;

(d) the Terminalling Agreement duly executed and delivered by Seller;

(e) the Refinery Property Lease duly executed and delivered by Seller, as landlord and a memorandum thereof to be duly recorded, together with a customary SNDA (in a form reasonably acceptable to Purchaser) to be duly recorded if such leased premises which are the subject of the Refinery Property Lease are burdened by a Lien from the Seller's lenders (of indebtedness for borrowed money) at Closing;

(f) the Refinery Access Agreement duly executed and delivered by Seller;

(g) a duly executed certificate of Seller complying with the requirements of Treasury Regulations Section 1.1445-2(b), in a form reasonably satisfactory to Purchaser, stating that Seller is not a "foreign person" as defined in Section 1445 of the Code;

(h) with respect to the Refinery Property Lease, duly executed and acknowledged real property transfer tax forms, if required by Applicable Law;

(i) executed resignation letters of the Seller Officers and Directors from their respective positions with the Company, with such resignation letters to include a release in a form reasonably acceptable to Purchaser in favor of the Company from any possible claims the Seller Officers and Directors may have against the Company arising from any act, matter or event arising at or prior to the Closing;

(j) resolutions of Seller authorizing the execution of this Agreement and each Transaction Agreement to which it is a party and the consummation of the Transactions, certified by the secretary or other executive officer of Seller as being complete (as they relate to the foregoing), correct and in full force and effect;

(k) the Registration Rights Agreement duly executed by Seller;

(l) reasonably satisfactory evidence that the Company Interests and the assets of the Company (including the Transferred Assets and the Transferred Real Property) are released from and free and clear of all Liens (other than Permitted Liens and, in the case of the Transferred Real Property, subject to the Refinery Property Lease); and

(m) other documents, instruments or agreements contemplated hereby and reasonably requested by Purchaser to consummate the Transactions, including those referred to in ARTICLE VIII .

3.3 Deliveries by the Company at the Closing . At Closing, the Company shall deliver, or cause to be delivered, to Seller and / or Purchaser the following:

(a) the Contribution, Assignment and Assumption Agreement duly executed and delivered by the Company;

(b) the Services Agreement duly executed and delivered by the Company;

(c) the Refinery Property Lease duly executed and delivered by Company, as tenant and a memorandum thereof to be duly recorded;

(d) the Refinery Access Agreement duly executed and delivered by the Company;

(e) resolutions of the Company authorizing the execution of this Agreement and each Transaction Agreement to which it is a party and the consummation of the Transactions, certified by the secretary or other executive officer of the Company as being complete (as they relate to the foregoing), correct and in full force and effect; and

(f) other documents, instruments or agreements contemplated hereby and reasonably requested by Purchaser to consummate the Transactions, including those referred to in ARTICLE VIII.

3.4 Deliveries by Purchaser at the Closing . At Closing, Purchaser shall deliver, or cause to be delivered, to Seller (or, in the case of clause (b), the Escrow Agent) the following:

(a) the Closing Payment (minus the Escrow Amount, as set forth in the Section 2.7);

(b) the Par Pacific Shares;

(c) the Escrow Amount to the Escrow Agent for deposit into an escrow account (the " Escrow Account "), as established pursuant to the terms of the Escrow Agreement;

(d) the Escrow Agreement duly executed and delivered by Purchaser;

(e) the Services Agreement duly executed and delivered by Purchaser;

(f) the Terminalling Agreement duly executed and delivered by Purchaser;

(g) the Refinery Access Agreement duly executed and delivered by Purchaser;

(h) the Registration Rights Agreement duly executed and delivered by Issuer; and

(i) resolutions of Purchaser authorizing the execution of this Agreement and each Transaction Agreement to which it is a party and the consummation of the Transactions, certified by the secretary or other executive officer of Purchaser as being complete, correct and in full force and effect; and

(j) other documents, instruments or agreements contemplated hereby and reasonably requested by Seller to consummate the Transactions, including those referred to in ARTICLE VIII .

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER RELATING TO SELLER, THE TRANSFERRED ASSETS AND THE COMPANY

Except as set forth on the disclosure schedule delivered by Seller to Purchaser concurrently with the entry into this Agreement and attached to this Agreement as Schedule A (the " Seller Disclosure Schedule "), Seller hereby represents and warrants to Purchaser as follows:

4.1 Organization .

(a) The Seller is duly organized, validly existing and in good standing under the laws of the state of its incorporation. The Seller has the corporate power and authority to own or lease all of the Transferred Assets and to carry on the Topping Operations as it relates to the Transferred Assets as it is now being conducted. The Seller is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the Topping Operations or the character or location of any properties or assets owned or leased by it makes such qualification necessary, except for those jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect

on Seller's ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

(b) The Company is duly organized, validly existing and in good standing under the laws of the state of its incorporation. The Company has the corporate power and authority to carry on its business and operations as it is now being conducted. The Company has been recently formed and prior to the Contribution has conducted no business activities, other than with respect to beginning to obtain certain Permits required for the Topping Operations. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business and operations or the character or location of any properties or assets owned or leased by it makes such qualification necessary, except for those jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect on the Company's ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party. Seller has previously delivered to Purchaser true and correct copies of the Company's governing documents.

4.2 Authorization of Agreement . Each of the Seller and the Company has all requisite corporate power and authority to execute and deliver this Agreement and each other Transaction Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution and delivery of the Transaction Agreements and the consummation of the Transactions have been duly authorized by all requisite corporate action on the part of Seller and the Company. Each of the Transaction Agreements to which Seller and the Company is a party has been or will be at or prior to the Closing, duly and validly executed and delivered by Seller and the Company, as applicable, and (assuming the due authorization, execution and delivery by the other parties thereto) each of such Transaction Agreements, when so executed and delivered, will constitute, the legal, valid and binding obligations of Seller and the Company, as applicable, enforceable against it in accordance with its terms, subject to applicable Equitable Principles.

4.3 Conflicts; Consents of Third Parties .

(a) Except as set forth on Section 4.3(a) of the Seller Disclosure Schedule or for the Governmental Approvals referenced in Section 4.3(b) hereof, none of the execution and delivery by Seller or the Company of this Agreement or the other Transaction Agreements to which it is a party, the consummation of the Transactions by Seller or the Company, or the compliance by Seller or the Company with any of the provisions hereof or thereof, conflicts with or will conflict with, or result in any violation of or constitute a breach of or a default (with or without notice or lapse of time, or both) under, or result in the loss of any benefit under, or permit the acceleration of any obligation under, or give rise to a right of termination, modification or cancellation under or result in the creation of any Lien upon any of the properties or assets of Seller or the Company under, any provision of (i) the articles of association, bylaws, partnership agreement or other comparable organizational documents, of Seller or the Company, as applicable; (ii) any Contract or Permit to which Seller or the Company is a party or relating primarily to the Topping Operations or by which any of their properties or assets are bound, except for those where such conflict, violation, default or other such effect would not result in a material liability to Seller or the Company; (iii) any Order

of any Governmental Authority applicable to Seller or the Topping Operations or by which any of their properties or assets are bound, except where such conflict, violation, default or other such effect would not result in a material liability to Seller or the Company; or (iv) any applicable Law, except where such conflict, violation, default or other such effect would not result in a material liability to Seller or the Company.

(b) Except as set forth on Section 4.3(b) of the Seller Disclosure Schedule, no consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Governmental Authority (a " Governmental Approval ") or any other Person is required on the part of Seller or the Company in connection with the execution and delivery by Seller or the Company of this Agreement or the other Transaction Agreements, the consummation of the Transactions by Seller or the Company or the compliance by Seller or the Company with any of the provisions hereof or thereof, except for those jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect on Seller's or the Company's ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

4.4 Legal Proceedings; Governmental Orders . Except as disclosed on Section 4.4(a) of the Seller Disclosure Schedule, there are no material pending or, to the Knowledge of Seller threatened since January 1, 2017, Legal Proceedings against Seller or the Company (solely with respect to, or otherwise affecting, the Transferred Assets, the Transferred Real Property, the Company Interests or the Topping Operations). Except as disclosed on Section 4.4(b) of the Seller Disclosure Schedule, (i) there is no material outstanding Order imposed upon Seller or the Company or affecting Seller or the Company (solely with respect to, or otherwise affecting, the Transferred Assets, the Transferred Real Property, the Company Interests or the Topping Operations), and (ii) to the Knowledge of the Seller, no officer, manager, director or employee of Seller or the Company is subject to any material Order that prohibits such officer, manager, director or employee from engaging in or continuing any conduct, activity or practice relating to the Transferred Assets, the Transferred Real Property, the Company Interests or the Topping Operations. Each of Seller and the Company is, and each has been, in compliance with the terms of each material Order to which it is or has been, or any of its assets is or has been, subject. No event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such material Order.

4.5 Capitalization . Other than the Company Interests, there is no other Equity Interest of the Company issued or reserved for issuance or outstanding. The Company Interests are duly authorized, validly issued, fully paid (to the extent required by the organizational documents of the Company) and non-assessable. There are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to the Company. The Company has no authorized or outstanding bonds, debentures, notes or other Indebtedness the holders of which have the right to vote (or are convertible into, exchangeable for or evidencing the right to subscribe for or acquire securities having the right to vote) with the Company Interests on any matter. No Person has any right of first offer, right of first refusal or preemptive right in connection with any future offer, sale or issuance of Equity Interest of the Company. Neither Seller nor the Company is subject

to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire the Company Interests

4.6 Subsidiary Interests . The Company does not own any Equity Interest of any Person, and the Company is not obligated to make any investment in or capital contribution to any Person.

4.7 No Undisclosed Liabilities . Upon consummation of the Transactions, other than the Assumed Liabilities and other Liabilities under or related to the Transaction Agreements to which it is a party, the Company will not have any Liabilities that are required by GAAP to be disclosed, reflected or reserved for in a balance sheet of Seller or in the notes thereto with respect to, or otherwise affecting the Transferred Assets, the Transferred Real Property, the Company Interests or the Topping Operations, other than Liabilities set forth on Section 4.7 of the Seller Disclosure Schedule.

4.8 Absence of Certain Changes . From January 1, 2018 to the date hereof: (a) Seller has, in all material respects, conducted the Refinery Operations in the Ordinary Course of Business (other than preparing for and implementing the Transactions), (b) there has not been any material change in accounting methods, principles or practices affecting Seller, except as required by GAAP, and (c) there has not been any effect, change, event, circumstance, state of facts, occurrence or development that has resulted or is reasonably expected to result, individually or in the aggregate, in a Business Material Adverse Effect.

4.9 Compliance with Laws; Permits .

(a) Except as set forth on Section 4.9(a) of the Seller Disclosure Schedule, Seller (solely with respect to the Refinery Operations) and the Company have for the past [***] complied and are currently complying, in all material respects), with all Laws applicable to the Transferred Assets, the Transferred Real Property, the Company Interests or the Refinery Operations. Within the [***] prior to the date hereof, neither Seller (solely with respect to the Refinery Operations) nor the Company has received any written notice of or been formally charged by a Governmental Authority with the material violation of any Laws.

(b) None of the representations and warranties contained in this Section 4.9 (Compliance with Laws; Permits) shall be deemed to relate to Taxes (which are governed by Section 4.10), employee benefit matters (which are governed by Section 4.14), labor matters (which are governed by Section 4.15) or environmental matters (which are governed by Section 4.16).

(c) Section 4.9(c) of the Seller Disclosure Schedule sets forth a list of all material Permits held by Seller or its Affiliates as of the date hereof that are required for Seller and its Affiliates to conduct the Topping Operations or to own the Transferred Assets and the Company Interests as of the date hereof (the " Material Permits "), all of which are valid and in full force and effect in all material respects on the date hereof. Except as set forth on Section 4.9(c) of the Seller Disclosure Schedule, all Material Permits have been obtained. Seller has made available to the Purchaser true, correct and complete copies of each of the Permits listed on Section 4.9(c) of the Seller Disclosure Schedule. Except for the entering into of the Transaction Agreements or the consummation of the Transactions, no event has occurred that, with or without notice or lapse of

time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any material Permit set forth in Section 4.9(c) .

4.10 Taxes .

(a) Except as set forth on Section 4.10 of the Seller Disclosure Schedule:

(i) all material Tax Returns required to be filed with respect to, or that are required to report items derived from, the Transferred Assets, Topping Operations, or Company have been prepared in accordance with applicable Law and timely filed (taking into account extensions);

(ii) all material Taxes due and payable (whether or not shown on any Tax Return) in respect of or that affect the Transferred Assets, Topping Operations, and/or Company (including all amounts required to be deducted, withheld, and remitted to a Governmental Authority) have been paid in full;

(iii) there are no Liens for Taxes on the Transferred Assets except for Permitted Liens;

(iv) neither Seller nor any Affiliate of Seller is involved in any Tax Proceeding or other audit by or dispute with any Taxing Authority concerning any material Tax Return that includes items derived from, or any matter likely to affect, the Topping Operations or any of the Transferred Assets.

(v) no extension or waiver of the time to assess, reassess, or collect any Taxes with respect to or affecting the Topping Operations or Transferred Assets, has been given, granted, agreed or requested that remains in effect. Company has not executed any power of attorney with respect to Taxes that remains in effect;

(vi) neither Seller nor any Affiliate of Seller has been a party to or participated in any "reportable transaction" as defined in Section 6707A of the Code or Treasury Regulation Section 1.6011-4 (or any predecessor provision) or any similar provision of foreign, state or local Law, involving or affecting the Topping Operations, Transferred Assets, or Company;

(vii) no reassessment (for property or ad valorem purposes) of any Transferred Asset has been proposed and remains unresolved except for current year ad valorem assessments. Each Transferred Asset that is subject to property Tax has been properly listed and described on the applicable property Tax rolls for all assessment dates prior to the Closing and no Transferred Asset is subject to special-use valuation for property Tax purposes. Seller and its Affiliates have materially complied with all escheat and unclaimed property Laws with respect to funds or property received or held in connection with owning or operating the Topping Operations and Transferred Assets;

(viii) no private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into, or issued by any Taxing Authority with respect to the Topping Operations, Transferred Assets, or Company; and

(ix) Company is not, and has never been, a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement.

(b) Seller is not a "foreign person" as that term is used in U.S. Treasury Regulations Section 1.1445-2.

(c) Company is, and at all times since its formation has been, an entity disregarded as an entity separate from its owner within the meaning of Treasury Regulations Section 301.7701-3(b)(1)(ii). Seller is, and at all times since its formation has been, an entity disregarded as an entity separate from its owner within the meaning of Treasury Regulations Section 301.7701-3(b)(1)(ii).

4.11 Real Property .

(a) Section 4.11(a) of the Seller Disclosure Schedule sets forth, as of the date of this Agreement, (i) a boundary line depiction of certain portions of the real property comprising a part of the Seller Real Property which will be subject to the Refinery Property Lease and then purchased by Purchaser (the " Main Premises "); (ii) a boundary line depiction of the real property comprising a part of the Seller Real Property which will be subject to the Refinery Property Lease containing the fire house building (the " Firehouse Premises "); (iii) a boundary line depiction of the real property comprising a part of the Seller Real Property which will be subject to the Refinery Property Lease containing the laboratory building (the " Lab Premises ") (the Main Premises, the Firehouse Premises and the Lab Premises, together with all rights, privileges, improvements and appurtenances belonging, pertaining or relating to such real property, the " Transferred Real Property ", which, for the avoidance of doubt, does not include the Retained Refinery Units contained in the Excluded Areas, as set forth on Section 4.11(a) of the Seller Disclosure Schedule unless and until such Retained Refinery Units are dismantled or abandoned), and the boundary lines of such Transferred Real Property may, with the written consent of Purchaser not to be unreasonably withheld or delayed, before or after the Closing be adjusted as described in the Refinery Property Lease; (iv) a legal description of that certain real property that is owned by Seller or its Affiliates that is known as lot 3001, consisting of 248.034 acres ±, which includes the Transferred Real Property (the " Seller Real Property "); (v) a depiction of the portion of the Seller Real Property that is not Transferred Real Property (such portion, the " Retained Real Property "); and (vi) a description of that certain real property that is owned by Seller or its Affiliates that is known as lot 613, consisting of ten (10) acres ± (the " SPM Property "). Seller or its Affiliates do not lease any real property as a tenant in connection with the Refinery Operations.

(b) With respect to the Seller Real Property and the SPM Property, (i) Seller or its Affiliates (including the Company) have good and marketable title to such Seller Real Property, free and clear of all Liens (other than Permitted Liens) and (ii) except as set forth in Section 4.11(b) of the Seller Disclosure Schedule, there are no existing, pending or, to the Knowledge of the Seller,

threatened condemnation, eminent domain or similar proceedings affecting all or any portion of the Seller Real Property and/or the SPM Property.

(c) With respect to Seller Real Property and the SPM Property, Seller has delivered or made available to Purchaser true, complete and correct copies of the title insurance policies and surveys affecting and/or covering all or any of the same in the possession of the Seller or its Affiliates (including the Company). In addition, with respect to the Seller Real Property and the SPM Property, Seller has delivered or made available to Purchaser true, correct and complete copies of all deeds that exist that are in Seller's possession or control conveying all or any portion thereof to Seller.

(d) To the Knowledge of Seller, no material improvements constituting a part of the Seller Real Property and/or SPM Property encroach on any real property owned or leased by a Person other than Seller or its Affiliates, other than certain pipelines that may exist on the Seller Real Property and SPM Property.

(e) There are no outstanding options, rights of first offer, rights of first refusal, or other similar contracts or rights to purchase or lease the Seller Real Property, the SPM Property, or any portion thereof or interest therein.

(f) Other than as set forth on Section 4.11(f) of the Seller Disclosure Schedule, there are no leases, subleases, licenses or other occupancy agreements relating to the Seller Real Property and/or SPM Property for which Seller is the lessor, sublessor, licensor or the like, and no third party(ies) is/are in possession of any of the Seller Real Property and/or SPM Property, nor has any right(s) of possession of any of the Seller Real Property and/or SPM Property.

(g) Other than as set forth on Section 4.11(g) of the Seller Disclosure Schedule, the Transferred Real Property together with the rights granted under the other Transaction Agreements constitutes all of the rights in real property necessary to conduct the Topping Operations as presently conducted and operated.

(h) To the Knowledge of Seller, there are no pending special assessments or reassessments (for which Seller or any Affiliate has received service of process or otherwise notice) of any parcel included in the Seller Real Property and/or SPM Property that would reasonably be expected to result in a material increase in the real property Taxes or other similar charges payable with respect to any parcel of the Seller Real Property and/or SPM Property.

4.12 Transferred Assets; Title to Company Interests .

(a) Seller or the Company has good and valid title to, or other right to use, the tangible assets included in the Transferred Assets (other than real property and hydrocarbon rights or assets) free and clear of all Liens other than Permitted Liens. The Transferred Assets are not independently capable of producing Hawaii-grade gasoline blendstock without further processing of the product yields that are produced from the Transferred Assets.

(b) Assuming (i) the making of all notices to, and receipt of all approvals and consents from, applicable third parties set forth on Section 4.3 of the Seller Disclosure Schedule,

(ii) that Purchaser and the Company obtain and hold all Material Permits set forth on Section 4.9(c) of the Seller Disclosure Schedule and any Government Approvals required to own and operate the Topping Operations and Transferred Assets, and (iii) the entry into the Refinery Property Lease, the Refinery Access Agreement and other Ancillary Agreements, and subject to the exclusion of the Excluded Assets, the Transferred Assets, together with any property or the services that the Company has the right to use under the terms of the Ancillary Agreements, are sufficient for the continued conduct, in all material respects, of the Topping Operations immediately after the Closing in substantially the same manner as conducted immediately prior to the Closing.

(c) Seller is the sole record and beneficial owner of the Company Interests. Seller has good and valid title to, the Company Interests, free and clear of all Liens (other than restrictions on transfer imposed by applicable securities Laws). Other than this Agreement, neither Seller nor any of its Affiliates is subject to any Contracts or other arrangements with respect to voting rights or transferability with respect to any portion of the Company Interests that will not be discharged prior to Closing.

4.13 Material Contracts .

(a) Section 4.13(a) of the Seller Disclosure Schedule sets forth a true, correct and complete list of all of the following Contracts as of the date hereof to which Seller or the Company is a party and that are exclusively related to the Topping Operations or by which the Transferred Assets or the Company Interests are bound (collectively, the " Material Contracts "):

(i) Contracts with each Business Employee who received annual compensation in excess of $[***] in the aggregate in the fiscal year ended December 31, 2017;

(ii) Contracts for or relating to the incurrence or existence of Indebtedness, or the making of any material loans to another Person, in each case, to the extent included as an Assumed Liability;

(iii) Contracts which involved payments by the Seller of more than One Million Dollars ($1,000,000) in the aggregate in the fiscal year ended December 31, 2017 that are not terminable without penalty on ninety (90) days' or less notice;

(iv) Contracts with customers which involved payments to the Seller of more than One Million Dollars ($1,000,000) in the aggregate in the fiscal year ended December 31, 2017;

(v) Contracts with independent contractors or consultants (or similar arrangements) or freelance arrangements that, in each case, involve payments of more than $[***] in the aggregate for any individual Contract in the fiscal year ended December 31, 2017 that are not terminable without penalty on ninety (90) days' or less notice;

(vi) Contracts exclusively related to the Topping Operations for any outsourced operations, which are expected to involve payment by of more than Five Hundred

Thousand Dollars ($500,000) in the aggregate for any individual Contract in the twelve (12) month period immediately following the Closing Date that are not terminable by without penalty on ninety (90) days' or less notice;

(vii) Contracts with a Material Customer or the Material Supplier;

(viii) Contracts between the Company, on the one hand, and Seller or an Affiliate of Seller, on the other hand;

(ix) Contracts containing a most favored nation pricing provision, favored customer provision or other similar provision;

(x) Contracts containing material service level guarantees, material guaranteed payments or obligations or other similar provisions;

(xi) Contracts that restrict the freedom of Seller or the Company in any part of the world to carry on the Topping Operations or to complete with any Person or in any area; or

(xii) Powers of attorney.

(b) Notwithstanding the foregoing, the term Material Contracts shall not include (and nothing contained in the above or this Agreement shall require disclosure or scheduling of) any of the agreements pursuant to which the Seller and its Affiliates acquired any of the Transferred Assets from [***]. Except as set forth on Section 4.13(b) of the Seller Disclosure Schedule, each Material Contract is in full force and effect and is a legal, valid, binding and enforceable obligation of Seller, and, to the Knowledge of Seller, of the other party or parties thereto, except (i) as enforceability may be limited by applicable Equitable Principles or (ii) where the failure to be legal, valid, binding or enforceable would not, individually or in the aggregate, be or reasonably be expected to be material to the Topping Operations. Except as set forth on Section 4.13(b) of the Seller Disclosure Schedule, Seller, nor to the Knowledge of Seller, any other party or parties thereto, is in default under any Material Contract in any material respect and, to the Knowledge of Seller, no event has occurred that, with notice or lapse of time or both, would constitute a material default by Seller, or, to the Knowledge of Seller, the other party or parties thereto under any Material Contract. Except as set forth on Section 4.13(b) of the Seller Disclosure Schedule, true, complete (subject to redactions) and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and material written waivers thereunder) have been made available to Purchaser or its counsel.

4.14 Employee Benefits Plans .

(a) Seller has provided to Purchaser summaries or true, complete and correct copies of the plan documents or summary plan descriptions, as of the date hereof, of all of the Benefit Plans. True, complete and correct copies of all employment agreements and any other Contract with a Business Employee (including all modifications, amendments and supplements thereto and waivers thereunder) have been provided to Purchaser.

(b) With respect to each such Benefit Plan, Seller, its Affiliates and each ERISA Affiliate have complied and are now in compliance, in all material respects, with all the provisions of ERISA, the Code and all Laws and regulations applicable to such Benefit Plans and each Benefit Plan has been administered in all material respects in accordance with its terms. With respect to each Contract or any other employment arrangement with a Business Employee, Seller and its Affiliates have complied and are now in compliance, in all material respects, with all applicable Laws and the terms of such Contract or other employment arrangement.

(c) Since January 1, 2017, no claim, lawsuit, arbitration, governmental investigation or proceeding or other action has been instituted against or with respect to any Benefit Plan and, to the Knowledge of Seller, none is threatened and no facts or circumstances exist for any of the foregoing.

(d) From and after the Closing, no circumstances will exist that would reasonably be expected to result in any Liability of Seller or its ERISA Affiliates with respect to any Benefit Plan or Seller Benefit Plan becoming a Liability of Purchaser, the Company, or their ERISA Affiliates.

(e) There is no PBGC Lien on any asset of the Seller, the Company or ERISA Affiliate, and none has been threatened and no event has occurred for which such a lien could be imposed.

(f) The Company does not sponsor or maintain any Benefit Plan.

(g) Except as disclosed on Section 4.14(f) of the Seller Disclosure Schedule, no Benefit Plan is maintained or contributed to pursuant to a collective bargaining agreement.

4.15 Labor .

(a) Except as set forth on Section 4.15(a) of the Seller Disclosure Schedule and solely with respect to the Topping Operations, Seller is not a party to any labor or collective bargaining agreement (" Labor Agreements ") covering any employee or group of employees of Seller. [***]

(b) Except as set forth on Section 4.15(b) of the Seller Disclosure Schedule, (i) there are no, and within the last three (3) years there have been no material strikes, work stoppages, work slowdowns, lockouts, picketing or other similar labor activities pending or, to the Knowledge of Seller, threatened against or involving Seller (solely with respect to the Topping Operations), and (ii) there are no material unfair labor practice charges, grievances or complaints pending or, to the Knowledge of Seller, threatened before a Governmental Authority by or on behalf of any Business Employee or group of Business Employees who work at the locations where the Refinery Operations take place.

(c) Seller (solely with respect to the Topping Operations) is in compliance in all material respects with all applicable Laws respecting employment practices, terms and conditions of employment, wages and hours and employees, including, without limitation, nondiscrimination

laws and WARN. Within the last three (3) years prior to the date hereof, Seller has not implemented any plant closing or mass layoff for which it or any of its Affiliates had or could have any Liability under WARN, nor has Seller engaged in or implemented any actions for which it or any of its Affiliates had or could have any liability under the DWA. All Business Employees are properly classified as employees and no individual providing services exclusively to the Refinery Operations is classified as an independent contractor.

(d) Seller has properly completed and retained a Form I-9 with respect to each Business Employee, to the extent required by applicable Law, and all such Business Employees are legally eligible to work in the United States. Within the past two (2) years prior to the date hereof, there has not been pending against Seller a material Legal Proceeding from the United States Department of Homeland Security, including Immigration and Customs Enforcement, (or any predecessor thereto, including the United States Customs Service or the Immigration and Naturalization Service) or any other material immigration-related enforcement Legal Proceeding.

(e) Except as disclosed on Section 4.15(e) of the Seller Disclosure Schedule since January 1, 2017, there has been no material pending or threatened Legal Proceedings against Seller in connection with the employment of any current or former applicant, employee, consultant, or independent contractor of the Topping Operations, including, without limitation, any charge, investigation, or claim relating to unfair labor practices, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, employee classification, child labor, hiring, promotion, and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence, unemployment insurance, or any other employment related matter arising under applicable Law.

4.16 Environmental Matters. [***]

4.17 Insurance. Section 4.17 of the Seller Disclosure Schedule sets forth a true, correct and complete list, as of the date hereof, of all insurance policies maintained by Seller or with respect to which Seller is a named insured or otherwise the beneficiary of coverage, in each case exclusively relating to the Refinery Operations (collectively, the "Insurance Policies"). The Seller has made available to the Purchaser true, correct and complete copies of the Insurance Policies or summaries of the coverage terms thereof (subject to redaction of certain premium information therein). As of the date hereof, such Insurance Policies are in full force and effect, and are sufficient to comply with the requirements for insurance under all applicable Laws and Contracts to which Seller or the Company is a party, in each case with respect to the Topping Operations. In the 12 months prior to the date hereof, the Seller has not received any written notice of cancellation of, material premium increase with respect to, or material alteration of coverage under, any of such Insurance Policies. All premiums due on such Insurance Policies have been paid as of the date hereof in accordance with the payment terms of each Insurance Policy. In the 12 months prior to the date hereof, there are no claims related to the Refinery Operations, the Transferred Real Property or the Transferred Assets pending under any such Insurance Policies as to which coverage has been materially

questioned, denied or disputed or with respect to which there is an outstanding reservation of rights (in each case, other than customary reservations of rights).

4.18 Certain Payments . Neither Seller nor the Company have, and to the Knowledge of Seller, no director, manager, officer, employee, agent, representative or other Person associated with or acting for or on behalf of Seller or the Company has, in connection with the Refinery Operations, in violation of applicable Law (a) directly or indirectly made any contribution, gift, bribe, kickback or other payment (including any political contribution with corporate funds, any payment from corporate funds not recorded on the books and records of Seller or the Company, any payment from corporate funds that was falsely recorded on the books and records of Seller or the Company, any payment from corporate funds to governmental officials for improper purposes or payments from corporate funds to obtain or retain business) to any Person, regardless of form whether in money, property or services (i) to obtain favorable treatment in securing business or sources of supply, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained for or in respect of Seller, the Company or any Affiliate, or (iv) or in any other manner or for any other purpose that violates applicable Law, or (b) established or maintained any fund or asset which has not been recorded in the books and records of Seller or the Company for any of the purposes set forth in clause (a) above.

4.19 Customers and Suppliers .

(a) Section 4.19(a) of the Seller Disclosure Schedule sets forth a complete and correct list of the four (4) largest customers of Seller for fuel oil and diesel with respect to the Topping Operations (collectively, the " Material Customers ") (measured by the aggregate dollar amount of revenues attributable to the Material Customers) during the 12 month period ended December 31, 2017. Within the 12 month period prior to the date of this Agreement, neither Seller nor the Company has received any written notice that any of its Material Customers is terminating its Assumed Contract with Seller or the Company with respect to the Topping Operations. Within the 12 month period prior to the date of this Agreement, neither Seller nor the Company is a party to any material Legal Proceeding with any Material Customer.

(b) Section 4.19(b) of the Seller Disclosure Schedule sets forth the largest supplier of Seller for crude oil with respect to the Topping Operations (the " Material Supplier ") (measured by the aggregate dollar amount of revenues attributable to the Material Supplier) during the 12 month period ended December 31, 2017. Within the 12 month period prior to the date of this Agreement, neither Seller nor the Company has received any written notice that the Material Supplier is terminating its Assumed Contract with Seller or the Company with respect to the Topping Operations. Within the 12 month period prior to the date of this Agreement, neither Seller nor the Company is a party to any material Legal Proceeding with the Material Supplier.

4.20 Investment Intent . Seller is (a) an experienced and knowledgeable investor, (b) able to bear the economic risks of the acquisition and ownership of the Par Pacific Shares and (c) is capable of evaluating (and has evaluated) the merits and risks of investing in the Par Pacific Shares and its acquisition and ownership thereof. Seller understands and acknowledges that no federal or state agency has passed upon the merits or risks of the acquisition and ownership of the Par Pacific Shares or made any finding or determination concerning the fairness or advisability of such

acquisition and ownership. Seller acknowledges that (a) it has reviewed the SEC Reports and (b) it is relying only upon the information contained in the SEC Reports and the representations and warranties of the Issuer in this Agreement and not upon any other information in connection with its decision to acquire and own the Par Pacific Shares. Seller understands and acknowledges that the acquisition and ownership of the Par Pacific Shares involve risks, including those described in the SEC Reports and the Seller has such knowledge, skill and experience in business, financial and investment matters that it is capable of evaluating the merits and risks of the acquisition and ownership of the Par Pacific Shares. Seller has considered the suitability of the Par Pacific Shares as an investment in light of its own circumstances and financial condition and is able to bear the risks associated with an investment in the Par Pacific Shares. Seller is an "accredited investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act, and is acquiring the Par Pacific Shares for its own account and not with a view to a sale or distribution thereof in violation of the Securities Act, and the rules and regulations thereunder or any other securities Laws. Seller acknowledges and understands that (a) the acquisition of the Par Pacific Shares has not been registered under the Securities Act in reliance on an exemption therefrom, (b) that the Par Pacific Shares will, upon their acquisition by Seller at Closing, be characterized as "restricted securities" under state and federal securities Laws and may not be sold, transferred, offered for sale, pledged, hypothecated, or otherwise disposed of, except pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and in compliance with applicable state and federal securities Laws, and (c) the Par Pacific Shares are subject to restrictions on transferability under Article 11 of the Issuer's Restated Certificate of Incorporation.

4.21 Legend; Restrictive Notation . Seller understands that the certificates evidencing the Par Pacific Shares or the book-entry account maintained by the transfer agent evidencing ownership of the Par Pacific Shares, as applicable, will bear the following legend or restrictive notation until the earlier of (i) (A) the six (6) month anniversary of the Closing Date, upon request of Seller if Seller is not an "affiliate" (as defined under Rule 144 of the Securities Act) of the Issuer at the time of such request or during the three months prior to such request, provided that the Issuer is in compliance with its disclosure requirements under applicable federal securities Laws as of such date, and (B) after the twelve-month anniversary of the Closing Date upon request of Seller if Seller is not an "affiliate" (as defined under Rule 144 of the Securities Act) of Issuer at the time of such request or during the three months prior to such request; or (ii) the date a resale registration statement filed in accordance with Registration Rights Agreement is declared effective by the SEC: " **THESE SECURITIES HAVE RESTRICTIONS AND CONDITIONS ATTACHED THERETO PURSUANT TO THE RESTATED CERTIFICATE OF INCORPORATION OF PAR PACIFIC HOLDINGS, INC. DATED OCTOBER 20, 2015. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AND, IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT OR THE ISSUER HAS RECEIVED DOCUMENTATION REASONABLY SATISFACTORY TO**

IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER SUCH ACT. ”

4.22 Ownership of Securities . Seller and its Affiliates do not, as of the date hereof, and will not as a result of Seller’s acquisition of the Par Pacific Shares hereunder, own five percent (5%) or more of Issuer’s issued and outstanding capital stock.

4.23 No General Solicitation . Seller acknowledges and agrees that neither Issuer nor any other Person offered to sell the Par Pacific Shares to it by means of any form of general solicitation or advertising. Seller further acknowledges and agrees that it was solicited or became aware of the investment in Par Pacific Shares through direct contact with Issuer or its agents outside of any public offering effort.

4.24 Solvency . Immediately following the Closing after giving effect to the consummation of the Transactions: (a) the fair value of Seller’s assets will be greater than the total amount of its Liabilities, including contingent Liabilities; (b) the present fair saleable value of Seller’s assets will be greater than the amount that will be required to pay the probable liability of Seller on its debts as they become absolute and matured; (c) Seller will be solvent and able to pay its debts and obligations in the Ordinary Course of Business as they mature, including but not limited to its obligations under this Agreement and the Ancillary Agreements; and (d) Seller will have adequate capital and liquidity to carry on its businesses following the Transactions. Seller has not incurred, and does not plan to incur, debts beyond its ability to pay as they become absolute and matured. No transfer of property is being made and no obligation is being incurred by Seller in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of Seller or its Affiliates

4.25 Financial Advisors . Except as set forth on Section 4.25 of the Seller Disclosure Schedule, no Person has acted, directly or indirectly, as a broker, finder, agent, investment banker or financial advisor for Seller or its Subsidiaries and no Person other than those Persons set forth on Section 4.25 of the Seller Disclosure Schedule is entitled to any fee or commission or like payment from Seller or its Subsidiaries in connection with the Transactions.

4.26 No Other Representations . Except for the representations and warranties expressly made by Seller in this ARTICLE IV (including the Seller Disclosure Schedule), neither the Seller nor any other Person makes any express or implied representation or warranty on behalf of or with respect to Seller or the Transferred Assets, and Seller hereby disclaims any representation or warranty not contained in this ARTICLE IV .

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth on the Purchase Disclosure Schedule, Purchaser hereby represents and warrants as follows:

5.1 Organization. Purchaser is a limited liability company duly formed, validly existing and in good standing under the Laws of the State of Hawaii. Purchaser has the corporate, limited liability company or other similar power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted. Purchaser is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the character or location of any properties or assets owned or leased by it makes such qualification necessary, except for those jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have or reasonably be expected to materially delay or have a material adverse effect on Purchaser's ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

5.2 Authorization of Agreement. Purchaser and each Affiliate of Purchaser party to this Agreement or any other Transaction Agreement has all requisite corporate, limited liability company or other similar power and authority to execute and deliver this Agreement and each other Transaction Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution and delivery of the Transaction Agreements to which it is a party and the consummation of the Transactions contemplated thereby have been duly authorized by all requisite corporate, limited liability company or other similar action on the part of Purchaser and each such Affiliate. Each of the Transaction Agreements to which it is a party has been or will be at or prior to the Closing, duly and validly executed and delivered by Purchaser and each such Affiliate and (assuming the due authorization, execution and delivery by the other parties thereto) each of the Transaction Agreements, when so executed and delivered, will constitute, the legal, valid and binding obligations of Purchaser and each such Affiliate, enforceable against it in accordance with its terms, subject to applicable Equitable Principles.

5.3 Conflicts; Consents of Third Parties.

(a) None of the execution and delivery by Purchaser or its Affiliates of this Agreement or the other Transaction Agreements to which it is a party, the consummation of the Transactions, or compliance by Purchaser or its Affiliates with any of the provisions hereof or thereof conflicts with or will conflict with, or result in any violation of or constitute a breach of or a default (with or without notice or lapse of time, or both) under, or result in the loss of any benefit under, or permit the acceleration of any obligation under, or give rise to a right of termination, modification or cancellation under or result in the creation of any Lien upon any of the properties or assets of Purchaser or any of its Affiliates under, any provision of (i) the certificate of incorporation or bylaws or other comparable organizational documents, of Purchaser or any of its Affiliates; (ii) any Contract or Permit to which Purchaser or any of its Affiliates is a party or by which any of the properties or assets of Purchaser or any of its Affiliates are bound; (iii) any Order of any Governmental Authority applicable to Purchaser or any of its Affiliates or by which any of the properties or assets of Purchaser or any of its Affiliates are bound; or (iv) any applicable Law, except in the case of clauses (ii), (iii) and (iv), where such conflict, violation or default would not or reasonably be expected to, individually or in the aggregate, materially delay or materially and adversely affect Purchaser's ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Governmental Authority is required on the part of Purchaser or any of its Affiliates in connection with the execution and delivery by Purchaser of this Agreement or the other Transaction Agreements to which it is a party, the consummation of the Transactions by Purchaser and its Affiliates or the compliance by Purchaser or its Affiliates with any of the provisions hereof or thereof, except for any such Governmental Approval, the failure of which to make or obtain would not or reasonably be expected to, individually or in the aggregate, materially delay or have a material adverse effect on Purchaser's or its Affiliates' ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

5.4 Legal Proceedings. There are no pending or, to the knowledge of Purchaser, threatened, Legal Proceedings against the Purchaser or any of its Affiliates that, individually or in the aggregate, would or would reasonably be expected to materially delay or materially and adversely affect Purchaser's or any of its Affiliates' ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

5.5 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder, agent, investment banker or financial advisor for Purchaser or its Affiliates and no Person is entitled to any fee or commission or like payment from Purchaser or its Affiliates in connection with the Transactions.

5.6 Financial Capability. Purchaser has (a) sufficient immediately available funds and the financial ability to pay the Cash Purchase Price and to pay any costs and expenses incurred by Purchaser in connection with the Transactions and (b) the resources and capabilities (financial and otherwise) to perform its obligations under the Transaction Agreements and, in each case, to pay any expenses incurred by Purchaser in connection therewith.

5.7 Evidence of Capacity. Purchaser has sufficient technical and financial capacity to own and operate the Topping Operations and the Transferred Assets and can provide sufficient evidence in this regard if so required to any Governmental Authority or Third Party.

5.8 [***].

5.9 Solvency. Immediately following the Closing after giving effect to the consummation of the Transactions: (a) the fair value of Purchaser's assets will be greater than the total amount of its Liabilities, including contingent Liabilities; (b) the present fair saleable value of Purchaser's assets will be greater than the amount that will be required to pay the probable liability of Purchaser on its debts as they become absolute and matured; (c) Purchaser will be solvent and able to pay its debts and obligations in the Ordinary Course of Business as they mature, including but not limited to its obligations under this Agreement and the Ancillary Agreements; and (d) Purchaser will have adequate capital and liquidity to carry on its businesses following the Transactions. Purchaser has not incurred, and does not plan to incur, debts beyond its ability to pay as they become absolute and matured. No transfer of property is being made and no obligation is being incurred by Purchaser in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of Purchaser or its Affiliates.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF ISSUER

Except as set forth on the Issuer Disclosure Schedule, Issuer hereby represents and warrants to Purchaser as follows:

6.1 Organization. Issuer is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware. Issuer has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted. Issuer is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the character or location of any properties or assets owned or leased by it makes such qualification necessary, except for those jurisdictions where the failure to be so qualified or in good standing, individually or in the aggregate, would not or reasonably be expected to, materially delay or have a material adverse effect on Issuer or Issuer's ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

6.2 Authorization of Agreement. Issuer has all requisite corporate power and authority to execute and deliver this Agreement and each other Transaction Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions contemplated hereby. The execution and delivery of the Transaction Agreements to which it is a party and the consummation of the Transactions contemplated thereby have been duly authorized by all requisite corporate action on the part of Issuer. Each of the Transaction Agreements to which it is a party has been or will be at or prior to the Closing, duly and validly executed and delivered by Issuer and (assuming the due authorization, execution and delivery by the other parties thereto) each of the Transaction Agreements to which it is a party, when so executed and delivered, will constitute, the legal, valid and binding obligations of Issuer, enforceable against it in accordance with its terms, subject to applicable Equitable Principles.

6.3 Conflicts. Except as required pursuant to the Registration Rights Agreement and for filings and applications required under the requirements of the Exchange Act or the New York Stock Exchange, no consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Governmental Authority is required on the part of Issuer in connection with the execution and delivery by Issuer of this Agreement or the other Transaction Agreements to which it is a party, the consummation of the Transactions by Issuer or the compliance by Issuer with any of the provisions hereof or thereof, except for any such Governmental Approval, the failure of which to make or obtain would not or reasonably be expected to, individually or in the aggregate, materially delay or have a material adverse effect on Issuer's ability to execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

6.4 Legal Proceedings. There are no pending or, to the knowledge of Issuer, threatened, Legal Proceedings against the Issuer that, individually or in the aggregate, would or would reasonably be expected to materially delay or materially and adversely affect Issuer's ability to

execute, deliver and perform its obligations under this Agreement and the Transaction Agreements to which it is a party.

6.5 Capitalization . As of the date hereof, the authorized capital stock of Issuer consists of 500,000,000 shares of Common Stock and 3,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock"). As of the close of business on August 24, 2018, there were (i) 45,879,509 shares of Common Stock (all of which were duly authorized, validly issued, fully paid and non-assessable) and no shares of Preferred Stock issued and outstanding and (ii) no shares of Issuer Stock held in treasury.

6.6 Par Pacific Shares Upon issuance, the Par Pacific Shares will be duly and validly authorized by Issuer, and when issued and delivered to Seller in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable and free and clear of any Liens, limitations or restrictions, other than as set forth in the organizational documents of Issuer and transfer restrictions imposed thereon by applicable securities Laws.

6.7 Purchaser . Purchaser is an indirect wholly owned Subsidiary of Issuer.

6.8 SEC Filings As of the date hereof, Issuer has filed all SEC Reports. All of the SEC Reports (i) affecting Issuer's eligibility to file a registration statement on Form S-3 were filed on a timely basis (giving effect to permissible extensions in accordance with Rule 12b-25 under the Exchange Act), (ii) at the time filed (except to the extent corrected by a subsequently filed SEC Report filed prior to the date of this Agreement), complied, as to form in all material respects with the requirements of the Securities Act and the Exchange Act applicable to such SEC Reports and (iii) did not or will not at the time they were or are filed contain any untrue statement of a material fact or omit to state a material fact required to be stated in such SEC Reports or necessary in order to make the statements in such SEC Reports, in the light of the circumstances under which they were made, not misleading, in any material respect.

6.9 Absence of Certain Changes . Since the date of the filing by Issuer with the SEC of its most recent annual or quarterly report required to be filed prior to the date hereof, there has not occurred any change, event or development which, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on the business, assets or operations of Issuer and its Subsidiaries taken as a whole.

6.10 Listing; Investment Company . The Common Stock is registered pursuant to Section 12(b) of the Exchange Act, and Issuer has not received any written notification that the SEC is contemplating terminating such registration. Issuer has not, in the twelve (12) months preceding the date hereof, received written notice from the New York Stock Exchange or any other stock market or exchange to the effect that Issuer is not in compliance with the listing or maintenance requirements of such market or exchange. Issuer is not, and is not an Affiliate of, and immediately after the Closing, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

6.11 Private Placement . Assuming the accuracy of the Seller's representations and warranties set forth in Section 4.20 and Section 4.23 , no registration under the Securities Act is

required for the offer and sale of the Par Pacific Shares by Issuer to the Seller as contemplated hereby.

6.12 No General Solicitation . Neither Issuer nor any Person acting on behalf of Issuer has offered or sold any of the Par Pacific Shares by any form of general solicitation or general advertising. Issuer has offered the Par Pacific Shares only to the Seller.

ARTICLE VII

COVENANTS

7.1 Conduct of Business Prior to the Closing . From the date hereof until the earlier of (i) the Closing and (ii) the valid termination of this Agreement, and except as otherwise provided in or contemplated by this Agreement, the other Transaction Agreements or in connection with facilitating the Transactions or as required by applicable Law or consented to in writing by Purchaser (which consent shall not be unreasonably withheld or delayed), Seller shall, and shall cause the Company to, subject to Section 7.4 , use [***] to:

(a) conduct the business of the Seller and the Company with respect to the Topping Operations in the Ordinary Course of Business;

(b) (i) maintain and preserve intact the current organization, business and franchise of the Seller and the Company with respect to the Topping Operations in the Ordinary Course of Business and (ii) preserve the rights, franchises, goodwill and relationships of its customers and others having business relationships with the Seller and the Company with respect to the Topping Operations in the Ordinary Course of Business;

(c) cause the Company to preserve and maintain all of its material Permits with respect to the Topping Operations in the Ordinary Course of Business;

(d) pay, and cause the Company to pay, its debts, Taxes and other material obligations when due in the Ordinary Course of Business;

(e) subject to Section 7.4 , maintain, and cause the Company to maintain, the Topping Units, the Transferred Assets and the other properties and assets owned, operated or used by Seller and the Company in the Topping Operations in substantially the same manner as they were maintained on the date of this Agreement in the Ordinary Course of Business, subject to reasonable wear and tear and the matters described in Section 7.6 ;

(f) cause the Company to continue, in full force and effect without material adverse modification all Insurance Policies, except as required by applicable Law or to terminate or separate coverage of the Transferred Assets or Topping Operations from and after Closing; and

(g) perform, and cause the Company to perform, all of its material obligations under all Material Contracts that are Assumed Contracts in the Ordinary Course of Business.

Notwithstanding anything to the contrary contained herein, nothing contained in this Agreement will give to Purchaser, directly or indirectly, the right to control or direct the Topping Operations prior to the Closing. Prior to the Closing, Seller and the Company will exercise, consistent with the terms and conditions of this Agreement, control of the Topping Operations.

7.2 Pre-Closing Access to Information . From the date hereof until the Closing, and subject to any limitations under applicable Law, Seller shall, and shall cause the Company to, (a) afford Purchaser and its Representatives reasonable access upon reasonable notice during normal business hours to and the right to inspect all of the Transferred Assets; (b) furnish Purchaser and its Representatives with such other information related to the Transferred Assets and the Topping Operations as Purchaser or any of its Representatives may reasonably request; and (c) instruct the Representatives of Seller and the Company to cooperate reasonably with Purchaser in its reasonable investigation of the Transferred Assets and the Topping Operations; provided, that, neither Seller nor any of its Affiliates shall have any obligation to make available any information if doing so would violate attorney-client privilege, non-disclosure obligations or applicable Law (and in such cases the Parties will use [***] to make appropriate and lawful substitute disclosure arrangements). Any investigation pursuant to this Section 7.2 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of Seller or the Company. No investigation by Purchaser or other information received by Purchaser shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement.

7.3 Notice of Certain Events .

(a) From the date hereof until the Closing, Seller shall promptly notify Purchaser in writing of any of the following that it becomes aware of during such period:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or would reasonably be expected to have, individually or in the aggregate, a Business Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Seller hereunder not being true and correct such that the condition in Section 8.2(a) would not be satisfied or (C) has resulted in, or would reasonably be expected to result in, the failure of any of the conditions set forth in Section 8.2 to be satisfied;

(ii) any material written notice or other material communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions;

(iii) any material written notice or other material communication from any Governmental Authority in connection with the Transactions; and

(iv) any Legal Proceedings commenced or, to the Knowledge of Seller, threatened in writing against, relating to or involving or otherwise affecting the Topping Operations, the Transferred Assets or the Company Interests that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.4 or that seeks to enjoin the consummation of the Transactions.

(b) From the date hereof until the Closing, Purchaser shall promptly notify Seller in writing of any of the following that it becomes aware of during such period:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or would reasonably be expected to have, individually or in the aggregate, a Business Material Adverse Effect on the Transactions, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Purchaser hereunder not being true and correct such that the condition in Section 8.3(a) would not be satisfied or (C) has resulted in, or would reasonably be expected to result in, the failure of any of the conditions set forth in Section 8.3 to be satisfied;

(ii) any material written notice or other material communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions;

(iii) any material written notice or other material communication from any Governmental Authority in connection with the Transactions; and

(iv) any Legal Proceedings commenced or, to the Knowledge of Seller threatened in writing, that relates to or seeks to enjoin the consummation of the Transactions.

(c) From the date hereof until the Closing, Seller shall promptly (and in any event within two Business Days after receipt thereof by Seller or its Representatives) advise Purchaser orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(d) A Party's receipt of information pursuant to this Section 7.3 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the other Party in this Agreement (or the remedies with respect to breaches thereof) and shall not be deemed to amend or supplement the Seller Disclosure Schedules, as applicable.

7.4 Topping Unit Separation Activities .

(a) Topping Unit Separation . Promptly following the fulfillment or waiver of the conditions set forth in Section 8.1, Section 8.2 and Section 8.3 , as applicable (other than those conditions which involve (x) the execution and / or delivery of agreements, instruments and documents that are required by other terms of this Agreement to be executed and/or delivered at the Closing or (y) the completion of the Separation Activities and thus, by their nature, can only be fulfilled at Closing (such conditions, the " Closing Date Conditions "), (i) Purchaser shall deliver to Seller a written certificate, executed by a duly authorized officer of Purchaser, confirming that, as of such time the conditions to its obligations to consummate the Closing in Sections 8.1 and 8.2 of the Agreement (other than the Closing Date Conditions) have been fulfilled (or waived by Purchaser) (a " Purchaser Closing Notice ") and (ii) Seller shall deliver to Purchaser a written certificate, executed by a duly authorized officer of Seller, confirming that as of such time the conditions to its obligations

to consummate the Closing in Sections 8.1 and 8.3 of the Agreement (other than the Closing Date Conditions) have been fulfilled (or waived by Seller) (together with the Purchaser Closing Notice, the " Closing Notices "). After the receipt by the Parties of the respective Closing Notices, Seller shall at its sole cost and expense commence the activities set forth in Annex A hereto with the goal to separate and isolate the Topping Units from the Retained Refinery Units (collectively, the " Separation Activities ") within fifteen (15) Business Days after the exchange of the respective Closing Notices. The Separation Activities shall be deemed complete when the operations of the Refinery fulfill the relevant criteria therefor as set forth in Annex A with respect thereto (the " Separation Criteria "). If Seller and Purchaser are unable to agree whether the Separation Criteria have been met within three (3) days of Seller providing written notice to Purchaser that such criteria have been fulfilled, then an independent and experienced third party engineering firm that is mutually agreeable (such agreement not to be unreasonably withheld) to Seller and Purchaser shall be promptly engaged to determine and evaluate the issues that are in dispute and deliver its findings in writing within five (5) Business Days of its engagement. The cost of retaining such firm shall be borne equally by Seller and Purchaser.

(b) Changes in Scope of Work . Any material amendments or material modifications to the scope of work with respect to the Separation Activities shall be in writing signed by an authorized representative of Seller and Purchaser, and an authorized representative of Purchaser shall be reasonably available during the normal business hours of the Seller to make such decisions. In the event that Seller proposes a change to the scope of work with respect to the Separation Activities to which Purchaser does not agree, and Seller believes in good faith that such change is necessary for successful and safe completion of the remaining items in the scope of work with respect to the Separation Activities (a " Separation Dispute "), Seller shall provide written notice to Purchaser setting forth in reasonable detail the basis of the Separation Dispute. A member of senior management (vice president level or higher) of Purchaser and Seller shall meet by telephone, or at a mutually agreeable location, in good faith to attempt to resolve the Separation Dispute within two (2) days from the date of the notice. In the event Purchaser and Seller are unable to resolve the Separation Dispute in accordance with the foregoing provisions, Seller may, in Seller's discretion, (x) cease further Separation Activities or (y) refer such dispute to a mutually agreeable engineering firm for resolution, in each case, an independent and experienced third party engineering firm that is mutually agreeable (such agreement not to be unreasonably withheld) to Seller and Purchaser shall be promptly engaged to determine and evaluate the issues that are in dispute and deliver its findings in writing within five (5) Business Days of its engagement. The cost of retaining such firm shall be borne equally by Seller and Purchaser.

(c) Course of performance . During the course of the Separation Activities, Seller shall use its [***] to perform the Separation Activities (i) within the time frames indicated in the scope of work with respect to the Separation Activities, (ii) in all material respects in compliance with applicable Law and (iii) in a diligent, orderly and professional manner, and Seller shall keep Purchaser informed of all material factors which may affect Seller's progress of the Separation Activities and the various dates or ranges thereof when Seller anticipates completion of the items detailed on the scope of work with respect to the Separation Activities. Purchaser shall be permitted to have representatives present to observe the Separation Activities subject to Seller's ordinary course site access requirements and procedures.

(d) Independent Contractor . Seller will be an independent contractor with respect to all Separation Activities performed pursuant to this Section. Neither Seller nor any contractors nor the employees of either shall be deemed to be servants, employees or agents of Purchaser.

7.5 Closing Conditions . From the date hereof until the Closing, each party hereto shall use [***] to take such actions as are necessary to satisfy the closing conditions set forth in ARTICLE VIII hereof as expeditiously as practicable.

7.6 Casualty and Condemnation .

(a) Notice . In the event that, from the date hereof until the Closing, all or any portion of the Topping Units or the Transferred Assets of Seller or the Company used in connection with the Topping Operations are damaged or destroyed by fire or other casualty, theft, vandalism, flood, wind, hurricane, explosion or other casualty for which the associated repair or replacement costs would reasonably be expected to exceed $[***] million (a " Casualty ") or taken by condemnation or eminent domain or by agreement *in lieu* thereof with any Person or Governmental Authority authorized to exercise such rights (a " Taking "), Seller shall promptly notify Purchaser thereof.

(b) Repair or Replacement.

(i) In the event of a Casualty or Taking from the date hereof until the Closing, Seller shall elect by written notice to Purchaser given within five (5) Business Days after Seller becomes aware of the occurrence of a Casualty or Taking (i) to repair or replace or make adequate provision for the repair or replacement of the affected asset at Seller's cost prior to the Closing, in which case Purchaser's obligation to effect the Closing shall not be affected, but the Closing Date (and the Outside Date) shall be deferred until three (3) Business Days after repairs or replacement have been completed and the affected asset has been restored to performance substantially comparable in all material respects to that prior to the Casualty or Taking, and/or (ii) to negotiate with Purchaser to reduce the Base Price by an amount agreed to by Seller and Purchaser to reflect the cost to repair or replace the affected assets and the loss of income and associated business interruption caused by customer and commercial disruption, as may be mutually agreed to by Purchaser and Seller (the " Repair Costs "), in which case, in the event of a Repair Cost Dispute, the Closing Date shall be deferred as provided in Section 7.6(e) . Notwithstanding the foregoing, Seller's election in clause (i) of this Section 7.6(b)(i) shall be unavailable and clause (ii) of this Section 7.6(b)(i) shall apply if the required repairs or replacements would reasonably be expected to result in an extension of the Outside Date for more than sixty (60) days.

(ii) If Seller and Purchaser agree on the Repair Costs within fifteen (15) days of Purchaser's receipt of Seller's notice of the Casualty or Taking (the " Repair Negotiation Period "), Purchaser's obligation to effect the Closing shall not be affected, but the Purchase Price shall be reduced by the amount of the Repair Costs so agreed.

(iii) If Seller and Purchaser do not agree on the Repair Costs within the Repair Negotiation Period (a " Repair Cost Dispute "), either Party may request an

engineering company that shall be mutually agreed to by Purchaser and Seller to evaluate the affected assets and deliver to Purchaser and Seller its written estimate of the Repair Costs (the " Third-Party Estimate ") within fifteen (15) days after the end of the Repair Negotiation Period.

a. If the Third-Party Estimate is less than [***]% of the Base Price, Purchaser's obligation to effect the Closing shall not be affected and the Parties shall submit the Repair Cost Dispute to binding arbitration for resolution after the Closing, with a post-Closing adjustment to the Base Price equal to the amount of the finally-determined Repair Costs.

b. If the Third-Party Estimate is equal to or greater than [***]% of the Base Price and Seller has not elected by written notice delivered to Purchaser within five (5) Business Days of the receipt of the Third-Party Estimate to bear the cost thereof, either Seller or Purchaser may elect, by giving the other Party written notice of election within fifteen (15) days of receipt of the Third-Party Estimate, to terminate this Agreement pursuant to Section 9.1(a) (to which the other Party shall be deemed to have consented).

(c) Condemnation Awards . In the event of any reduction in the Base Price in connection with a Taking, as provided in Section 7.6(b)(i) , and the Closing occurs, Purchaser shall be entitled to collect (in respect of the portion thereof relating to the Topping Units and Transferred Assets) from any condemnor the entire award(s) that may be made in any such Legal Proceeding, without deduction, to be paid out as follows: subject to actual receipt of such award(s) by Purchaser, (a) Purchaser shall pay to Seller all such amounts, up to the amount of such Base Price reduction, and (b) Purchaser shall be entitled to retain the balance (if any) of such award(s).

(d) Base Price Adjustment . Any adjustment of the Base Price pursuant to Section 7.6(b)(iii) which is necessary to reflect a final determination of Repair Costs after the Closing shall be made as follows: (a) an adjustment in favor of Purchaser shall be paid in cash by Seller; and (b) an adjustment in favor of Seller shall be paid in cash to the extent the Base Price had been reduced pursuant to this Section 7.6 . Any such reduction, refund or payment shall be made within ten (10) Business Days after such final determination.

(e) Deferral of Closing Date . In the event of a Repair Cost Dispute, the Closing Date shall be deferred until (a) three (3) Business Days after receipt of the Third-Party Estimate, or (b) if Seller elects the option in Section 7.6(b)(i) , as provided therein.

7.7 Governmental Approvals .

(a) Antitrust Filings and Antitrust Proceedings .

[***]

(b) Required Permits . Purchaser and Seller shall use their respective [***] to obtain, or to Cause the Company to obtain, all Required Permits prior to the Closing, including all notifications and filings with Governmental Authorities that are required in connection therewith, in each case as more specifically set forth on Section 7.7(b) of the Seller Disclosure Schedules. Each Party agrees to use [***] to assist the other Party in attempting to obtain the Required Permits prior to the Closing, and each Party shall bear its own expenses in complying with this Section 7.7(b) .

7.8 Preservation of Records; Access to Information .

(a) For a period of five years after the Closing Date, Purchaser agrees to preserve and keep the Transferred Records so that they are reasonably retrievable, provided, that, if Purchaser desires to destroy or dispose of such Transferred Records during such period, it will first offer in writing at least forty-five days before such destruction or disposition to surrender them to Seller, and if Seller does not accept such offer within twenty days after receipt of such offer, Purchaser may proceed with the destruction of such Transferred Records.

(b) Unless in violation of Law, each Party agrees (and shall cause its Affiliates to agree) to afford the other Party and its Affiliates and their respective accountants and counsel, during normal business hours, upon reasonable request, at a mutually agreeable time, reasonable access to and the right to make copies of the Transferred Records delivered to Purchaser or other information (excluding confidential, privileged or proprietary information) that Seller retains to the extent that it relates to the Transferred Assets or the Topping Operations at no cost to such Party or its Affiliates (other than for reasonable out-of-pocket copying expenses); *provided, however* , that in the event of any litigation, nothing herein shall limit any Party's rights of discovery under applicable Law. Without limiting the generality of the preceding sentences, each Party agrees to provide the other Party and its Affiliates reasonable access to and the right to make copies of the Transferred Records or other information (excluding confidential, privileged or proprietary information) that Seller retains to the extent that it relates to the Transferred Assets or the Topping Operations after the Closing Date, for the purposes of assisting such Party and its Affiliates (i) in complying with the obligations under this Agreement or the Transaction Agreements (including to comply with any indemnity obligations), (ii) in preparing and delivering any accounting statements provided for under this Agreement or the Transaction Agreements and adjusting, prorating and settling the charges and credits provided for in this Agreement or the Transaction Agreements, (iii) in the case of the Seller, in owning or operating the Excluded Assets or Excluded Liabilities, and in the case of Purchaser, in owning or operating the Transferred Assets or Assumed Liabilities, (iv) in preparing Tax Returns or in responding to or disputing any Tax audit, Tax appeal, other Tax proceeding, (v) in asserting, defending or otherwise dealing with any claim, known or unknown, under this Agreement or the Transaction Agreements or the Transferred Assets or (vi) in asserting, defending or otherwise dealing with any Third-Party Claim by or against a Party or its Affiliates relating to the Topping Operations or the Transferred Assets. Notwithstanding the foregoing, nothing contained in this Agreement shall require either Party or its Affiliates to disclose (or to provide access to any of its offices, properties, books or records that would reasonably be expected to result in the disclosure to such Persons or others of) any information relating to a dispute, litigation or

indemnity claim, which shall be instead subject to the applicable rules of discovery under applicable Law.

(c) Notwithstanding the foregoing or anything in this Agreement to the contrary, neither Seller nor any of its Affiliates shall be required to disclose (or to provide access to any of its offices, properties, books or records that would reasonably be expected to result in the disclosure to such Persons or others of) any Excluded Records nor shall any Party be required to disclose any confidential information relating to non-public customer or Personal Data, nor shall either Party be required to permit the other Party or its Affiliates or representatives to have access to or to copy or remove from the offices or properties of such Party or any of its Affiliates any documents, drawings or other materials that would reasonably be expected to reveal any such confidential information.

7.9 Confidentiality . From and after the Closing, Purchaser shall, and shall cause each of its Affiliates and its and their respective directors, officers, stockholders, employees, agents, consultants, lenders, advisors and representatives to, maintain the confidentiality of any information of Seller to the extent that it relates to the Transactions, the Transaction Documents or primarily to any of the businesses or operations of Seller or Seller's Affiliates other than the Topping Operations, except to the extent that Purchaser can show that such information (a) is generally available to and known by the public through no fault of Purchaser, any of its Affiliates or their respective directors, officers, stockholders, employees, agents, consultants, lenders, advisors and representatives; or (b) is lawfully acquired by Purchaser, any of its Affiliates or their respective directors, officers, stockholders, employees, agents, consultants, lenders, advisors and representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. From and after the Closing, Seller shall, and shall cause each of its Affiliates and its and their respective directors, officers, stockholders, employees, agents, consultants, lenders, advisors and representatives to, maintain the confidentiality of any information to the extent relating to the Transactions, the Transaction Documents or primarily to the Company or the Topping Operations or the other businesses or operations of Purchaser and Purchaser's Affiliates, except to the extent that Seller can show that such information (a) is generally available to and known by the public through no fault of Seller, any of its Affiliates or their respective directors, officers, stockholders, employees, agents, consultants, lenders, advisors and representatives; or (b) is lawfully acquired by Seller, any of its Affiliates or their respective directors, officers, stockholders, employees, agents, consultants, lenders, advisors and representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If Seller or Purchaser or any of their respective Affiliates or their respective directors, officers, stockholders, employees, agents, consultants, lenders, advisors and representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, to the extent legally permissible, Seller shall promptly notify Purchaser, or Purchaser shall promptly notify Seller, as applicable, in writing and shall disclose only that portion of such information which Seller or Purchaser, as applicable, is legally required to be disclosed, provided that Seller or Purchaser, as applicable shall use [***] to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information, in each case, at the expense of the Party's whose information is required to be disclosed. The Confidentiality Agreement shall terminate at the Closing.

7.10 Publicity . Neither Seller nor its Affiliates, on the one hand, or Purchaser and its Affiliates, on the other hand, shall issue any press release or public announcement concerning this Agreement, the other Transaction Agreements or the Transactions or make any other public disclosure containing or pertaining to the terms of this Agreement without obtaining Seller's or Purchaser's, as applicable, prior written approval, which approval will not be unreasonably withheld, conditioned or delayed, unless, in the judgment of Seller or Purchaser, as applicable, disclosure is otherwise required by applicable Law or stock exchange rule; provided that, to the extent any disclosure is required by applicable Law or stock exchange rule, nothing herein shall prevent any Party from making any such required disclosure and the Party required to make such disclosure shall use its [***] consistent with applicable Law or stock exchange rule to consult with Seller or Purchaser, as applicable, with respect to the text thereof; provided , further , that the Seller and its Affiliates' equityholders, directors, managers, agents and their respective Affiliates shall be entitled to disclose such information to their respective employees, direct or indirect equity owners, partners, prospective partners, investors, prospective investors, professional advisors and lenders who have a need to know the information and who agree to keep such information confidential or are otherwise bound to confidentiality.

7.11 Employee Matters .

(a) All employees of Seller or its Affiliates who are employed primarily in connection with the Topping Operations as of the date hereof are collectively referred to as " Business Employees ."

(b) [***]

(c) [***]

(d) [***]

(e) [***]

(f) [***]

(g) [***]

(h) [***]

(i) [***]

(j) [***]

(k) [***]

(l) [***]

(m) [***]

(n) This Section 7.11 shall be binding upon and inure solely to the benefit of each of the parties to this Agreement, and nothing in this Section 7.11 , express or implied, shall confer upon any Business Employee, or any legal representative or beneficiary thereof, any rights or remedies, including any right to employment or continued employment for any specified period, or compensation or benefits of any nature or kind whatsoever under this Agreement. Nothing in this Section 7.11 , express or implied, shall be deemed an amendment of any plan providing benefits to any Business Employee.

7.12 Termination of Rights to the Seller Names and Marks . Purchaser acknowledges and agrees that as between Purchaser, on the one hand, and Seller and its Affiliates, on the other hand, all right, title and interest in and to the Seller Names and Marks are owned exclusively by Seller and its Affiliates. Purchaser and its Affiliates shall not have any rights in or to any Seller Names and Marks, and Purchaser and its Affiliates shall not use any Seller Names or Marks (except as set forth in this paragraph). Neither Purchaser nor any of its Affiliates shall contest the ownership or validity of any rights of Seller or any of its Affiliates in or to any of the Seller Names and Marks. After the Closing Date, Purchaser and its Affiliates will not expressly, or by implication, do business as or represent themselves as having any affiliation, connection or other association with Seller or any of its Affiliates except as set forth in this Agreement and the Ancillary Agreements. Furthermore, Purchaser acknowledges and hereby agrees that (i) the rights of the Topping Operations to any of the Seller Names and Marks shall terminate on the Closing Date; and (ii) except as permitted by any Ancillary Agreement, promptly following the Closing Date, but in no event later than sixty days following the Closing Date, Purchaser and its Affiliates shall cease and discontinue all uses of the Seller Names and Marks, either alone or in combination with other words, and all service marks, trademarks, and trade names similar to the Seller Names and Marks or embodying any of the foregoing alone or in combination with other words, on any and all items and materials used in or relating to the Topping Operations, including the name of the Company, and any websites, Internet domain names, vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, computer software and other business documents and materials (to the extent any such uses exist as of the Closing Date).

7.13 Third Party Consents .

(a) Notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute an agreement to assign any Assumed Contract or other Transferred Asset or any benefit arising under or resulting from such Assumed Contract or other Transferred Asset if an attempted assignment thereof, without a required third party consent or authorization, would constitute a breach or other contravention of the rights of such third party, would be ineffective with respect to any party to an agreement concerning such Assumed Contract or other Transferred Asset, would violate or otherwise is not permitted by Law or would in any way adversely affect the rights of Seller or, upon transfer, of the Company or Purchaser under or in respect of such Assumed Contract or other Transferred Asset. If any transfer or assignment by Seller to, or any assumption by the Company or Purchaser of, any interest in, or obligation under, any Assumed Contract or other Transferred Asset, requires any third party consent or authorization, then no such assignment or assumption shall be made without such third party consent or authorization being obtained. To the extent any Assumed Contract or Transferred Asset may not be assigned to the Company or

Purchaser by reason of the absence of any such third party consent or authorization, neither the Company nor Purchaser shall be required to assume any obligations arising under such Assumed Contract or Transferred Asset; *provided, however* , that upon the receipt of any such third party consent or authorization after the Closing, such Assumed Contract or Transferred Asset shall be assigned to the Company or Purchaser and the Company and Purchaser shall assume such Seller Contract and the obligations thereunder.

(b) If any such third party consent or authorization is not obtained prior to the Closing, then (subject to any treatment thereof that is set forth in Section 7.13 of the Seller Disclosure Letter) Seller and Purchaser shall cooperate (each at its own expense) in any mutually acceptable (such acceptance not to be unreasonably withheld), lawful and reasonable arrangement under which the Company or Purchaser shall obtain, to the extent practicable, the economic rights and benefits under such Assumed Contract or other Transferred Asset and assume and be responsible (and promptly reimburse Seller) for any corresponding Liabilities under such Assumed Contract or Transferred Asset, in each case with respect to which the third party consent or authorization has not been obtained in accordance with this Agreement. Such reasonable arrangement may include the entering into of a subcontract, sublicense, sublease, back-to-back or other similar arrangement between Seller and the Company and / or Purchaser. Except as set forth on Section 7.13 of the Seller Disclosure Schedule, during the period from Closing until such third party consent or authorization is obtained, Seller will use [***] to enforce such Assumed Contracts or other Transferred Assets subject to an arrangement described in the preceding sentence for the benefit of the Company or Purchaser and with Purchaser or the Company assuming and being responsible (and promptly reimbursing Seller) for any corresponding Liabilities under such Assumed Contract or other Transferred Asset or such enforcement thereof. Seller's obligations under this Section 7.13(b) shall expire as of the first (1st) anniversary of the Closing Date.

7.14 Specified Back-to-Back and Supply Arrangements . With respect to certain supply and other Contracts set forth on Section 7.14 of the Seller Disclosure Schedule, the treatment and allocation of each such Contract shall be as set forth on Section 7.14 of the Seller Disclosure Schedule.

7.15 Release and Replacement of Bonds . Purchaser shall deliver to the applicable beneficiary replacement or substitute guaranties, letters of credit, bonds, security deposits and other surety obligations, in each case acceptable to the relevant counterparty, in replacement of those credit support arrangements relating to the Topping Operations or the Transferred Assets and identified to Purchaser by Seller, that are set forth on Section 7.15 of the Seller Disclosure Schedule (the " Credit Support Arrangements "), and Purchaser shall use [***] in assisting Seller to obtain the release as promptly as practicable following the Closing, and in no event more than ten (10) Business Days immediately following the Closing Date, of Seller and its Affiliates from all obligations relating to the Credit Support Arrangements and any Liabilities related thereto and in all cases to be effective at the Closing.

7.16 Environmental Consent Decree . Purchaser acknowledges that the Refinery Operations are being conducted subject to the provisions of the Consent Decree referenced on Section 7.16 of the Seller Disclosure Schedule (along with any amendments or modifications thereto

after the Closing Date, the " Consent Decree "). Subject to the terms and conditions set forth in this Agreement: (i) to the extent related to the Topping Operations and Transferred Assets, the Company hereby assumes (and shall take all necessary actions to assume) the obligations of the Consent Decree and Purchaser and the Company shall consent to the transfer of the obligations under the Consent Decree applicable to the Topping Units and Topping Operations from Seller to the Company with substantially similar terms or otherwise as required by the applicable Governmental Authority and (ii) the Parties will cooperate and work in good faith to secure all necessary government approvals and modifications of the Consent Decree to transfer the referenced obligations under the Consent Decree from Seller to the Company and to cooperate and work in good faith in assisting Seller and its Affiliates to be fully released from any Liabilities arising from the Company's failure to comply with the terms and conditions of the Consent Decree after the Closing Date. Purchaser agrees to and shall, from and after the Closing Date, be responsible for and perform, to the extent related to the Topping Operations and the Transferred Assets, all Liabilities under the Consent Decree. The Company agrees to cause the provisions of this Section 7.16 to be binding upon (i) any successors or assigns of the Company and (ii) any transferee of all or any portion of the Topping Units or Topping Operations.

7.17 Post-Closing Delivery of Environmental Data . Purchaser shall use [***] in cooperating with Seller's preparation of environmental and emissions reports required by Seller or its Affiliates or required by any Governmental Authority or applicable Law relating to the Transferred Assets or the Topping Operations prior to the Closing (the " Environmental Reports "), including by (i) providing Seller with environmental and emissions information relating to the Transferred Assets or the Topping Operations with respect to the period prior to the Closing and (ii) causing the Transferred Employees that are then employed by Purchaser or its Affiliates who were previously involved in the preparation of the Environmental Reports to reasonably cooperate with Seller in its preparation of such Environmental Reports. After the Closing, upon reasonable request of Seller, Purchaser will promptly provide Seller with information for the Environmental Reports. Purchaser shall use [***] to promptly deliver such information in the format and based upon prevailing regulatory requirements and practices consistent with those used by Seller in the Topping Operations prior to the Closing, including delivering such information at least seven (7) days prior to any deadlines imposed by any Governmental Authority or applicable Law. Seller will promptly, but in any event within forty-five (45) days of receipt of a request from Purchaser, reimburse Purchaser for all out of pocket costs incurred by Purchaser in connection with Purchaser's cooperation contemplated by this Section 7.17 .

7.18 Insurance . Purchaser acknowledges and agrees that, after the Closing (i) Seller or its Affiliates may terminate coverage with respect to the Transferred Assets, the Company and the Refinery Operations under any and all of Seller's or any of its Affiliates insurance policies or any of their self-insured programs; (ii) none of the Transferred Assets, the Company or the Topping Operations will be covered under any of Seller's or any of its Affiliates insurance policies or any of their self-insured programs following the Closing; (iii) Seller and its Affiliates shall be entitled to receive and retain (and Purchaser and its Affiliates (including the Company) shall not be entitled to receive or retain) any and all amounts paid or payable to insured Persons pursuant to any and all of Seller's or any of its Affiliates insurance policies or any of their self-insured programs and

(iv) Purchaser shall become solely responsible for procuring, maintaining and paying for all insurance policies with respect to the Transferred Assets, the Company and the Topping Operations.

7.19 Post-Closing Payments .

(a) Should Seller, following the Closing Date, receive payments to which Purchaser is entitled pursuant to this Agreement (including any such payments which related to the conduct of the Topping Operations following the Closing), then Seller shall, within thirty (30) days of receipt of the same, forward such payments to, or as directed by, Purchaser or the Company.

(b) Should Purchaser or the Company, following the Closing Date, receive payments to which Seller or its Affiliates (other than the Company) is entitled pursuant to this Agreement (including any such payments which related to the conduct of the Topping Operations prior to the Closing), then Purchaser, within thirty (30) days of receipt of the same, shall forward such payments to, or as directed by, Seller.

7.20 Post-Closing Transfers .

(a) To the extent that, during the twelve (12) months following the Closing, Purchaser or Seller discovers that any assets or properties:

(i) that do not constitute Transferred Assets were transferred to the Company or pursuant to the Transactions at or prior to Closing but were not intended to be so transferred (each, an " Inadvertently Included Asset "), Purchaser shall, and shall cause its Affiliates to (A) promptly assign and transfer all right, title and interest in such Inadvertently Included Asset to Seller or its designated assignee, and (B) pending such transfer, (x) hold in trust such Inadvertently Included Asset and provide to Seller or its designated assignee all of the benefits associated with the ownership of the Inadvertently Included Asset, and (y) cause such Inadvertently Included Asset to be used or retained as may be reasonably instructed by Seller; and

(ii) that constitute Transferred Assets were not transferred to the Company or pursuant to the Transactions at or prior to Closing but were intended to be so transferred (each, an " Inadvertently Omitted Asset "), Seller shall, and shall cause its Affiliates to (A) promptly assign and transfer all right, title and interest in such Inadvertently Omitted Asset to Purchaser or its designated assignee, and (B) pending such transfer, (x) hold in trust such Inadvertently Omitted Asset and provide to Purchaser or its designated assignee all of the benefits associated with the ownership of the Inadvertently Omitted Asset, and (y) cause such Inadvertently Omitted Asset to be used or retained as may be reasonably instructed by Purchaser.

7.21 Termination of Intercompany Accounts . Except (i) as otherwise provided in this Agreement or an Ancillary Agreement or (ii) as set forth in Section 7.21 of the Seller Disclosure Schedule, all intercompany accounts between the Company, on the one hand, and Seller and its Affiliates (other than the Company), on the other hand, shall (a) not be Transferred Assets or Assumed

Liabilities and (b) shall be cancelled with effect as of 11:59 P.M. on the date immediately prior to the Closing Date.

7.22 Cooperation with Respect to Financial Statements. After the Closing, Seller shall provide such reasonable cooperation as may be requested by Purchaser with respect to preparation, at Purchaser's expense, of such other financial information in such form and for such periods as may be required pursuant to the requirements of Regulation S-X promulgated under the Securities Act or other applicable U.S. federal securities Laws relating to Purchaser's acquisition of the Company Interests.

7.23 Real Property Covenants.

[***]

(a) Seller has made available to Purchaser boundary surveys for the Seller Real Property that includes as a non-subdivided portion thereof the Transferred Real Property, as well as for the SPM Property. Purchaser may, at its sole cost and expense, obtain boundary surveys or ALTA surveys for all or any of the Transferred Real Property, and/or any portion of the Retained Real Property or SPM Property that is subject to the Refinery Access Agreement.

(b) The Parties shall work in good faith to negotiate and finalize the Refinery Property Lease and the Refinery Access Agreement, to be based upon the term sheets attached hereto as Exhibit C and Exhibit D, respectively.

7.24 Removal of Legend. Issuer shall remove the legend described in Section 4.21 from the certificates evidencing the Par Pacific Shares or the book-entry account maintained by the transfer agent evidencing ownership of the Par Pacific Shares, as applicable, upon the earlier of (a) (i) the six (6) month anniversary of the Closing Date, upon request of Seller if Seller is not an "affiliate" (as defined under Rule 144 of the Securities Act) of Issuer at the time of such request or during the three months prior to such request, provided that Issuer is in compliance with its disclosure requirements under applicable federal securities Laws as of such date, and (ii) after the twelve-month anniversary of the Closing Date upon request of Seller if Seller is not an "affiliate" (as defined under Rule 144 of the Securities Act) of Issuer at the time of such request or during the three months prior to such request; or (b) the date a resale registration statement filed in accordance with Registration Rights Agreement is declared effective by the SEC.

7.25 Data Room Documentation. As promptly as practicable after the date of this Agreement (and in any event within ten (10) Business Days after the date of this Agreement), Seller shall, at its expense, authorize its Data Room provider to copy to DVDs or USB flash drives all documents posted to the Data Room as of the Data Room Cutoff Time and deliver five (5) copies of such DVDs or USB flash drives to Purchaser (other than those documents restricted to "clean team" access, which such "clean team" access documents posted to the Data Room shall instead be copied to a DVD or USB flash drive and delivered by Seller (or its Data Room Provider) to one designated member of Purchaser's "clean team" within such period).

7.26 [***]

7.27 Additional Agreements The Parties shall work in good faith to negotiate, finalize and, as applicable, enter into as promptly as practicable the (i) Back-to-Back and Supply Agreements, (ii) Transition Terminalling Agreement and (iii) Operations Protocol.

ARTICLE VIII

CONDITIONS TO CLOSING

8.1 Conditions to Obligations of All Parties . The obligations of each Party to consummate the Transactions shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) The Antitrust Filings, if required under Section 7.7(a)(i) , shall have been made and the applicable waiting period and any extensions thereof shall have expired or been terminated.

(b) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order that is in effect and has the effect of making the Transactions illegal, otherwise has the effect of restraining or prohibiting consummation of the Transactions or has the effect of causing any of the Transactions to be rescinded following completion thereof. No Legal Proceeding shall, on the Closing Date, be pending before any Governmental Authority seeking to order, restrain or prohibit, or obtain material damages or other material relief in connection with the consummation of the Transactions.

(c) The Back-to-Back and Supply Agreements and Operations Protocol shall have been finalized and entered into by the Parties.

8.2 Conditions to Obligations of Purchaser . The obligations of Purchaser to consummate the Transactions shall be subject to the fulfillment or Purchaser's waiver (in its sole discretion), at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties . Other than the Fundamental Representations, the representations and warranties of Seller contained in ARTICLE IV of this Agreement shall be true and correct in all respects (without giving effect to any materiality qualifier contained therein) on and as of the date of this Agreement and on and as of the Closing Date with the same effect as though made on and as of such date (except for such representations and warranties that are made as of a specific date, which shall be so true and correct only as of such date) except, in each case, for such failures to be true and correct that have not had, and would not be reasonably likely to have, individually or in the aggregate, a Business Material Adverse Effect. The Fundamental Representations made by Seller shall be true and correct in all material respects (without giving effect to any materiality qualifier contained therein) on and as of the date of this Agreement and on and as of the date hereof and as of the Closing Date with the same effect as though made on and as of such date (except for such representations and warranties that are made as of a specific date, which shall be so true and correct only as of such date). Covenants . Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Transaction Agreements to be performed or

complied with by it on or prior to the Closing Date; *provided, that* , with respect to agreements, covenants and conditions that are qualified by materiality, Seller shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) Officer's Certificate . Seller shall have delivered to Purchaser a certificate, dated the Closing Date and signed by its duly authorized officer, to the effect that the conditions set forth in Sections 8.2(a) and 8.2(b) have been satisfied.

(d) Required Permits . All Permits specified on Annex C hereto (the " Required Permits ") shall have been obtained.

(e) Separation Criteria . The Separation Criteria shall have been met.

(f) No Material Adverse Change . Since the date hereof, there shall not have been any event or series of events which has had or would reasonably be expected to have a Business Material Adverse Effect.

(g) Additional Closing Deliveries . In addition to any other agreements, instruments and documents that are required by other terms of this Agreement to be executed and/or delivered at the Closing by Seller and the Company, Seller shall have delivered to Purchaser and / or the Company those items specified in Section 3.2 and the Company shall have delivered to Purchaser and / or Seller those items specified in Section 3.3 at the Closing.

8.3 Conditions to Obligations of Seller . The obligations of Seller to consummate the Transactions shall be subject to the fulfillment or Seller's waiver (in its sole discretion), at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties . Other than the Fundamental Representations, the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all respects (without giving effect to any materiality qualifier contained therein) on and as of the date of this Agreement and on and as of the Closing Date with the same effect as though made on and as of such date (except for such representations and warranties that are made as of a specific date, which shall be so true and correct only as of such date) except, in each case, for such failures to be true and correct that have not had, and would not be reasonably likely to have, individually or in the aggregate, a material and adverse effect on Purchaser's business, assets or operations or Purchaser's ability to consummate the Transactions contemplated by this Agreement. The Fundamental Representations made by Purchaser shall be true and correct in all material respects (without giving effect to any materiality qualifier contained therein) on and as of the date of this Agreement and on and as of the date hereof and as of the Closing Date with the same effect as though made on and as of such date (except for such representations and warranties that are made as of a specific date, which shall be so true and correct only as of such date).

(b) Covenants . Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Transaction Agreements to be performed or complied with by it prior to or on the Closing Date; *provided, that* , with respect to agreements, covenants and conditions that are qualified by materiality,

Purchaser shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) Officer's Certificate . Purchaser shall have delivered to Seller a certificate, dated the Closing Date and signed by its duly authorized officer, to the effect that the conditions set forth in Sections 8.3(a) and 8.3(b) have been satisfied.

(d) Par Pacific Shares . The Par Pacific Shares have been approved for listing on the New York Stock Exchange.

(e) Additional Closing Deliveries . In addition to any other agreements, instruments and documents that are required by other terms of this Agreement to be executed and/or delivered at the Closing by Purchaser, Purchaser shall have delivered to Seller and / or the Company those items specified in Section 3.4 at the Closing.

ARTICLE IX

TERMINATION

9.1 Termination . This Agreement may be terminated at any time prior to the Closing:

(a) by the written agreement of Purchaser and Seller;

(b) at the election of the Seller or Purchaser on or after [***] (the " Outside Date "), if the Closing shall not have occurred by the close of business on such date; provided , that the right to terminate this Agreement under this Section 9.1(b) shall not be available to a Party if such Party is in material breach of any of its covenants or agreements under this Agreement or to any Party whose breach of this Agreement has been the primary cause of the failure of the Closing to have occurred by the Outside Date;

(c) by Seller, with written notice to Purchaser, or Purchaser, with written notice to Seller, if any Governmental Authority shall have issued a final non-appealable Order, in each case restraining, enjoining or otherwise prohibiting the consummation of the Transactions;

(d) by Purchaser, with written notice to Seller, if there has been a violation or breach by Seller of any covenant, representation or warranty contained in this Agreement that would cause any of the conditions set forth in Sections 8.2(a) and 8.2(b) not to be satisfied and such violation or breach is not cured by the date that is sixty (60) days after written notice of such violation or breach, and such violation or breach has not been waived by Purchaser; or

(e) by Seller, with written notice to Purchaser, if there has been a violation or breach by Purchaser of any covenant, representation or warranty contained in this Agreement that would cause any of the conditions set forth in Sections 8.3(a) and 8.3(b) not to be satisfied and such violation or breach is not cured by the date that is sixty (60) days after written notice of such violation or breach, and such violation or breach has not been waived by Seller.

9.2 Effect of Termination . In the event of the termination of this Agreement pursuant to the provisions of Section 9.1 , this Agreement shall be terminated and have no effect, without any liability to any Person in respect hereof or of the Transactions on the part of any Party hereto or any of its Affiliates or Representatives, except as specified in this Section 9.2 , and ARTICLE XII and except for any liability resulting from such Party's knowing and intentional material breach of this Agreement or of any covenant hereunder. If the Transactions are terminated as provided herein:

(a) Purchaser shall return to Seller all documents and other materials received from Seller and its Affiliates and Representatives relating to the Transactions, whether obtained before or after the execution hereof, and shall destroy all copies of or materials developed from any such documents or other materials and confirm such destruction in writing to Seller, except that Purchaser may retain copies of all such document and other material (i) in accordance with Purchaser's document retention policies or (ii) to the extent such documents or other materials relate to any claim that Purchaser may have against the Seller in connection with the termination of this Agreement; and

(b) all confidential information received by Purchaser and its Affiliates and Representatives with respect to Seller, its Affiliates or the Topping Operations shall otherwise be treated in accordance with the Confidentiality Agreement, which shall remain in full force and effect notwithstanding the termination of this Agreement but which shall terminate on the termination date of such Confidentiality Agreement.

ARTICLE X

INDEMNIFICATION

10.1 Survival . [***]

10.2 Indemnification . [***]

10.3 Indemnification Procedures .

(a) In the event that (i) an Indemnified Party becomes aware of the existence of any Indemnification Claim other than a Third Party Claim or (ii) any Legal Proceedings shall be instituted, or any claim shall be asserted, by any Person not party to this Agreement in respect of any matter that gives rise to, or would reasonably be expected to give rise to, an Indemnification Claim (a " Third Party Claim "), the Indemnified Party shall promptly (but in no event later than thirty (30) days following the discovery of such Third Party Claim) cause written notice thereof satisfying the requirements of this Section 10.3 (a " Claim Notice ") to be delivered to the Party from whom indemnification is sought (the " Indemnifying Party "); provided , however , that no delay on the part of the Indemnified Party in giving any such notice shall relieve the Indemnifying Party of any indemnification obligation hereunder unless (and then solely to the extent that) the Indemnifying Party is prejudiced by such delay. Each Claim Notice shall be in writing and shall (A) specify the basis for indemnification claimed by the Indemnified Party, (B) describe in reasonable detail such Indemnification Claim and, if such Claim Notice is being given with respect to a Third Party Claim, Third Party Claim and shall also be accompanied by copies of all relevant pleadings, demands and

other papers served on the Indemnified Party and (C) specify the amount of (or if not finally determined, a good faith estimate of) the Losses being incurred by, or imposed upon, the Indemnified Party on account of that matter subject to such Indemnification Claim.

(b) The Indemnifying Party shall have the right, at its sole option and expense, to assume the defense of, and to control and defend against, negotiate, settle or otherwise handle, any Indemnification Claim, and to be represented by counsel of its choice, and, if the Indemnifying Party elects to assume the defense of, and control and defend against, negotiate, settle or otherwise handle any Indemnification Claim, it shall within thirty (30) days (the " Dispute Period ") notify the Indemnified Party of its intent to do so; provided , that if the Indemnifying Party is Seller, such Indemnifying Party shall not have the right to assume the defense of, and to control and defend against, negotiate, settle or otherwise handle the defense of any such Third Party Claim that (x) relates to or arises in connection with any criminal or quasi criminal proceeding, action, indictment, allegation or investigation, (y) is asserted directly by or on behalf of a Material Customer or Material Supplier, solely against Purchaser (and not Seller or any of its Affiliates) or (z) seeks an injunction or other equitable relief as the primary remedy under such Third Party Claim against the Indemnified Party. If the Indemnifying Party does not elect within the Dispute Period to assume the defense of, and control and defend against, negotiate, settle or otherwise handle any Indemnification Claim, the Indemnified Party may control and defend against, negotiate, settle or otherwise handle such Indemnification Claim (and the Indemnifying Party will be liable for all costs and expenses paid or incurred in connection therewith only to the extent such costs and expenses constitute Losses that are otherwise required to be indemnified under Section 10.2). If the Indemnifying Party elects to assume the defense of, and control and defend against, negotiate, settle with or otherwise handle any Indemnification Claim, the Indemnified Party may participate, at its own expense, in the defense of such Indemnification Claim; provided , however , that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the reasonable expense of the Indemnifying Party if (i) so requested by the Indemnifying Party to participate, or (ii) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, and provided , further , that the Indemnifying Party shall not be required to pay for more than one (1) such counsel for all Indemnified Parties in connection with any Indemnification Claim. The Indemnified Party and the Indemnifying Party agree to cooperate with each other in connection with the defense, negotiation or settlement of any such Indemnification Claim. Notwithstanding anything in this Section 8.3 to the contrary, in the event that the Indemnifying Party has elected to assume the defense of, and control and defend against, negotiate, settle or otherwise handle any Indemnification Claim, the Indemnifying Party shall not, without the written consent of the Indemnified Party, which consent may not be unreasonably withheld, conditioned or delayed, settle or compromise any Indemnification Claim or permit a default or consent to entry of any judgment (each a " Settlement "); provided , however , that the Indemnifying Party may effect a Settlement without such consent if, with respect to such Settlement (A) the claimant and such Indemnifying Party provide to such Indemnified Party an unqualified release from all liability in respect of the Indemnification Claim, (B) such Settlement does not impose any liabilities or obligations on the Indemnified Party and (C) such Settlement does not impose an injunction or equitable relief upon the Indemnified Party.

(c) If the Indemnifying Party does not undertake within the Dispute Period to defend against an Indemnification Claim or if the Indemnifying Party is not entitled to fully control the defense of a Third Party Claim pursuant to Section 10.3(b), then the Indemnifying Party shall have the right to participate in any such defense at its sole cost and expense, but, in such case, the Indemnified Party shall control the investigation and defense. Notwithstanding the foregoing or anything in this Section 10.3 to the contrary, the Indemnified Party shall not effect a Settlement without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) In the event that an Indemnified Party has delivered a Claim Notice in respect of an Indemnification Claim that does not involve a Third Party Claim, the Indemnifying Party and the Indemnified Party shall attempt in good faith to resolve any disputes with respect to such Claim Notice within thirty (30) days of the delivery by the Indemnified Party thereof, and if not resolved in such thirty (30) day period, such Indemnification Claim may, subject to the terms and conditions of this Agreement, be resolved through judicial actions, suits or proceedings brought by either such party or by such other means as such parties mutually agree.

10.4 Limitations on Indemnification. [***]

10.5 Escrow Release. The Escrow Agreement shall specify that (i) [***] of any amounts remaining in the Escrow Account after giving effect to any payments made pursuant to this ARTICLE X (the "Initial Escrow Release Amount") shall be released to Seller on the day that occurs on the expiration of one year after the Closing by wire transfers of immediately available funds to accounts designated in writing by Seller and (ii) any amounts remaining in the Escrow Account after giving effect to the Initial Escrow Release Amount and any payments made pursuant to this ARTICLE X (the "Escrow Release Amount") shall be released to Seller on the Expiration Date by wire transfers of immediately available funds to accounts designated in writing by Seller; provided, however, that if any claim for indemnification under this ARTICLE X that shall have been validly asserted by Purchaser in accordance with this Agreement prior to the Expiration Date remains pending on the Expiration Date (such claims, the "Pending Claims"), (i) the Escrow Release Amount released to Seller on the Expiration Date shall be reduced by the aggregate amount of all such Pending Claims (as set forth in the Claim Notice in respect of each such Pending Claim) and (ii) any amounts remaining in the Escrow Fund following the Expiration Date in respect of any such Pending Claim shall be released to Seller promptly upon resolution or (if applicable) satisfaction of such Pending Claim.

10.6 Exclusive Remedy; Nature of Representations and Warranties. Except as provided in Sections 2.5, 2.6, 7.6, 11.2(c) and 11.2(e) or in the case of Fraud or willful misconduct from and after the Closing, the sole and exclusive remedy for any inaccuracy or breach of any representation, warranty, covenant, obligation or other agreement contained in this Agreement (or otherwise relating to the subject matter of this Agreement) shall be indemnification in accordance with this ARTICLE X, and no Person will have any other entitlement, remedy or recourse, whether in contract, tort or otherwise. In furtherance of the foregoing, from and after the Closing each Party hereby waives, to the fullest extent permitted by Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, obligation or other agreement set forth herein (or

otherwise relating to the subject matter of this Agreement) it may have against the other Party hereto and its Affiliates arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this ARTICLE X. Notwithstanding the foregoing, this Section 10.6 shall not operate to (a) interfere with or impede the operation of the provisions of ARTICLE II providing for the resolution of certain disputes relating to the Purchase Price between the parties and/or by an Independent Accountant, or (b) limit the rights of the parties to seek equitable remedies (including specific performance or injunctive relief).

10.7 Tax Treatment of Indemnity Payments. All indemnity payments made pursuant to this ARTICLE X shall be deemed to be, and each of the Seller and Purchaser shall treat, and shall cause each of their respective Subsidiaries to treat such payments as, an adjustment to the Purchase Price for all federal, state, local and foreign income Tax purposes, except as otherwise required by applicable Law.

ARTICLE XI

TAX MATTERS

11.1 Treatment of Transaction. The Parties acknowledge and agree that Company is disregarded as an entity separate from Seller for U.S. federal income tax purposes, and thus that the transaction contemplated by this Agreement will constitute a purchase and sale of the Transferred Assets for U.S. federal income tax purposes. Purchaser and Seller further acknowledge and agree that they will file all Tax Returns in accordance with this Section 11.1, and will not make any inconsistent statement or take any inconsistent position on any Tax Return, in any refund claim, or during the course of any Tax Proceeding, except as otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code. Each Party will notify the other if it receives notice that the IRS proposes a treatment of the transaction contemplated by this Agreement that is different from the treatment contemplated in this Section 11.1; provided, however, that the Parties acknowledge and agree that (i) nothing contained in this Section 11.1 shall prevent Purchaser or Seller from settling any proposed deficiency or adjustment by any Taxing Authority based upon or arising out of the treatment of the transaction contemplated by this Agreement, and (ii) neither Seller nor any of its Affiliates nor Purchaser or any of its Affiliates will be obligated to litigate any challenge to the treatment contemplated in this Section 11.1 by any Taxing Authority.

11.2 Allocation of Purchase Price.

(a) Within ninety (90) days following the Closing Date, Seller shall prepare and deliver to Purchaser a proposed allocation of the Purchase Price (and the amount of any Assumed Liabilities or other items required to be treated as purchase price for U.S. federal income tax purposes) among the Transferred Assets in accordance with Section 1060 of the Code, the Treasury Regulations thereunder (the "Proposed Allocation"). Seller shall provide Purchaser with copies of such backup documentation and work papers supporting the Proposed Allocation as Purchaser may reasonably request.

(b) Within thirty (30) days after Purchaser's receipt of the Proposed Allocation, Purchaser will notify Seller in writing of any objections to the Proposed Allocation by setting forth

in reasonable detail the basis for any such objections (and any alternative allocation), and including reasonable documentation supporting such changes (" Allocation Objection Notice "). If Purchaser either fails to provide an Allocation Objection Notice to Seller within such 30-day period, or provides Seller written notice of Purchaser's approval of the Proposed Allocation within such 30-day period, Purchaser shall be conclusively treated as having approved of the Proposed Allocation, and the Proposed Allocation thereafter shall be final and binding on both Purchaser and Seller. In the event Purchaser timely provides the Allocation Objection Notice to Seller, Seller and Purchaser shall then attempt in good faith to resolve their disagreements and agree upon a mutually acceptable allocation. If Purchaser and Seller are unable to agree upon a mutually acceptable allocation within 15 days of Purchaser's receipt of the Allocation Objection Notice, either Purchaser or Seller may thereafter refer the disagreement to the Independent Accountant for resolution in accordance with Section 11.2(c) .

(c) Purchaser and Seller shall use [***] to cause the Independent Accountant to resolve all remaining disagreements identified in the Allocation Objection Notice as soon as practicable, but in any event shall direct the Independent Accountant to render a written determination within forty-five (45) days after its engagement. The Independent Accountant shall consider only those items and amounts that are identified in the Allocation Objection Notice as the items in dispute, and shall not assign a value to any item greater than the greatest value for such item claimed by either Party or less than the smallest value for such item claimed by either Party. The Independent Accountant's determination of the appropriate Purchase Price allocation shall be made based solely on substantiating documentation submitted by Purchaser and Seller (i.e., not on independent review), the applicable definitions set forth herein, and an analysis that is consistent with and in accordance with the methodologies and principles contemplated herein; provided, however, that the Independent Accountant shall be entitled to (i) review the books and records of Seller, and (ii) obtain such appraisals of any Transferred Assets as the Independent Accountant determines is reasonably necessary for purposes of making its determination hereunder. The determination of the Independent Accountant shall be conclusive and binding upon Purchaser and Seller as an arbitral award, and shall not be subject to appeal or further review absent manifest error. The costs and expenses of the Independent Accountant shall be borne by Purchaser, on the one hand, and Seller, on the other hand, in accordance with the methodology set forth in Section 2.5(b)(iv) , *mutatis mutandis* .

(d) Purchaser and Seller acknowledge and agree that they will file all Tax Returns and related forms (including IRS Form 8594) in accordance with the allocation determined in accordance with this Section 11.2 (the " Allocation "), and will not make any inconsistent statement or take any inconsistent position on any tax return, in any refund claim or during the course of any IRS or other Tax audit, except as otherwise required pursuant to a " determination " within the meaning of Section 1313(a) of the Code. Each Party will notify the other if it receives notice that the IRS proposes any allocation that is different from the Allocation; provided , however , neither Seller nor Purchaser will be obligated to litigate any challenge to the Allocation by the IRS (or any other Governmental Authority). The Parties acknowledge and agree that (i) Purchaser's cost for the Company Interests may differ from the total amount allocated under this Section 11.2 to reflect the inclusion in the total cost of items (for example, capitalized acquisition costs) not included in the amount so allocated, and (ii) the amount realized by Seller may differ from the total amount

allocated under this Section 11.2 to reflect transaction costs that reduce the amount realized for federal income tax purposes.

(e) Purchaser and Seller shall allocate and report any adjustments to the Purchase Price in accordance with Section 1060 of the Code and Treasury Regulations Section 1.1060-1(e), and any allocations made as a result of such adjustments shall become part of the allocation contemplated in this Section 11.2 . In the event that any adjustment is required to be made to the allocation contemplated in this Section 11.2 as a result of any adjustment to the Purchase Price pursuant to this Agreement, including the payment of the amounts described in Section 2.6 , Seller shall prepare and deliver, or cause to be prepared and delivered, to Purchaser, a revised Allocation reflecting such adjustment. Such revised Allocation shall be subject to the requirements of this Section 11.2 (including the review and dispute resolution procedures set forth in subsections (b) and (c), *mutatis mutandis*).

11.3 Pro-Ration of Taxes . With respect to any Taxes, including any personal property, ad valorem and other similar tax (" Property Taxes "), including any Property Taxes, imposed on Company or assessed on any of the Transferred Assets (or for which Company may otherwise be liable or obligated to pay) for a Straddle Period, the liability for such Taxes (" Straddle Period Taxes ") shall be prorated between Seller and Purchaser as of the Closing Date, (a) in the case of Taxes that are either (i) based upon or related to income, gains, receipts, or gross margins, or (ii) imposed on a non-periodic basis, based on a closing of the books as if the applicable taxable year ended on and included the Closing Date, with the Seller being liable for the amount of such Taxes through the Closing Date, (b) in the case of Taxes not described above in clause "(a)", including Property Taxes, on a daily basis, with Seller being liable for the portion of such Taxes equal to the product of (i) the amount of such Taxes for the entirety of the Straddle Period, multiplied by (ii) a fraction, the numerator of which is the number of days in the Straddle Period ending on and including the Closing Date and the denominator of which is the total number of days in the Straddle Period, and (c) with Purchaser being liable for the remainder of such Straddle Period Taxes; provided , however , that, (A) for purposes of clause (a) above, exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be apportioned between the portion of the Straddle Period ending on the Closing Date and the portion of the Straddle Period after the Closing Date in proportion to the number of days in each such portion, and (B) any credits relating to a Straddle Period shall be allocated to the portion of the Straddle Period ending on the Closing Date in the same manner as the Taxes to which such credits relate. If Seller, from and after the Closing, receives any bill, assessment or other notice of any Straddle Period Taxes due for any Straddle Period, Seller shall promptly forward a copy of such bill, assessment or other notice to Purchaser. Purchaser shall timely remit the Straddle Period Taxes owed by Company to the appropriate Taxing Authority. If current tax statements for any Property Taxes are not available as of the Closing Date, the prior year's tax statements will be used for purposes of making an estimated proration at the Closing, and a final proration will be made promptly when the current tax statements for such Property Taxes are received. Seller shall remit to Purchaser any additional amounts due to Purchaser in such regard within ten (10) days of receipt of written notice thereof from Purchaser (which notice shall include reasonable evidence of the taxes owed and an explanation of the amounts

owed by Seller). Purchaser shall remit to Seller any excess amounts previously remitted by Seller to Purchaser hereunder within ten (10) days of becoming aware of such excess.

11.4 Company Tax Returns. Purchaser shall prepare, or cause to be prepared, and file or cause to be filed, all Tax Returns of Company filed after the Closing Date.

11.5 Transfer Taxes. All Transfer Taxes, including any expenses incurred in the preparation and filing of any Tax Returns or other documents with respect thereto, shall be borne [***]. The Party required by Law to file a Tax Return shall timely prepare and file or cause to be prepared and filed any Tax Return or other document with respect to Transfer Taxes, and pay or cause to be paid the full amount of all Transfer Taxes. Purchaser and Seller shall cooperate with each other to reduce or eliminate any such Transfer Taxes, including obtaining any applicable documentation and certifications from applicable Taxing Authorities. To the extent applicable, Seller and Purchaser shall reimburse each other for any Transfer Taxes paid by them in connection with the filing of Tax Returns with respect to Transfer Taxes within five (5) days after receipt from the other of written notice of payment thereof and a copy of the associated filed Tax Returns.

11.6 Tax Proceedings. Following the Closing, except as otherwise provided in this Section 11.6, any Tax Proceeding involving a Third Party Claim regarding Taxes shall be governed by the procedures set forth in Section 10.3.

(a) Seller shall keep Purchaser reasonably informed of the progress of any Tax Proceeding under Seller's sole control pursuant to Section 10.3, and shall not effect a Settlement of all or any portion of a Tax Proceeding that reasonably could be expected to have a material adverse effect on Purchaser's tax attributes for the post-Closing period without Purchaser's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed.

(b) Purchaser shall have the right, at its own expense, to control and make all decisions taken in connection with any Tax Proceeding regarding a Straddle Period; provided, however, that if the results of any such Tax Proceeding would reasonably be expected to result in any liability for Seller in excess of $[***], then Purchaser shall not settle and/or compromise any such proceeding without Seller's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed, and Seller shall, at its own expense, have a right to participate in the defense and settlement and/or compromise of any such Tax Proceeding.

11.7 Cooperation. Until expiration of the statutes of limitation applicable with respect to all Pre-Closing Periods and Straddle Periods, each of Seller and Purchaser will, and will cause each of its Affiliates to, provide the other with such assistance, cooperation and information as may reasonably be requested by any of them in connection with the preparation of any Tax Return, determining or contesting a liability for Taxes or a right to a refund of Taxes, or any audit or other examination by any Taxing Authority or judicial or administrative proceedings relating to liability for Taxes, but only with respect to Tax Returns or Taxes imposed upon or related to the Transferred Assets or Company. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by any Taxing Authority. Seller and Purchaser each shall, and shall cause each of its Affiliates to, make their respective officers, employees, agents

and representatives available on a basis mutually convenient to the other party to provide explanations of any documents or information provided hereunder. Seller and Purchaser each shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Transferred Assets and/or Company for all Tax periods beginning on or before the Closing Date until the expiration of the statute of limitations for the Tax periods to which such Tax Returns and other documents relate (and, to the extent notified by Seller or Purchaser, any extensions thereof); provided that, all such foregoing items shall be retained for a minimum of six years from the respective dates on which Tax Returns are filed for all Pre-Closing Periods and Straddle Periods.

ARTICLE XII

MISCELLANEOUS

12.1 Expenses .

(a) Except as otherwise provided in this Agreement or the other Transaction Agreements, each Party shall bear its own costs and expenses incurred in connection with the negotiation and execution of this Agreement and the other Transaction Agreements and each other agreement, document and instrument contemplated hereby or thereby and the consummation of the Transactions. All governmental fees and charges applicable to any requests for Governmental Approvals or to the consummation of the Transactions shall be shared equally by Purchaser, on the one hand, and Seller, on the other hand. Notwithstanding the foregoing, all recording and filing fees for recording any deed or other recordable documents related to the sale of any Transferred Real Property shall be shared equally by Purchaser, on the one hand, and Seller, on the other hand.

12.2 Governing Law . This Agreement and any actions, cause of action, claim, controversy or dispute of any kind (whether at law, in equity, in contract, in tort or otherwise) that may be based upon, arise out of, or relate to this Agreement, or the negotiation, execution, or performance of this Agreement (including any action, cause of action, or claim of any kind based upon, arising out of, or related to any representation or warranty made in, in connection with, or as an inducement to this Agreement) or the rights, duties and relationship of the parties, shall be governed by and construed and enforced in accordance with the Laws of the State of Delaware, excluding any conflicts of law, rule or principle that might refer construction of provisions to the Laws of another jurisdiction.

12.3 Submission to Jurisdiction; Waivers . The Parties agree that any dispute, controversy or claim arising out of or relating to the Transactions or to this Agreement, or the validity, interpretation, breach or termination thereof, including claims seeking redress or asserting rights under any Law, shall be resolved exclusively in the courts of the State of Delaware or any court of the United States located in the State of Delaware (the " Delaware Courts ") and appellate courts having jurisdiction of appeals from such Delaware Courts. In that context, and without limiting the generality of the foregoing, each Party irrevocably and unconditionally: (a) submits for itself and its property in any action relating to the Transactions or to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the Delaware Courts, and appellate courts having jurisdiction of appeals from any of the foregoing courts, and agrees that all claims in respect of any such action shall be heard and determined in such Delaware

Courts or, to the extent permitted by law, in such appellate courts; (b) consents that any such action may and shall be brought exclusively in such courts and waives any objection that it may now or hereafter have to the venue or jurisdiction of any such action in any such court or that such action was brought in an inconvenient forum, and agrees not to plead or claim the same; (c) waives all right to trial by jury in any action (whether based on contract, tort or otherwise) arising out of or relating to the Transactions or to this Agreement, or its performance under or the enforcement of this Agreement; (d) agrees that service of process in any such action may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Party at its address as provided in Section 12.7 ; and (e) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the Laws of the State of Delaware.

12.4 Further Assurances . After the Closing, each Party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may reasonably be requested in order to more effectively consummate the Transactions consistent with the terms of the Transaction Agreements.

12.5 Entire Agreement . This Agreement (including the Schedules and Exhibits hereto) and the other Transaction Agreements represent the entire understanding and agreement between the Parties with respect to the Transactions and supersedes all prior agreements among the Parties respecting the Transactions. The Parties have voluntarily agreed to define their rights, liabilities and obligations respecting the Transactions exclusively in contract pursuant to the express terms and provisions of this Agreement; and the Parties expressly disclaim that they are owed any duties or are entitled to any remedies not expressly set forth in this Agreement.

12.6 Amendments and Waivers . This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the Party against whom enforcement of any such amendment, supplement, modification or waiver is sought. The waiver by any Party 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 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. In the event any provision of any other Transaction Agreement shall in any way conflict with the provisions of this Agreement (except where a provision therein expressly provides that it is intended to take precedence over this Agreement) this Agreement shall control.

12.7 Notices . All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand (with written confirmation of receipt), or (b) when delivered by overnight courier (with written confirmation of receipt), in each case at the following addresses (or to such other address as a Party may have specified by notice given to the other Party pursuant to this provision).

If to Seller to:

IES Downstream, LLC
c/o - Island Energy Services, LLC
91-480 Malakole Street
Kapolei, Hawai‘i 96707
Attention: General Counsel
Facsimile: (808) 682-2214

With a copy (which shall not constitute notice) to:

One Rock Capital Partners, LLC
30 Rockefeller Plaza, 54 th Floor
New York, NY 10112
Attention: Tony Lee and R. Scott Spielvogel
Facsimile: (212) 605-6099

With a copy (which shall not constitute notice) to:

Hogan Lovells US LLP
875 Third Avenue
New York, New York 10022
Attention: Alexander B. Johnson
Facsimile: (212) 918-3100
Email: alex.johnson@hoganlovells.com

If to Purchaser or, following Closing, the Topping Operations, to:

Par Hawaii Refining, LLC
c/o Par Pacific Holdings, Inc.
One Memorial Plaza
800 Gessner Road, Suite 875
Houston, Texas 77024
Attention: J. Matthew Vaughn
Facsimile: (832) 518-5203
Email: mvaughn@parpacific.com

With a copy (which shall not constitute notice) to:

Porter Hedges LLP
1000 Main, 36 th Floor
Houston, Texas 77002
Attention: E. James Cowen
Facsimile: (713) 226-6249
Email: jcowen@porterhedges.com

12.8 Severability . If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any Law or public policy, all other terms or provisions of this

Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the Transactions are consummated as originally contemplated to the greatest extent possible.

12.9 Specific Performance . Each Party acknowledges and hereby agrees that any breach of this Agreement would give rise to irreparable harm for which monetary damages would not be an adequate remedy. Accordingly, the Parties acknowledge and hereby agree that in the event of any breach or threatened breach by Seller on the one hand, or Purchaser, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, Seller, on the one hand, and Purchaser, on the other hand, shall be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. The Seller, on the one hand, and Purchaser, on the other hand, hereby waive any right to claim that specific performance should not be ordered to prevent or remedy a breach of this Agreement, and agree not to raise any objections, on the basis that a remedy at Law would be adequate or on any other basis, (a) to the availability or appropriateness of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement, by Seller, on the one hand, or Purchaser, on the other hand, and (b) the rights of the Parties to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the Parties under this Agreement.

12.10 No Third-Party Beneficiaries; No Recourse Against Affiliates; Liability . Except for the provisions in Section 7.11(h) , ARTICLE X , ARTICLE XI and Section 12.12 of this Agreement which shall be for the benefit of the Persons listed therein, nothing in this Agreement, express or implied, is intended or shall be construed to give any rights to any Person or entity other than the Parties and their successors and permitted assigns. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of Seller or Purchaser or any of their respective Affiliates that is not a party to this Agreement or the other Transaction Agreements shall have any liability (whether in Law or in equity or in contract or in tort) for any obligations or liabilities of Seller or Purchaser, as applicable, arising under, in connection with or related to this Agreement or for any claim based on, in respect of, or by reason of, the Transactions, including any alleged non-disclosure or misrepresentations made by any such Persons.

12.11 Assignment . No Party may assign or transfer this Agreement or any right, interest or obligation hereunder, directly or indirectly (by operation of Law or otherwise), without the prior written approval of the other Party. Any assignment in violation of this Section 12.11 shall be void, except that each Party shall have the right to assign or transfer this Agreement or any right, interest or obligation hereunder to its Affiliates; provided, that no such assignment or transfer to an Affiliate shall relieve such Party of its obligations hereunder. Subject to the foregoing, this Agreement shall

be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

12.12 Release . Effective as of the Closing Date, Seller on behalf of itself and each of its Affiliates (other than the Company) and each of its and their respective current and former officers, directors, employees, partners, members, advisors, successors and assigns (collectively, the " Seller Releasing Parties "), hereby irrevocably and unconditionally releases and forever discharges the Company and each of its current and former officers, directors, employees, advisors, successors and assigns (collectively, the " Buyer Released Parties ") of and from any and all actions, causes of action, suits, proceedings, executions, judgments, duties, debts, dues, accounts, bonds, contracts and covenants (whether express or implied), and claims and demands whatsoever whether in law or in equity which the Seller Releasing Parties may have against each of the Buyer Released Parties, now or in the future, in each case, in respect of any cause, matter or thing relating to any of the Buyer Released Parties to the extent occurring or arising on or prior to the Closing Date; *provided, however* , that this Section 12.12 shall not apply to any actions, causes of action, suits, proceedings, executions, judgments, duties, debts, dues, accounts, bonds, contracts and covenants (whether express or implied), and claims and demands pursuant to this Agreement or the Transaction Agreements.

12.13 Attorney Conflict Waiver .

(a) Hogan Lovells US LLP (" Law Firm ") has acted as counsel for the Seller, its Subsidiaries and the Company (collectively, the " Company Parties ") in connection with this Agreement, the other Transaction Agreements and the Transactions (the " Acquisition Engagement ") and, in connection therewith, not as counsel for any other Person, including Purchaser or any of its Affiliates (including the Company, following the Closing). Only the Company Parties shall be considered clients of Law Firm in the Acquisition Engagement. If Seller so desires, Law Firm shall be permitted, without the need for any future waiver or consent, to represent any of the Company Parties (other than the Company) after the Closing in connection with any matter related to the matters contemplated by this Agreement and any other Transaction Agreements or any disagreement or dispute relating thereto and may in connection therewith represent the agents or Affiliates of the Company Parties (other than the Company), in any of the foregoing cases, including in any dispute, litigation or other adversary proceeding against, with or involving Purchaser or any of its agents or Affiliates.

(b) To the extent that communications prior to the Closing between a Company Party, on the one hand, and Law Firm, on the other hand, relate to the Acquisition Engagement, such communication shall be deemed to be attorney-client confidences that belong solely to Seller, for and on behalf of the Company Parties. Neither Purchaser nor any of its Affiliates, including the Company (following the Closing), shall have access to (and Purchaser hereby waives, on behalf of each, any right of access it may otherwise have with respect to) any such communications or the files or work product of Law Firm, to the extent that they relate to the Acquisition Engagement, whether or not the Closing occurs. Without limiting the generality of the foregoing, Purchaser acknowledges and agrees, for itself and on behalf of its Affiliates, including the Company (following the Closing), upon and after the Closing: (i) Seller, for and on behalf of the Company Parties, and

Law Firm shall be the sole holders of the attorney-client privilege with respect to the Acquisition Engagement, and neither Purchaser nor any of its Affiliates, including the Company (following the Closing), shall be a holder thereof, (ii) to the extent that files or work product of Law Firm in respect of the Acquisition Engagement constitute property of the client, only the Seller, for and on behalf of the other Company Parties, shall hold such property rights and have the right to waive or modify such property rights, and (iii) Law Firm shall have no duty whatsoever to reveal or disclose any such Attorney-Client Communications, files or work product to Purchaser or any of its Affiliates, including the Company (following the Closing), by reason of any attorney-client relationship between Law Firm and the Company or otherwise; provided , that, to the extent any communication is both related and unrelated to the Acquisition Engagement, Law Firm shall provide (and Seller, for and on behalf of the other Company Parties, shall instruct Law Firm to provide) appropriately redacted versions of such communications, files or work product to Purchaser or its Affiliates, including the Company (following the Closing). Notwithstanding and without limiting the foregoing, in the event that a dispute arises between any of Purchaser or any of its Affiliates, on one hand, and any of the Company Parties, on the other hand, concerning the matters contemplated in this Agreement, any other Transaction Agreements or the Transaction, Purchaser, for itself and on behalf of its Affiliates and the Company (following the Closing) and its Affiliates, agrees that Purchaser and its Affiliates shall not offer into evidence or otherwise attempt to use or assert the foregoing Attorney-Client Communications, files or work product against the Company Parties.

12.14 Counterparts . This Agreement may be executed in one or more counterparts, including facsimile counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

12.15 Waiver of Bulk Transfer Laws . Each of Purchaser, the Company and Seller hereby waives, to the fullest extent permitted by Law, compliance by Purchaser, Seller, the Company and their respective Affiliates with the provisions of any so-called "bulk transfer law" of any jurisdiction in connection with the Transactions.

[***]

ARTICLE XIII

DEFINITIONS AND INTERPRETATIONS

13.1 Certain Definitions .

(a) For purposes of this Agreement, the following terms shall have the meanings specified in this Section 13.1 :

" Acquisition Proposal " means, other than the transactions contemplated by this Agreement, any inquiry relating to acquiring, or any proposal or offer from a third Person to acquire, directly or indirectly, legal or beneficial ownership of any all or any material portion of the Company Interests, the Company, the Topping Units, or the Transferred Assets or any merger, asset sale or similar transaction in each case that would materially frustrate the purposes of this Agreement.

" Affiliate " means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

" Ancillary Agreements " means the Contribution, Assignment and Assumption Agreement, Escrow Agreement, Refinery Property Lease, Refinery Access Agreement, Services Agreement, Terminalling Agreement, Owner's Affidavit, and Registration Rights Agreement.

" Antitrust Filing " means [***].

" Antitrust Law " means any of the following statutes and their implementing regulations: the Sherman Act, including Sections 1 and 2; the Clayton Act, including Sections 2, 4, 7, and 16; the Federal Trade Commission Act, including Section 5; the HSR Act; Hawaii Revised Statutes Chapter 480; or any state or foreign antitrust or competition law or regulation.

" Antitrust Proceeding " means [***].

" Assumed Contracts " means the Contracts listed on Section 13.1(a)(i) of the Seller Disclosure Schedule.

" Back-to-Back and Supply Agreements " means the fuel supply agreements contemplated by Section 7.14 of the Seller Disclosure Schedule; provided that the fuel supply contemplated thereby shall be based upon the term sheet attached hereto as Exhibit I .

" Benefit Plan " means any pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, employment contract, severance pay, vacation, bonus or other incentive plans, all other written employee programs, arrangements or agreements and all material employee benefit plans or fringe benefit plans, including all "employee benefit plans" as that term is defined in Section 3(3) of ERISA, that are currently adopted, maintained by, sponsored in whole or in part by, or contributed to by Seller or any of its ERISA Affiliates exclusively in connection with the Refinery Operations for current or former employees or for which the Company could have any liability, direct or indirect.

" Business Day " means any day of the year on which national banking institutions in New York or Houston, Texas are open to the public for conducting business and are not required or authorized to close.

" Business Material Adverse Effect " means any event, occurrence, fact, condition or change that has, or would reasonably be expected to have, a material adverse effect on (i) the business, assets, properties, financial condition or results of operations of the Topping Operations taken as a whole or (ii) on the ability of Seller to consummate the Transactions on a timely basis; provided that no event, change, circumstance or effect (by itself or taken together with any and all other events, changes, circumstances or effects) that results from or arises out of any of the following

shall constitute or be deemed to contribute to a "Business Material Adverse Effect": (a) changes in general economic conditions in the United States or any other country or region in the world, or changes in conditions in the global economy generally; (b) changes in conditions in the financial markets, credit markets or capital markets in the United States or any other country or region in the world; (c) changes in political conditions in the United States or any other country or region in the world, acts of war, sabotage or terrorism (including any escalation or general worsening of any such acts of war, sabotage or terrorism), earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wildfires or other natural disasters, weather conditions and other force majeure events, in each case in the United States or any other country or region in the world; (d) changes affecting the industry generally in which the Topping Operations operate; (e) the announcement of this Agreement or the pendency or consummation of the Transactions, including by reason of the identity of Purchaser or any communication of Purchaser regarding the plans or intentions of Purchaser with respect to the conduct of the Topping Operations and including the resignation or termination of any Business Employee following the announcement of the Transactions; (f) the failure of Purchaser or the Company to obtain any consent, Permit, authorization clearance, waiver or approval required in connection with the Transactions; (g) compliance with the terms of, or the taking of any action required or contemplated by this Agreement, or the failure to take any action prohibited by this Agreement; (h) changes in Law or other legal or regulatory conditions (or the interpretation thereof) occurring after the date hereof; or (i) changes in GAAP or other accounting standards (or the interpretation thereof) occurring after the date hereof; provided , further that any event, occurrence, fact, condition or change referred to in clauses (a) through (i) immediately above may be taken into account in determining whether a Business Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a material and disproportionate effect on the Refinery or the Topping Operations compared to other industry participants.

" Code " means the Internal Revenue Code of 1986, as amended.

" Contract " means all contracts, leases, sublease, deeds, mortgages, licenses, instruments, notes, bond, indenture, permit, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements or obligations, whether written or oral (provided that, while purchase orders may be considered Contracts, any provision in this Agreement that requires that Contracts be disclosed or made available shall be deemed to not include purchase orders in such context).

" Contribution, Assignment and Assumption Agreement " means the contribution, assignment and assumption agreement in the form attached as Exhibit A .

" Data Room " means the electronic documentation site, established by Donnelley Financial Solutions at www.dfsvenue.com on behalf of Seller.

" Data Room Cutoff Time " means 10:00 a.m. Central Standard Time on the date of this Agreement.

" DWA " means Hawaii's Dislocated Workers' Act, Haw. Rev. Stat § 394B-1, et. Seq. and all regulations pertaining thereto.

" Effective Time " means 11:59 p.m. Hawaii-Aleutian Standard Time on the Closing Date.

" Environmental Law " means any applicable Law, including common law, relating to the regulation or protection of the environment, natural resources or human health or to the Remediation, generation, production, installation, distribution, sale, use, handling, storage, treatment, transportation, or Release of, or exposure to, Hazardous Materials, including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Clean Water Act (33 U.S.C. §§ 1251 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001 et seq. , and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.), and similar state Laws, as each has been amended and the regulations promulgated pursuant thereto.

" Environmental Liabilities " means any Liability arising under or related to Environmental Laws or with respect to Hazardous Materials, including those based on, arising out of, or otherwise relating to: (a) the Remediation, presence, or Release of, or exposure to, Hazardous Materials or other environmental conditions; (b) the off-site Release, treatment, transportation, storage or disposal of Hazardous Materials, or arranging thereof; (c) any violation of Environmental Laws and expenditures necessary to cause compliance with or resolve violations of Environmental Laws; and (d) personal injury or property damage resulting from the presence or Release of Hazardous Materials.

" Equitable Principles " means bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

" Equity Interest " means (a) any shares, interests, participations or other equivalents (however designated) of capital stock of a corporation; (b) any ownership interests in a Person other than a corporation, including membership interests, partnership interests, joint venture interests and beneficial interests; and (c) any warrants, options, convertible or exchangeable securities, subscriptions, rights (including any preemptive or similar rights), calls or other rights to purchase or acquire any of the foregoing.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended.

" ERISA Affiliate " means with respect to any entity, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes the first entity, or that is a member of the same "controlled group" as such first entity pursuant to Section 4001(a)(14) of ERISA.

" Escrow Agent " means JPMorgan Chase Bank, N.A.

" Escrow Agreement " means the escrow agreement in the form attached as of Exhibit F .

" Escrow Amount " means [***]% of the Base Price.

" Estimated Hydrocarbon Inventory Value " means Seller's estimate of the value of the Hydrocarbon Inventory as of the Closing.

" Estimated Net Prorated Amount " means Seller's estimate of the Net Prorated Amount as of the Closing.

" Estimated Non-Hydrocarbon Inventory Value " means Seller's estimate of the value of the Non-Hydrocarbon Inventory as of the Closing.

" Exchange Act " means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

" Excluded Permits " means any all Permits used in connection with the ownership or operation of the Excluded Assets.

" Excluded Records " means (i) any all Records used in connection with the ownership or operation of the Excluded Assets, (ii) all minute books, stock records and, charter documents, corporate seals and other books, Records or documents relating to Seller or any of its Affiliates (other than the Company), as well as any other Records or materials relating to Seller or any of its Affiliates generally and not relating primarily to the Transferred Assets or the Topping Operations, (iii) any corporate, financial, strategic, business planning, legal or Tax Records of Seller or any of its Affiliate, including all Tax Returns, as well as other Tax data and Records, of the Refinery Operations and any financial statements, financial information, budgets, projections, financial data or similar information of Seller or its Affiliates (whether or not related to the Refinery Operations), (iv) any files, Records, documentation or data that Seller or any of its Affiliates may not sell, transfer or otherwise dispose of as a result of confidentiality obligations by which it is bound or which cannot be provided to Purchaser because such transfer is prohibited by the agreement under which it was acquired, (v) any files, Records, documentation or data whose disclosure could cause a waiver of any attorney-client privilege available to Seller or its Affiliates, and all legal Records and files of Seller or its Affiliates including all work product of and attorney client communications with any of such Seller or its Affiliates' legal counsel, (vi) personnel, medical and other Records relating to employees which are prohibited by applicable Law or by Seller's or its Affiliates' bona fide, written internal policies from being transferred to Purchaser without consent of the relevant employee, (vii) any documentation relating to acquisition by Seller or its Affiliates or the sale or proposed sale of the Transferred Assets and (viii) any data or information that cannot, with reasonable efforts, be identified by Seller or be segregated by Seller or its Affiliates from the other data, information and Records systems of Seller and its Affiliates.

" Facilities and Equipment " means the facilities, equipment, machinery, furnishings, vehicles, appurtenances, materials, and other personal property set forth on Section 13.1(a)(ii) of the Seller Disclosure Schedule.

" Fraud " means a common law fraud, committed by a Person, that involves such Person (i) intentionally making a false representation and warranty in ARTICLE IV, ARTICLE V or ARTICLE VI , as applicable, and having actual knowledge, at the time such representation and warranty was made, that such representation and warranty was false; (ii) making such representation and warranty with an intention to induce the Person to whom such representation and warranty is made to act or refrain from acting in reliance upon it; (iii) causing another Person that is a party to this Agreement, in justifiable reliance upon such false representation and warranty, to take or refrain from taking action; and (iv) causing such other Person to suffer damage as a result thereof.

" Fundamental Representations " means [***].

" GAAP " means generally accepted accounting principles in the United States of America in effect from time to time and consistently applied.

" Governmental Authority " means any government or governmental, judicial, administrative or regulatory body thereof, political subdivision thereof, or official of such body, whether domestic, foreign, federal, state, provincial or local, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

" Hazardous Materials " means any material, substance, or waste that poses a hazard or is deleterious to human health, safety, natural resources, or the environment, including those regulated, defined or listed as "hazardous waste," "hazardous substance," "solid waste," "pollutant," or "contaminant," or other similar designations under any Environmental Law and any material substance, or waste that contains, without limitation, polychlorinated biphenyls (PCBs), methyl-tertiary butyl ether (MTBE), asbestos or asbestos-containing materials, lead based paints, urea-formaldehyde foam insulation, or petroleum or petroleum products (including crude oil or any fraction thereof).

" HSR Act " means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the related regulations.

" Hydrocarbon Inventory " means all crude oil, feedstock, intermediates, blendstocks and refined products that are (i) owned (including items under Contract to be owned or controlled or items which otherwise will be owned or controlled) by Seller or any of its Affiliates and described in Appendix B of Inventory Procedures Schedule, and (ii) located at, on or in the Seller Real Property (including the Refinery or related terminals or pipelines or any other facilities or equipment of Seller on such property); provided, however, that for purposes of ARTICLE II of this Agreement, Hydrocarbon Inventory shall not include any such hydrocarbons that have been sold or assigned to any Third Party and for which consideration has been received by Seller or any of its Affiliates (or for which an invoice has been issued for such hydrocarbons), regardless of whether title or risk of loss has yet transferred to such Third Party). For the avoidance of doubt, Hydrocarbon Inventory (i) includes all hydrocarbons located at the Refinery in processing units and interconnecting pipes and hydrocarbons serving as tank bottoms and heels, but excluding BS&W and Free Water as contemplated by the Inventory Procedures Schedule, and (ii) excludes any In-Transit Inventory (as defined in the Inventory Procedures Schedule).

[***].

" Indebtedness " of any Person means, without duplication, (a) indebtedness of such Person for borrowed money, including the principal, accreted value, accrued and unpaid interest, unpaid fees or expenses and other monetary obligations or other interest-bearing indebtedness, whether current or funded, secured or unsecured, and including the drawn amount of any letter of credit supporting the repayment of indebtedness for borrowed money issued for the account of such Person and obligations under such letters of credit relating to the issuance of letters of credit or acceptance financing; (b) obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) obligations of such Person to pay the deferred purchase price of property or services (including obligations that are non-recourse to the credit of such Person but are secured by the assets of such Person, but in all cases excluding trade accounts payable); (d) obligations of such Person as lessee under capital leases and obligations of such Person in respect of synthetic leases, in each case which leases are required to be capitalized under GAAP; (e) obligations of such Person under any hedging arrangement; (f) obligations of such Person under direct or indirect guaranties in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above; and (g) indebtedness or obligations of others of the kinds referred to in clauses (a) through (f) secured by any Lien on or in respect of any property of such Person.

" Indemnification Claim " means any actual, specific claim in respect of which payment may be sought under ARTICLE VIII of this Agreement.

" Independent Accountant " means a nationally-recognized independent accounting firm as may be mutually agreed by the Parties; provided, that, if the Parties cannot agree within five (5) Business Days of such notice of unavailability on a single accounting firm to serve as the Independent Accountant, then Seller and Purchaser will each nominate a nationally recognized accounting firm, and both such Purchaser and Seller nominated accounting firms shall select a third, nationally recognized accounting firm to serve as the Independent Accountant.

" Intellectual Property " means any and all (i) copyrighted works and all applications, registrations, and renewals in connection therewith, (ii) inventions (whether or not patentable), trade secrets, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (iii) trade names, trademarks, service marks, and trade dress, including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, and (iv) domain names.

" IRS " means the United States Internal Revenue Service.

" Issuer Disclosure Schedule " means the Issuer Disclosure Schedule provided by Issuer to the Seller on the date hereof.

" Issuer Stock " means Common Stock and Preferred Stock.

" Knowledge " means, with respect to Seller, the actual knowledge of [***], or the knowledge that any such Person would have had if he or she had made a due inquiry of such Person's direct reports.

" Law " means any statute, law, ordinance, regulation, rule, code, Order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

" Legal Proceeding " means claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity, by or before a Governmental Authority or arbiter.

" Liabilities " means any debt, liability, claim, obligation, damage, Tax, penalty, fine, loss, cost, expense or commitment of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, liquidated or unliquidated, joint or several, secured or unsecured, vested or unvested or otherwise.

" Lien " means any lien (statutory or otherwise), pledge, mortgage, deed of trust, deed to secure debt, deposit arrangement, conditional sales Contract, security interest, charge, claim, easement, encroachment, right-of-way, assessment, levy, community property interest, condition, equitable interest, option, consignment, option, reservation, possibility of reversion, right of first refusal or other encumbrance or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

" Logistics and Retail Assets " means any assets and properties related to Seller's and its Affiliates logistics business and / or retail business, including (i) the conventional buoy mooring system located offshore (including the related pipelines), (ii) pipelines used to transport hydrocarbons in and out of the Refinery Units, (iii) bulk storage tank assets, (iv) administrative buildings, (v) Honolulu product pipelines and related export system, (vi) the LPG storage area and truck/pipeline network, (vii) the administrative buildings, (viii) the HTM / HTT facility, (ix) the neighbor island terminals, and (x) any vehicles.

" Losses " means all damages, losses, claims, liabilities, demands, charges, suits, penalties, interest, awards and expenses (including reasonable attorneys' and other professionals' fees and disbursements).

" Maximum Hydrocarbon Adjustment Amount " means [***].

" Net Prorated Amount " means an amount equal to (i) the sum of all Prorated Expenses paid by Seller and its Affiliates with respect to the Topping Operations that are attributable to periods after the Closing, minus (ii) the sum of all Prorated Expenses paid by Purchaser and its Affiliates (including the Company) with respect to the Topping Operations after the Closing that are attributable to periods prior to the Closing, plus (iii) the sum of all Prorated Assets held or received by Purchaser and its Affiliates (including the Company) with respect to the Topping Operations after the Closing and are attributable to periods prior to the Closing, minus (iv) the sum of all Prorated Assets held or received by Seller and its Affiliates with respect to the Topping Operations that are attributable to periods after the Closing, in each case which have not previously been paid over to the other Party and calculated in a manner consistent with the provisions of Section 2.3 (for the avoidance of doubt, the Net Prorated Amount may be a positive or negative number).

" Non-Hydrocarbon Inventory " means all inventory of the Refinery Operations agreed between the Parties to constitute Non-Hydrocarbon Inventory, including the inventory agreed between the Parties from among the following categories: items described as warehouse stock (Cooling Tower/Flares, HECO Tank Farm, Electrical Distribution Facilities, Effluent Treating, Buildings, Office & Lab, Crude Unit, Boiler, H20 Treating, Caustic and Ammonia, Foul Water Oxidizer, Acid Plant & Sulphur Handling Facilities, and Cogeneration Plant), rotating stock, and the discretionary stock (Atmosphere ovhd Exchanger (Crude Unit)) in the books and records of Seller; provided, however, that Purchaser shall not acquire Non-Hydrocarbon Inventory having an aggregate book value attributable to such inventory in excess of $[***] (unless otherwise agreed to in writing by the Parties).

[***]

" Operations Protocol " means the operations protocols in respect of the illustrative operations protocol categories set forth and described in Annex A to the Services Agreement and Exhibit M to the Terminalling Agreement.

" Order " means any order, injunction, judgment, decree, determination, ruling, writ, assessment or arbitration or other award of a Governmental Authority.

" Ordinary Course of Business " means the ordinary and usual course of business of a Person and its Subsidiaries consistent with past practices.

" Owner's Affidavit " means the owner's affidavit attached as Exhibit G .

[***]

" Permits " means any approvals, authorizations, consents, licenses, permits or certificates of a Governmental Authority.

" Permitted Liens " means (i) all Liens disclosed in policies of title insurance (owner's or lender's) provided by Seller to Purchaser, (ii) Liens imposed by Law, including, without limitation, zoning, entitlements and other land use and environmental regulations by any Governmental Authority, (iii) Liens for Taxes, assessments or other governmental charges not yet due, payable or delinquent (or which may be paid without interest or penalties) or the amount or validity of which is being contested in good faith by appropriate proceedings for which adequate reserves required by GAAP have been established; (iv) mechanics', carriers', workers', repairers' and similar Liens arising or incurred in the Ordinary Course of Business or the amount or validity of which is being contested in good faith by appropriate proceedings for which adequate reserves required by GAAP have been established, and only to the extent that such Liens do not or would not reasonably be expected to materially impair the continued use and operation of the asset to which such Liens relate in the Ordinary Course of Business; (v) pledges, deposits or other Liens to the performance of bids, trade contracts (other than for borrowed money), leases or statutory obligations (including, workers' compensation, unemployment insurance or other social security legislation, but excluding Liens for Taxes), and only to the extent that such Liens do not or would not reasonably be expected to materially impair the continued use and operation of the asset to which such Liens relate in the

Ordinary Course of Business; (vi) survey exceptions and matters as to the Seller Real Property that are disclosed by any survey of such Seller Real Property provided by Seller to Purchaser; (vii) title of a lessor under a capital or operating lease; (ix) with respect to the Seller Real Property and the SPM Property, those matters specifically set forth on Section 13.1(a)(iv) of the Seller Disclosure Schedule or any of Section 4.11 (including subsections thereof) of the Seller Disclosure Schedule; and (x) with respect to the Seller Real Property and the SPM Property, any other Lien to the extent that such Liens do not or would not reasonably be expected to materially impair the continued use and operation of such Transferred Real Property in the Ordinary Course of Business.

" Person " means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

" Personal Data " means any data relating to an identified or identifiable natural person.

" Pre-Closing Period " means any taxable period ending on or before the Closing Date and the portion of a Straddle Period beginning before the Closing Date and ending on the Closing Date.

" Product Liability Claim " means any product liability or similar claim for injury to a Person or property (i) which arises out of or is based upon any express or implied representation, warranty, agreement or guaranty made by Seller, or (ii) by reason of the improper performance or malfunctioning of a product, improper design or manufacture, failure to adequately package, label or warn of hazards or other related product defects of any products manufactured or sold by Seller.

" Prorated Assets " means all revenues, Accounts Receivable and other amounts which are treated as current assets under GAAP.

" Prorated Expenses " means all operating expenses, overhead, other expenses of any kind or nature treated as current liabilities under GAAP which are attributable to the ownership or operation of the Topping Operations or the Transferred Assets.

" Records " means any files, records, documentation, reports, notices, correspondence, orders, inquires, drawings, plans, books of account, data and other written information assembled or created in the Ordinary Course of Business.

" Refinery " means that certain petroleum refinery located at the Campbell Industrial Park in Kapolei, Hawaii.

" Refinery Access Agreement " means the mutual access agreement to be entered into as of the Closing, pursuant to the term sheet attached hereto as Exhibit D, which provides, among other matters, for non-exclusive access at all times (24 hours a day, 7 days a week) in, over, under and/or across specified portions of the Retained Real Property, Transferred Real Property and the SPM Property as set forth therein for any and all purposes set forth therein necessary in connection with Purchaser's or the Company's conduct of the Topping Operations at the Refinery and Seller's

conduct of its other business and operations at such real property, including without limitation access set forth therein to such pipelines and other conduits for the transit of product owned by Purchaser or the Company to and from the Transferred Real Property and access set forth therein for vehicles and personnel to and from the Transferred Real Property, in each case subject to the terms and conditions of such agreement.

" Refinery Operations " means the Seller's conduct of the business of owning and/or operating the Refinery Units.

" Refinery Property Lease " means the lease providing for the use of and access to, and other terms with respect to, the Transferred Real Property to be entered into as of the Closing, pursuant to the term sheet attached hereto as Exhibit C .

" Refinery Units " means all of the refinery units associated with the Refinery.

" Registration Rights Agreement " means the registration rights agreement as attached hereto on Exhibit H .

" Release " means any emission, spill, seepage, leak, escape, leaching, discharge, injection, pumping, pouring, emptying, dumping, disposal, migration, threatened release, or release of Hazardous Materials from any source into, through or upon the indoor or outdoor environment.

" Remediation " means any investigation, clean-up, removal action, remedial action, restoration, repair, response action, corrective action, abatement, monitoring, sampling and analysis, installation, reclamation, closure, or post-closure in connection with the presence or Release of Hazardous Materials.

" Retained Refinery Units " means all of the Refinery Units other than the Topping Units.

" SEC " means the U.S. Securities and Exchange Commission.

" SEC Reports " means all forms, reports, registration statements, definitive proxy statements, schedules and other materials with the SEC required to be filed by Issuer pursuant to the Securities Exchange Act of 1934, as amended, or other federal securities Laws since January 1, 2017.

" Securities Act " means the Securities Act of 1933, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

" Seller Benefit Plan " means any pension, retirement, profit sharing, deferred compensation, stock option, employment contract, severance, vacation, bonus or other policy, plan or program or fringe benefit including "employee benefit plans" within the meaning of ERISA Section 3(3) including, without limitation, any multiemployer plan, and all Benefit Plans to which Seller or any of its ERISA Affiliates contributes to or could have any Liability or obligation, direct or indirect.

" Seller Names and Marks " means the names Island Energy Services, IES Downstream, IES and Island Energy, together with all variations and acronyms thereof and all trade names, trademarks, service marks, brands, logos, emblems, identifying symbols, and Internet domain names related thereto or containing, incorporating, associated with, or comprising any of the foregoing, including any transliterations thereof or any name or mark confusingly similar thereto.

" Seller Officers and Directors " means those individuals identified as "Seller Officers and Directors" on Section 13.1(a)(v) of the Seller Disclosure Schedule.

" Seller Taxes " means any and all (a) Taxes relating to the Refinery Operations, Transferred Assets, Assumed Liabilities, and/or Company for any Pre-Closing Periods, (b) Taxes of Seller or any Affiliate of Seller for any taxable period (other than Transfer Taxes as set forth herein), (c) Taxes of any affiliated, consolidated, combined, unitary, or other similar group of which Company is or was a member prior to the Closing Date, (d) Taxes of any Person imposed on or for which Company is otherwise obligated as a result of any Tax sharing or allocation agreement or arrangement entered into on or prior to the Closing Date, (e) Taxes of any Person imposed on Company as a transferee or successor, by contract or otherwise as a result of an event occurring on or prior to the Closing Date or pursuant to the Transactions contemplated in this Agreement, and (f) Straddle Period Taxes allocated to Seller pursuant to Section 11.3 .

" Services Agreement " means the services agreement in the form attached as Exhibit B .

" Straddle Period " means any taxable period beginning on or before the Closing Date and ending after the Closing Date.

" Subsidiary " means any Person of which a majority of the outstanding share capital, voting securities or other equity interests are owned, directly or indirectly, by another Person.

" Tax " or " Taxes " means (a) all federal, state, local or foreign taxes, including all net income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, equity, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative, add-on minimum, estimated, or other taxes, customs duties, fees, imposts, levies, assessments, and similar charges of any kind whatsoever, together with any interest, penalty or addition with respect thereto (and any interest with respect to any such penalty or addition), and (b) any item described in clause (a) imposed by reason of Contract, transferee or successor liability, assumption, operation of Law, or otherwise.

" Tax Proceeding " means any claim, assessment, audit, administrative proceeding, judicial proceeding, investigation or other similar event or activity with respect to Taxes of Company, or with respect to the Transferred Assets or Refinery Operations or that constitute any Transfer Taxes.

" Tax Return " means any return, declaration, report, claim for refund or information return or statement or attachment thereto, and including any amendment thereof required to be filed with a Taxing Authority in respect of any Taxes.

" Taxing Authority " means the IRS or any governmental agency, board, bureau, body, department or authority having or purporting to exercise jurisdiction with respect to any Tax.

" Terminalling Agreement " means the terminalling agreement in the form attached as Exhibit E .

" Thirty-Day VWAP " means of $17.4317.

" Title Companies " or " Title Company " (as applicable) means Title Guaranty of Hawaii, Inc. and First American Title Company.

" Topping Operations " means the Seller and Company's use of the Transferred Assets to conduct the business of owning and/or operating the Topping Units.

" Transaction Agreements " means this Agreement and the Ancillary Agreements.

" Transactions " means the transactions contemplated by this Agreement and the other Transaction Agreements.

" Transfer Taxes " means all sales, use, transfer, recording, filing, value added, ad valorem, privilege, documentary, gross receipts, registration, conveyance, excise, license, stamp or similar Taxes and notarial or other similar fees arising out of, in connection with or attributable to the Transactions effectuated pursuant to this Agreement; provided that Transfer Taxes shall not include Taxes on or measured by net income or Taxes on capital gains.

" Transferable Permits " means all Permits set forth on Section 13.1(a)(vi) of the Seller Disclosure Schedule held by Seller or its Affiliates that relate to and are necessary for the ownership and operation of the Topping Operations and that are transferable to Purchaser by Seller or its Affiliates, as applicable, under the terms thereof and applicable Law, in each case, other than the Excluded Permits.

" Transferred Records " means the Records in possession of Seller that relate exclusively to the Topping Operations, in each case other than Excluded Records.

" Transition Terminalling Agreement " means an agreement that provides for, among other things, (i) the use of Seller's terminals for the storage of crude oil imported by Purchaser prior to Closing and (ii) the supply of crude oil by Purchaser to Seller pursuant to a "back-to-back" arrangement from the period commencing approximately ninety (90) days from the date of this Agreement until the earlier of Closing or, in the event of this Agreement is terminated, a mutually agreed upon transition period following such termination; provided that such supply of crude oil shall be based upon the term sheet attached hereto as Exhibit J .

" Union Employee " means any Business Employee who is a member of any union, labor organization, employee association or other similar organization.

" WARN Act " means the Worker Adjustment and Retraining Notification Act of 1988, as amended.

(b) Terms Defined Elsewhere in this Agreement . For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

Accounts Receivable	Section 1.2(a)(iv)
Acquisition Engagement	Section 12.12(a)
Agreement	Preamble
Allocation	Section 11.2(d)
Allocation Objection Notice	Section 11.2(b)
Assumed Liabilities	[***]
Base Price	Section 2.1
Business Employees	Section 7.11(a)
Cash Purchase Price	Section 2.1
Casualty	Section 7.6(a)
Claim Notice	Section 10.3(a)
Closing	Section 3.1
Closing Adjustment Amount	Section 2.6(a)
Closing Date	Section 3.1
Closing Date Conditions	Section 7.4(a)
Closing Hydrocarbon Inventory Value	Section 2.3
Closing Net Prorated Amount	Section 2.4
Closing Non-Hydrocarbon Inventory Value	Section 2.3
Closing Notices	Section 7.4(a)
Closing Payment	Section 2.2
Closing Statement	Section 2.6(a)
Common Stock	Section 2.1
Company	Preamble
Company Interests	Recitals
Company Parties	Section 12.12(a)
Confidentiality Agreement	Section 7.9
Consent Decree	Section 7.16
Contribution	Section 1.5
Credit Support Arrangements	Section 7.15
Deductible	Section 10.2(c)
Delaware Courts	Section 12.3
Disputed Closing Adjustment Amount	Section 2.6(b)(ii)
Dispute Period	Section 10.3(b)
Employee List Date	Section 7.11(c)

Environmental Reports	Section 7.17
Escrow Account	Section 3.4(c)
Escrow Fund	Section 2.8(a)
Escrow Release Amount	Section 10.5
Estimated Closing Adjustment Amount	Section 2.5
Estimated Closing Statement	Section 2.4
Excluded Assets	Section 1.2(a)
Excluded Liabilities	[***]
Expiration Date	[***]
[***]	
Governmental Approval	Section 4.3(b)
Inadvertently Included Asset	Section 7.20(a)(i)
Inadvertently Omitted Asset	Section 7.20(a)(ii)
Indemnified Parties	[***]
Indemnifying Party	Section 10.3(a)
Initial Escrow Release Amount	Section 10.5
Insurance Policies	Section 4.17
Inventory Procedure Schedule	Section 2.3
Issuer	Preamble
Labor Agreements	Section 4.15(a)
Law Firm	Section 12.12(a)
Material Contracts	Section 4.13(a)
Material Customers	Section 4.19(a)
Material Permits	Section 4.9(c)
Material Supplier	Section 4.19(b)
[***]	
Objection Notice	Section 2.6(b)(ii)
Par Pacific Base Shares	Section 2.1
Par Pacific Inventory Shares	Section 2.2
Par Pacific Shares	Section 2.2
Parties	Preamble
Party	Preamble
Pending Claims	Section 10.5
Preferred Stock	Section 6.5
Property Taxes	Section 11.3
Proposed Allocation	Section 11.2(a)
Prorated Payments and Assets	Section 2.4
Purchase Price	Section 2.1
Purchaser	Preamble
Purchaser Closing Notice	Section 7.4(a)
[***]	
Repair Costs	Section 7.6(b)(i)
Repair Cost Dispute	Section 7.6(b)(iii)

Repair Cost Negotiation Period	Section 7.6(b)(ii)
Required Permits	Section 8.2(d)
Retained Real Property	[***]
Seller	Preamble
Seller Disclosure Schedule	ARTICLE IV
[***]	
Seller Real Property	[***]
Separation Activities	Section 7.4(a)
Separation Criteria	Section 7.4(a)
Separation Dispute	Section 7.4(b)
Settlement	Section 10.3(b)
Specified Contract Schedule	Section 7.14
Specified Contracts	Section 7.14
SPM Property	[***]
Straddle Period Taxes	Section 11.3
[***]	
Third Party Claim	Section 10.3(a)
Title IV Plan	Section 4.14(b)
Topping Units	Recitals
Transferred Assets	Section 1.1(a)
Transferred Real Property	[***]

13.2 Certain Interpretive Matters . Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(a) Calculation of Time Periods . When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(b) Dollars . Any reference in this Agreement to "$" or dollars shall mean US dollars.

(c) Exhibits/Schedules . The Exhibits and Schedules to this Agreement are an integral part of this Agreement and are hereby incorporated herein and made a part hereof as if set forth herein. Any capitalized terms used in any Seller Disclosure Schedule or other Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement. Any disclosure set forth in one section of the Seller Disclosure Schedule shall apply to (A) the representations and warranties or covenants contained in the Section of this Agreement to which it corresponds in number, (B) any representation and warranty or covenant to which it is referred by cross reference, and (C) any other representation or warranty or covenant to the extent it is readily apparent on its face that such disclosure is intended to qualify such representation or warranty or covenant. Unless this Agreement specifically provides otherwise, no reference to or disclosure of

any item or other matter in the Seller Disclosure Schedule shall be construed as an admission or indication that such item or other matter is material (nor shall it establish a standard of materiality for any purpose whatsoever) or that such item or other matter is required to be referred to or disclosed in the Seller Disclosure Schedule. The information set forth in the Seller Disclosure Schedule is disclosed solely for the purposes of this Agreement, and no information set forth therein shall be deemed to be an admission by any Party to any third party of any matter whatsoever, including any violation of Law or breach of any Contract. The Seller Disclosure Schedule and the information and disclosures contained therein are intended only to qualify and limit the representations, warranties and covenants of Seller contained in this Agreement. Nothing in the Seller Disclosure Schedule is intended to broaden the scope of any representation or warranty contained in this Agreement or create any covenant. Matters reflected in the Seller Disclosure Schedule are not necessarily limited to matters required by the Agreement to be reflected in the Seller Disclosure Schedule. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. References to any documents contained in the Seller Disclosure Schedule are not intended to summarize or describe such documents, but rather are for convenience only.

(d) Gender and Number . Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

(e) Headings . The provision of the Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any " Article ", " Section " or other subdivision are to the corresponding Article, Section or other subdivision of this Agreement unless otherwise specified.

(f) Herein . The words such as " herein ," " hereinafter ," " hereof ," " hereunder " and " hereto " refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires.

(g) Including . The word " including " or any variation thereof means " including ", " without limitation " and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(h) Made Available . An item shall be considered " made available " or " provided " to a Party hereto, to the extent such phrase appears in this Agreement, if (and only if) such item has been (i) provided in writing (including via electronic mail) or delivered in person to such Party or its counsel (including any "clean team" member) or (ii) posted by Seller or its representatives in the Data Room prior to the Data Room Cutoff Time.

(i) Reflected On or Set Forth In . An item arising with respect to a specific representation or warranty shall be deemed to be " reflected on " or " set forth in " a balance sheet or financial statements, to the extent any such phrase appears in such representation or warranty, if (A) there is a reserve, accrual or other similar item underlying a number on such balance sheet or financial statements that related to the subject matter of such representation, (B) such item is

otherwise specifically set forth on the balance sheet or financial statements, or (C) such item is reflected on the balance sheet or financial statements and is specifically set forth in the notes thereto.

(j) Joint Negotiation and Drafting . The Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

[Remainder of Page Intentionally Left Blank]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

IES DOWNSTREAM, LLC

By: /s/ Tony W. Lee
Name: Tony W. Lee
Title: Secretary and Treasurer

[Signature Page to Topping Unit Purchase Agreement]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

EAGLE ISLAND, LLC

By: /s/ Tony W. Lee
Name: Tony W. Lee
Title: Secretary and Treasurer

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

IES DOWNSTREAM, LLC

By:_____
Name:
Title:

EAGLE ISLAND, LLC

By:_____
Name:
Title:

PAR HAWAII REFINING, LLC

By: /s/William Monteleone
Name: William Monteleone
Title: Chief Financial Officer

FOR THE LIMITED PURPOSES SET FORTH HEREIN,
THE ISSUER

PAR PACIFIC HOLDINGS, INC.

By: /s/William Monteleone
Name: William Monteleone
Title: Chief Financial Officer

EXECUTION VERSION

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

UNIT PURCHASE AGREEMENT

THIS UNIT PURCHASE AGREEMENT (this " Agreement ") is made and entered into as of October 18, 2018, by and among Laramie Energy, LLC, a Delaware limited liability company (the " Company "), EnCap Energy Capital Fund VI, L.P., a Texas limited partnership (" Fund VI "), and EnCap Energy VI-B Acquisitions, L.P., a Texas limited partnership (" Fund VI-B ", and together with Fund VI, " Sellers ", and each, a " Seller ").

RECITALS:

A. The Company was formed in May 2012 and is principally engaged in the business of owning and operating oil and gas and related assets in the Piceance Basin. The Company's capital structure includes a class of membership interests denoted and defined in the Amended Company Agreement (as defined herein) as "Class A Units" (such Class A Units being herein called " Company Class A Units ").

B. Laramie Energy II, LLC, a Delaware limited liability company (" Laramie II "), was formed in June 2007. Laramie II's capital structure includes a class of membership interests denoted and defined in the Laramie II LLC Agreement (as defined herein) as "Class A Units" (such Class A Units being herein called " Laramie II Class A Units ").

C. Laramie II is a member of the Company and owns 344,519 Company Class A Units.

D. Sellers are members of Laramie II. Fund VI owns 796,763.7 Laramie II Class A Units and Fund VI-B owns 436,133.8 Laramie II Class A Units.

E. Each Seller, on the one hand, and the Company and Laramie II, on the other hand, deem it in their mutual best interests for such Seller to sell, and for the Company to purchase and redeem, such Seller's respective direct and indirect interests in Laramie II and the Company.

F. To effectuate the transaction contemplated in Paragraph E above and for other good and valid reasons:

First , Laramie II will be voluntarily dissolved by its board of managers, and the business and affairs of Laramie II will be wound up in accordance with Article X of the Laramie II LLC Agreement and Section 18-801, *et seq.* , of the Delaware Limited Liability Company Act, as amended (the " Dissolution "). As part of the Dissolution, Laramie II will distribute to each of its members (including Fund VI and Fund VI-B) its respective allocable share of the assets of Laramie II, including the Company Class A Units and cash on hand. In connection therewith, Laramie II will distribute 138,795 Company Class A Units to the Sellers in the aggregate (such Company Class A Units, the " Subject Units "), with Fund VI receiving 89,697 Company Class A Units and Fund VI-B receiving 49,098 Company Class A Units, respectively.

Second , each Seller will sell to the Company, and the Company will purchase and redeem, such Seller's Subject Units pursuant to this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and agreements contained herein, the parties hereto do hereby agree as follows:

1. Defined Terms . When used in this Agreement, the following terms shall have the meanings assigned to them below:

" 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.

" Agreement " has the meaning assigned to it in the preamble.

" Amended Company Agreement " means the Third Amended and Restated Limited Liability Company Agreement for the Company dated as of February 22, 2016, as amended by (i) Amendment No. 1 to Third Amended and Restated Limited Liability Company Agreement dated as of February 28, 2018, and (ii) Amendment No. 2 to Third Amended and Restated Limited Liability Company Agreement dated as of the date hereof.

[***]

" Assignment of Membership Units " means the assignment and assumption of membership units in the form attached hereto as Exhibit A .

" Board Member " has the meaning set forth in the Amended Company Agreement.

" Closing " has the meaning assigned to it in Section 2 .

" Closing Date " means the date on which the Closing occurs.

" Company " has the meaning assigned to it in the preamble.

" Company Class A Units " has the meaning assigned to it in Recital A .

" 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.

" Dissolution " has the meaning assigned to it in Recital F .

" Former Board Designee " means any person designated to serve (and who did serve) as a Board Member prior to Closing, including any Board Members designated by Sellers.

" Fund VI " has the meaning assigned to it in the preamble.

" Fund VI-B " has the meaning assigned to it in the preamble.

" 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).

" Laramie II " has the meaning assigned to it in Recital B .

" Laramie II Class A Units " has the meaning assigned to it in Recital B .

" Laramie II LLC Agreement " means the Limited Liability Company Agreement of Laramie II dated as of June 8, 2007, as amended by Amendment No. 1 to Limited Liability Company Agreement dated as of February 1, 2012, as further amended by Amendment No. 2 to Limited Liability Company Agreement dated as of August 31, 2012, and as further amended by Amendment No. 3 to Limited Liability Company Agreement dated as of March 9, 2015.

" 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).

" Mutual Release " means the General Mutual Release substantially in the form attached hereto as Exhibit B in all material respects.

" Organizational Documents " means when used (i) with respect to the Company, the Company's certificate of formation and the Amended Company Agreement, as may be further amended or restated from time to time; and (ii) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, limited liability company, 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.

" 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.

" Purchase Price " has the meaning assigned to such term in Section 2 .

" Sellers " and " Seller " have the meanings assigned to them in the preamble.

" Subject Units " has the meaning assigned to such term in Recital F .

" 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.

" Unit " has the meaning set forth in the Amended Company Agreement.

" Wells Fargo Member " has the meaning set forth in the Amended Company Agreement.

2. Purchase and Sale of Subject Units . The closing of the transactions contemplated herein (the " Closing ") shall occur within five business days after the conditions precedent set forth in Section 5 have been satisfied or waived by the appropriate party. At Closing, each Seller shall sell to the Company, and the Company shall purchase and redeem from each Seller, such Seller's Subject Units, free and clear of any Liens, for an aggregate purchase price of [***] (the " Purchase Price "), apportioned between the Sellers as follows:

[***]

There shall be no prorations to the Purchase Price for the Subject Units or other adjustments with respect to any individual assets or liabilities of the Company or capital accounts of the other members as of the Closing Date.

3. Representations and Warranties of the Company . The Company hereby represents and warrants to Sellers 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 limited liability company 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.

(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 Organizational Documents of the Company; (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 (including the Credit Facility), 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 generally; and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(d) 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 material tax assessment against the Company. 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.

The Company is, and at all times since its inception has been, properly classified as a partnership for U.S. income tax purposes.

(e) Disclosure. None of the representations and warranties contained herein or in any certificate, instrument or writing furnished to Sellers by or on behalf of the Company in connection with the Closing intentionally contains an untrue statement of material fact or intentionally omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

4. Representations and Warranties of Sellers. Each Seller, with respect to itself only and not the other Seller, hereby severally (and not jointly or jointly and severally) represents and warrants to the Company that:

(a) Existence, Qualification and Power; Compliance with Laws. Such Seller (i) is duly organized, validly existing and in good standing under the Laws of the State of Texas; (ii) has all requisite limited partnership power and authority to 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 the conduct of its business requires such qualification.

(b) Authority.

(i) Such Seller has full partnership power and authority to enter into and perform its obligations under this Agreement; and

(ii) This Agreement (A) has been duly authorized, executed and delivered by a Person authorized to do so on behalf of such Seller; and (B) constitutes the legal, valid and binding obligations of such Seller enforceable against such Seller in accordance with its terms, except as may be affected (1) by bankruptcy, insolvency, moratorium, reorganization and other similar Laws and judicial decisions affecting the rights of creditors generally and (2) by general principles of equity and public policy (regardless of whether considered at Law or in equity).

(c) Laramie II Class A Units; Subject Units.

(i) Immediately prior to the Dissolution, such Seller owns record and beneficial title to the Laramie II Class A Units specified for such Seller in Paragraph D of the Recitals hereto, free and clear of all Liens, other than the terms and provisions of the Laramie II LLC Agreement and restrictions on transfer that may be imposed by U.S. Federal or state securities laws.

(ii) After the Dissolution and at Closing and subject to the proviso below, such Seller owns record and beneficial title to such Seller's Subject Units, free and clear of all Liens, other than the terms and provisions of the Amended Company Agreement and restrictions on transfer that may be imposed by U.S. Federal or state

securities laws; provided, however, that in making the foregoing representation and warranty, such Seller has assumed that Laramie II had not at any time sold, transferred, assigned, pledged or otherwise subjected to a Lien, all or any portion of the Company Class A Units held by Laramie II, other than the distribution of Company Class A Units contemplated by Paragraph F of the Recitals hereto.

(d) Disclosure . None of the representations and warranties contained herein or in any certificate, instrument or writing furnished to the Company by or on behalf of Sellers in connection with the Closing intentionally contains an untrue statement of material fact or intentionally omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5. Closing Conditions to Purchase and Redemption of Subject Units .

(a) The Company's obligation to purchase and redeem the Subject Units from Sellers in exchange for payment of the Purchase Price is subject to the satisfaction or waiver by the Company of the conditions contained in this Section 5(a) :

(i) The Dissolution of Laramie II shall have occurred and each Seller shall have received from Laramie II its respective Subject Units and allocable share of cash on hand as referenced in Recital F .

(ii) The representations and warranties of Sellers contained in this Agreement shall be true and correct in all material respects.

(iii) Sellers shall have executed and delivered the Assignment of Membership Units to the Company.

(iv) Sellers shall have executed and delivered the Mutual Release to the Company.

(v) The Company shall have received executed waivers of "tag-along" or other Unit transfer or participation rights or restrictions, if any, held by members of the Company (exclusive of Sellers) or other third parties, including the Senior Lenders under the Credit Facility.

(vi) Each person currently a Board Member and designated by Sellers to serve in such capacity shall have executed and delivered a letter evidencing such person's resignation from the board of managers of the Company.

(vii) Each person currently a member of the board of managers of Laramie II and designated by Sellers to serve in such capacity shall have executed and delivered a letter evidencing such person's resignation from such board.

(b) Sellers' obligation to sell and transfer the Subject Units to the Company in exchange for receipt of the Purchase Price is subject to the satisfaction or waiver by Sellers of the conditions contained in this Section 5(b) :

(i) The Dissolution of Laramie II shall have occurred and each Seller shall have received from Laramie II its respective Subject Units and allocable share of cash on hand as referenced in Recital F .

(ii) The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects.

(iii) The Company shall have executed and delivered the Assignment of Membership Units to Sellers.

(iv) The Company shall have executed and delivered the Mutual Release to Sellers.

6. Public Disclosure . Any public announcements regarding the terms of this Agreement, the Dissolution or the transactions contemplated hereby and thereby shall be made only with the mutual consent of Sellers and the Company, which consent shall not be unreasonably withheld or delayed, except as may be required, and to the extent required, by applicable Law.

7. Exculpation and Indemnification Provisions . The Company agrees that after the Closing, (i) the exculpation and indemnification provisions set forth in Section 5.7 of the Amended Company Agreement shall continue as to any Former Board Designee and, to the extent permissible thereunder, shall inure to the benefit of the heirs, executors and administrators of such Former Board Designee and (ii) no amendment or repeal of the exculpation and indemnification provisions set forth in Section 5.7 of the Amended Company Agreement which adversely affects the rights of any Former Board Designee under such provisions with respect to the acts or omissions of such Former Board Designee in his capacity as a Board Member prior to such amendment or repeal shall be effective without the prior written approval of such Former Board Designee. The Company also agrees that it will use its reasonable best efforts to include a Former Board Designee as a covered person under any directors and officers liability insurance policy carried by the Company after the Closing.

8. Survival of Agreements . All covenants, agreements, representations and warranties made in this Agreement, or any certificate or instrument delivered by any party pursuant to or in connection with this Agreement, shall survive indefinitely the execution and delivery of this Agreement, and all statements contained in any certificate or other instrument delivered by any party hereunder or thereunder or in connection herewith or therewith shall be deemed to constitute representations and warranties made by the Company or Sellers, respectively.

9. Parties In Interest . All representations, warranties, covenants and agreements contained in this 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. 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.

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 consummation of the transactions contemplated hereby.

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, together with the certificates, documents, instruments and writings that are delivered pursuant hereto, 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.

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 facsimile or an 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 Page Follows]

LARAMIE ENERGY, LLC

By: /s/ Robert S. Boswell
Name: Robert S. Boswell
Title: Chairman and Chief Executive Officer

ENCAP ENERGY CAPITAL FUND VI, L.P.

By: EnCap Equity Fund VI GP, L.P., its General Partner

By: EnCap Investments L.P., its General Partner

By: EnCap Investments GP, L.L.C., its General Partner

By: /s/ D. Martin Phillips
Name: D. Martin Phillips
Title: Managing Partner

ENCAP ENERGY VI-B ACQUISITIONS, L.P.

By: EnCap VI-B Acquisitions GP, LLC, its General Partner

By: EnCap Energy Capital Fund VI-B, L.P., its Sole Member

By: EnCap Equity Fund VI GP, L.P., its General Partner

By: EnCap Investments L.P., its General Partner

By: EnCap Investments GP, L.L.C., its General Partner

By: /s/ D. Martin Phillips
Name: D. Martin Phillips
Title: Managing Partner

SECOND AMENDMENT AND LIMITED WAIVER

TO

LOAN AND SECURITY AGREEMENT

among

PAR PETROLEUM, LLC
PAR HAWAII, INC.,
MID PAC PETROLEUM, LLC,
HIE RETAIL, LLC,
HERMES CONSOLIDATED, LLC, and
WYOMING PIPELINE COMPANY LLC
as Borrowers,

Certain Subsidiaries of the Borrowers,
as Guarantors,

BANK OF AMERICA, N.A.,
as Administrative Agent

and

the Lenders Party Hereto

Dated as of October 16, 2018

THIS SECOND AMENDMENT AND LIMITED WAIVER TO LOAN AND SECURITY AGREEMENT (this " ***Second Amendment*** "), dated as of October 16, 2018, is by and among PAR PETROLEUM, LLC, a Delaware limited liability company (the " ***Company*** "), PAR HAWAII, INC., a Hawaii corporation (" ***PHI*** "), MID PAC PETROLEUM, LLC, a Delaware limited liability company (" ***Mid Pac*** "), HIE RETAIL, LLC, a Hawaii limited liability company (" ***HIE*** "), HERMES CONSOLIDATED, LLC (d/b/a Wyoming Refining Company), a Delaware limited liability company (" ***Hermes*** "), and WYOMING PIPELINE COMPANY LLC, a Wyoming limited liability company (" ***WPC*** " and collectively, with the Company, PHI, Mid Pac, HIE, and Hermes, " ***Borrowers*** "), the Guarantors party hereto, the Lenders party hereto and BANK OF AMERICA, N.A., a national banking association, as administrative agent and collateral agent for the Lenders (in such capacity, " ***Agent*** ").

RECITALS:

A. The Borrowers, the Guarantors, the Lenders and the Agent are parties to that certain Loan and Security Agreement dated as of December 21, 2017 (as amended by that certain First Amendment to Loan and Security Agreement, dated as of April 3, 2018, and that certain Increase Agreement, dated as of July 24, 2018, and as amended, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the " ***Existing Agreement*** "; the Existing Credit Agreement as amended hereby and as may be amended, amended and restated, supplemented or otherwise modified from time to time, the " ***Credit Agreement*** "), pursuant to which the Lenders have made certain credit available to and on behalf of the Borrowers.

B. The Borrowers, the Guarantors, the Lenders and the Agent desire to amend certain provisions of the Existing Credit Agreement and the Borrowers have requested that the Lenders waive any Event of Default arising from the failure to comply with Section 10.1.2(j) as more fully described herein.

C. NOW, THEREFORE, to induce the Agent and the Lenders to enter into this Second Amendment and in consideration of the promises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms . Each capitalized term used herein but not otherwise defined herein has the meaning given such term in the Credit Agreement, as amended by this Second Amendment (unless otherwise indicated). Unless otherwise indicated, all section references in this Second Amendment refer to sections of the Credit Agreement.

Section 2. Limited Waiver .

2.1 On or around August 21, 2018, the chief executive office of the Borrower and Guarantors moved to 825 Town & Country Lane, Suite 1500, Houston, Texas 77024. The Borrowers failed to timely deliver prior written notice of this change to the Agent, as required by Section 10.1.2(j) of the Credit Agreement (the " ***Specified Default*** ").

2.2 In reliance on the representations, warranties, covenants and agreements contained in this Second Amendment, and subject to and upon the terms and conditions set forth herein, the Agent and each of the Lenders hereby waive the Specified Default and any Default and Event of Default arising therefrom. Nothing contained in this Section 2 shall be deemed a consent to or waiver of, or a commitment or obligation on the part of the Agent or the Lenders to any future consent to or waiver of, any other Default or Event of Default or other action or inaction on the part of the Borrowers or any other Obligor that constitutes (or would constitute) a violation of or departure from any covenant, condition or other obligation of the Obligors under the Credit Agreement or any other Loan Document. Neither the Lenders nor the Agent shall be obligated to grant any future waivers or consents with respect to any provision of the Credit Agreement or any other Loan Document. Any further waivers or consents must be specifically agreed to in writing in accordance with Section 15.1 of the Credit Agreement.

Section 3. Notices and Communications . From and after the date hereof (until otherwise changed by the Borrowers and Guarantors in accordance with Section 15.3.1 of the Credit Agreement), the Borrowers and Guarantors hereby specify that their notice address under the Loan Documents shall be:

825 Town & Country Lane, Suite 1500
Houston, Texas 77024
Attention: Chief Financial Officer
Telecopy: (832) 518-5203

Section 4. Amendments to Credit Agreement .

4.1 Amendment to Section 1.1 . Section 1.1 of the Credit Agreement is hereby amended by amending and restating the definition of "Permitted Purchase Money Debt" in its entirety as follows:

Permitted Purchase Money Debt : Purchase Money Debt of Borrowers and Restricted Subsidiaries that is unsecured or secured only by a Purchase Money Lien, as long as the aggregate amount (together with the aggregate amount of Debt incurred pursuant to **Section 10.2.1(s)**) does not exceed the greater of (a) $35,000,000 and (b) 5.0% of the Company's Consolidated Net Tangible Assets (as defined in the Secured Notes Indenture) at any time.

4.2 Section 1.1 of the Credit Agreement is hereby amended by amending and restating the definition of "Purchase Money Lien" in its entirety as follows:

Purchase Money Lien : a Lien that secures Purchase Money Debt, encumbering only the fixed assets (including any rents and leases directly associated therewith) acquired, constructed or improved with such Debt.

4.3 Amendment to Section 10.2.1 . Section 10.2.1 of the Credit Agreement is hereby amended by deleting the word "and" at the end of clause (q) thereof, replacing the "." at the end of clause (r) thereof with ";" and inserting new clauses (s) and (t) at the end thereof as follows:

(s) Debt incurred for the purpose of financing all or any part of any real property and improvements (whether for acquisition, construction, improvement, refinancing or otherwise), and any amendments, renewals, extensions, refundings, restructurings, replacements or refinancings of such Debt, in whole or in part, as long as the aggregate amount of such Debt (together with the aggregate amount of Debt incurred as Permitted Purchase Money Debt) does not exceed the greater of (a) $35,000,000 and (b) 5.0% of the Company's Consolidated Net Tangible Assets (as defined in the Secured Notes Indenture) at any time; and

(t) Any guaranty by any Borrower of any Debt incurred by any other Borrower that is permitted pursuant to this **Section 10.2.1** .

4.4 Amendment to Section 10.2.2 . Section 10.2.2 of the Credit Agreement is hereby amended by amending and restating clause (j) thereof in its entirety as follows:

(j) Liens securing Debt permitted by **Section 10.2.1(s)** and solely on such real property and improvements (including any rents and leases directly associated therewith) being financed, so long as any such Lien shall be created within six months of closing such financing and the amount of Debt secured by any such Lien shall not exceed 100% of the fair market value of the real property and improvements being financed;

Section 5. Conditions Precedent . This Second Amendment shall become effective on the date (such date, the " Second Amendment Effective Date "), when each of the following conditions is satisfied (or waived in accordance with Section 15.1 of the Credit Agreement):

5.1 The Agent shall have received from the Lenders, the Borrowers and the Guarantors, counterparts (in such number as may be requested by the Agent) of this Second Amendment signed on behalf of such Person.

The Agent is hereby authorized and directed to declare this Second Amendment to be effective when it has received documents confirming or certifying, to the satisfaction of the Agent, compliance with the conditions set forth in this Section 5 or the waiver of such conditions as permitted in Section 15.1 of the Credit Agreement. Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes.

Section 6. Miscellaneous .

6.1 Confirmation . The provisions of the Credit Agreement, as amended by this Second Amendment, shall remain in full force and effect following the effectiveness of this Second Amendment. On and after the Second Amendment Effective Date, this Second Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents. On and after the Second Amendment Effective Date, the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto", "hereof" and words of similar import, as used in the Credit Agreement, shall, unless the context otherwise requires, mean the Credit Agreement, as amended by this Second Amendment. Each reference to the Credit Agreement in the other Loan Documents shall mean the Credit Agreement, as amended by this Second Amendment.

6.2 Ratification and Affirmation; Representations and Warranties . Each Borrower and each Guarantor hereby (a) ratifies and affirms its obligations under, and acknowledges its continued liability under, each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect as expressly amended hereby and (b) represents and warrants to the Lenders that as of the date hereof, after giving effect to the terms of this Second Amendment:

(i) all of the representations and warranties contained in each Loan Document to which it is a party are true and correct in all material respects (except that any such representations and warranties that are qualified as to materiality shall be true and correct in all respects), except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, such representations and warranties shall continue to be true and correct in all material respects (except that any such representations and warranties that are qualified as to materiality shall be true and correct in all respects) as of such specified earlier date;

(ii) no Default or Event of Default has occurred and is continuing; and

(iii) no development, event or circumstance has occurred which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

6.3 Counterparts . This Second Amendment may be executed by one or more of the parties to this Second Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Second Amendment by facsimile transmission or in portable document format (.pdf) shall be effective as delivery of a manually executed counterpart hereof.

6.4 Payment of Expenses . The Borrowers agree to pay or reimburse the Agent for its out-of-pocket expenses and expenses incurred in connection with this Second Amendment, any other documents prepared herewith and the transactions contemplated hereby, in each case, in accordance with Section 3.4 of the Credit Agreement.

6.5 NO ORAL AGREEMENT . THIS SECOND AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND THEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES.

6.6 GOVERNING LAW . THIS SECOND AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment and Limited Waiver to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BORROWERS :

PAR PETROLEUM, LLC
HERMES CONSOLIDATED, LLC
WYOMING PIPELINE COMPANY LLC
HIE RETAIL, LLC
PAR HAWAII, LLC

/s/ William Monteleone
Name: William Monteleone
Title: Chief Financial Officer of each company listed above

MID PAC PETROLEUM, LLC

/s/ William Monteleone
Name: William Monteleone
Title: Vice President

GUARANTORS :

PAR HAWAII REFINING, LLC
PAR WYOMING HOLDINGS, LLC
PAR PETROLEUM FINANCE CORP.

/s/ William Monteleone
Name: William Monteleone
Title: Chief Financial Officer of each company listed above

PAR HAWAII SHARED SERVICES, LLC
PAR WYOMING, LLC

/s/ William Monteleone
Name: William Monteleone
Title: Vice President of each company listed above

AGENT AND LENDERS :

BANK OF AMERICA, N.A. ,
as Administrative Agent, Issuing Bank
and Lender

/s/ Mark Porter
Name: Mark Porter
Title: SVP

KeyBank National Association,
as a Lender

/s/ Nadine M. Eames
Name: Nadine M. Eames
Title: Vice President

BMO Harris Bank N.A. ,
as a Lender

/s/ Melissa Guzmann
Name: Melissa Guzmann
Title: Director

American Savings Bank FSB ,
as a Lender

/s/ Edward Chin
Name: Edward Chin
Title: First Vice President

EXECUTION VERSION

FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

FOR

LARAMIE ENERGY, LLC

Dated as of October 18, 2018

TABLE OF CONTENTS

List of Exhibits and Schedules

FOURTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
FOR
LARAMIE ENERGY, LLC

This Fourth 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 October 18, 2018 (the " Effective Date "), is among the Members.

RECITALS

A. On May 10, 2012, Laramie Energy II, LLC, a Delaware limited liability company (" 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 by a 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 LLC 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;

F. On February 22, 2016, the Amended Agreement was amended and restated in its entirety by a Third Amended and Restated Limited Liability Company Agreement (the " Third Amended LLC Agreement ") for the purpose of, among other things, (i) creating an additional class

of units called "Class A Preferred Units," (ii) admitting Boswell and Webster as a Member, (iii) revising the Sharing Ratios and the Sharing Percentages of the Members, (iv) incorporating 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) providing for certain other matters, all as permitted under the Act;

G. Pursuant to that certain (i) Amendment No. 1 to the Third Amended LLC Agreement dated as of February 28, 2018 (the " Amendment 1 to Third A&R LLC Agreement "), the Company admitted as a Member Black Hills Exploration and Production, Inc., a Wyoming corporation (the " Black Hills Member "), and effected certain other amendments, and (ii) Amendment No. 2 to Third Amended and Restated LLC Agreement dated as of September __, 2018 (the " Amendment 2 to Third A&R LLC Agreement "), the Company admitted as Members EnCap Energy Capital Fund VI, L.P., a Texas limited partnership, and EnCap Energy VI-B Acquisitions, L.P., a Texas limited partnership (together, the " EnCap Members "), as well as certain other investors that received Class A Units in the Company in connection with the dissolution of Laramie II (the " Other Investors "); and

H. The Parties hereto desire to amend and restate in its entirety the Third Amended LLC Agreement, as amended by Amendment 1 to Third A&R LLC Agreement and Amendment 2 to Third A&R LLC Agreement, to: (i) reflect Laramie II's, the EnCap Members' and the Other Investors' resignation and removal as Members, (ii) revise the designation of replacement Board Members; (iii) revise certain rights and obligations with respect to the transferability and tender of Units by certain Class A Unitholders; (iv) revise the Sharing Ratios and the Sharing Percentages of the Members, (v) incorporate herein the terms and provisions of Amendment 1 to Third A&R LLC Agreement and Amendment 2 to Third A&R LLC Agreement; and (vi) 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 .

" Amendment 1 to Third A&R LLC Agreement " is defined in Recital G .

" Amendment 2 to Third A&R LLC Agreement " is defined in Recital G .

" Assets " is defined in Section 2.5 .

" Avista Manager " means any Board Member that is appointed to the Board by the Avista Parties pursuant to Section 5.1(b) .

" 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 any 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 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.

" Black Hills Member " is defined in Recital G .

" 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 (or twelve percent (12%) during any Dividend Rate Increase Period), as may be increased from time to time pursuant to the terms hereof (including pursuant to Section 2.10(c) and the final paragraph of Section 5.11).

" Certificate " is defined in Recital A .

" 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.

" 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.

" 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.

“ Dividend Rate Increase Period ” means any period commencing on the last day of any calendar quarter ending on or after March 31, 2019, on which either (a) the Borrowing Base (as defined in the Bank Revolving Credit Facility as in effect on the date hereof) availability is less than 10%, or (b) the Leverage Ratio (as defined in the Bank Revolving Credit Facility as in effect on the date hereof) is greater than 3.0 to 1.0, and terminating on the last day of any calendar quarter on which both (x) the Borrowing Base availability is equal to or greater than 10% and (y) Leverage Ratio is less than or equal to 3.0 to 1.0.

“ 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 Members ” is defined in Recital G .

“ EnCap Unit Purchase Agreement ” means that certain unit purchase agreement dated as of October 18, 2018 entered into by and among the Company and the EnCap Members.

“ Equity Owner ” is defined in Section 11.3(c) .

“ Equity Securities ” means, with respect to the Company; (a) any Unit; (b) any security convertible, with or without consideration, into any Unit (including any option to purchase such a convertible security); (c) any security carrying any warrant or right to subscribe to or purchase any Unit; and (d) any such warrant or right, and with respect to any other Person, any form of common or preferred equity of such Person; including warrants, rights, put and call options and other options relating thereto or any combination thereof (and in respect of any Person, any appreciation rights or phantom equity in connection with any Equity Security).

" Excess Distribution " is defined in Section 7.1(c)(ii) .

" 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).

" Fair Market Value " means the fair market value, on a per unit or security basis, of any Units or other Equity Securities offered, sold, or otherwise issued after the date hereof as determined in good faith by the Board pursuant to Section 5.1(e)(iii) ; *provided* that the determination of Fair Market Value shall be subject to Section 5.12(b) and Section 5.12(c) . In determining the Fair Market Value of any non–cash property, all factors which the Board determines might reasonably affect such value shall be taken into account; provided, Fair Market Value shall be determined without reduction based upon any lack of control, minority ownership, marketability or other similar discounts.

" 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.

" FMV Notice " is defined in Section 5.12(b) .

" FMV Objection " is defined in Section 5.12(c) .

" 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 registered under the Securities Act of 1933.

" 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 Demand Investor ” is defined in Section 11.9(b) .

“ IPO Registration ” is defined in Section 11.9(b) .

“ Laramie II ” is defined in Recital A .

“ 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 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 years following the date of issuance of the Class A Preferred Units.

" Other Investments " is defined in Section 5.10(a)(i) .

" Other Investors " is defined in Recital G .

" Par " means Par Piceance Energy Equity LLC, a Delaware limited liability company and a wholly-owned subsidiary of Par Petroleum Corporation.

" Par Manager " means any Board Member that is appointed to the Board by Par pursuant to Section 5.1(b) .

" 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 (or fourteen percent (14%) per annum during any Dividend Rate Increase Period), as may be increased from time to time pursuant to the terms hereof (including pursuant to Section 2.10(c) and the final paragraph of Section 5.11).

" PIK Election " is defined in Section 7.1(b)(ii) .

" 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 (other than the Company in connection with a proposed redemption of such Units).

" Publically Traded " means, as to a security, such security is listed or admitted to trading on a national securities exchange.

" Qualified Appraiser " means an investment bank or appraisal firm with experience in valuing businesses or non–public securities of similar nature to the Company and its Units.

" Qualified Senior Offering " means an issuance of a class of Senior Securities of which 50% or more of such securities are issued to Persons other than Members or any Affiliates of a Member or a fund managed by a Member or an Affiliate of a Member or a fund for which a Member or an Affiliate of a Member acts as an investment manager.

" 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) .

" Redemption Trigger " is defined in Section 2.10(a) .

" Registrable Securities " means (a) the Units beneficially owned by the IPO Demand Investors. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (i) the Securities and Exchange Commission has declared a Registration Statement covering such securities effective and such securities have been disposed of pursuant to such effective Registration Statement, (ii) such securities are sold under circumstances in which all of the applicable conditions of Rule 144 under the Securities Act are met or (iii) such securities have ceased to be outstanding.

" Removal Date " means the date that is two years following the Outside Date.

" Replacement Members " 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.

" Senior Securities " means any Unit or other Equity Security with priority over Class A Units to distributions by the Company.

" 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.

" Third Amended LLC Agreement " is defined in Recital F .

" 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(f) .

" Units " means (i) Class A Units, Class B Units and Class A Preferred Units and any other units of the Company authorized and issued after the date hereof and (ii) all securities into which such securities described in clause (i) are converted or for which any such securities are exchanged (pursuant to Section 11.9(d)(iii) or otherwise).

" 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.

(b) This Agreement amends and restates in its entirety the Third Amended LLC 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 . A certificate of formation that complies with the requirements of the Act was 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 **(I)** 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) As of the date hereof, there are 30,000 authorized Class A Preferred Units, of which that certain number of Class A Preferred Units as set forth on Exhibit A have been issued to the Class A Preferred Unitholders.

(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 A Units and 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 A Units and Class B Units, respectively.

(h) Subject to the provisions of Sections 5.2(c) and 5.11 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 5.11 . 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 or the PIK Dividend Rate, as applicable, 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. The Members have heretofore made Capital Contributions to the Company, and have received the Units as provided in this Agreement and as set forth in Exhibit A. Initial Capital Contributions of additional Members shall be governed by Section 2.6.

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 30 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 ten 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 ten-day period from the delivery of the Notice of Additional Contributions, the Board shall give the other Members written notice of the uncommitted portion of the additional Capital Contribution sought and permit such other Members an additional ten days to commit to pay the uncommitted portion of the additional Capital Contributions. If the other Members decline or fail to respond during the ten-day period, then the Board may, for the 90-day period following such other Members' 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.

(a) 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.

(b) Except as provided in this Section 3.5(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 Section 3.5(b) , Non-Voting Units will be identical in all respects to all other Units of the same class or series.

(c) Notwithstanding the foregoing, a BHC Investor may elect not to be governed by this Section 3.5(c) 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.

(d) 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 General Representations and Warranties . Each Member represents and warrants to the Board, the other Members and the Company, as follows:

(a) It is the type of legal entity, as applicable, specified in Exhibit A 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;

(b) 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;

(c) 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

(d) 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 (i) any applicable Law, (i) its governing documents, or (i) 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 Board, the other Members and the Company, as follows:

(a) Such Member has been advised that (I) a conflict of interest exists among the Members' individual interests, (I) this Agreement has tax consequences, and (I) 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 .

(a) 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.

(b) Designation.

(i) The number of Board Members shall be seven. Subject to clause (iii) below, the Avista Parties shall be entitled to appoint two Board Members, the DLJ IV Parties shall be entitled to appoint one Board Member, Par shall be entitled to appoint three Board Members, and the Chief Executive Officer of the Company shall be a Board Member. Members can remove and replace their Board Member designees at any time, in their sole discretion. Notwithstanding the above, the Wells Fargo Member, the Mesa Member and the Black Hills 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; 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 one of the Board Members appointed by the Avista Parties, the Board Member appointed by the DLJ IV Parties, and two of the Board Members appointed by Par 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 replacement Board Members (such new Board Members being the " Replacement Members "). The removal of the Board Members designated in the Notice of Removal shall be effective and occur automatically upon receipt by the Company of the Notice of Removal.

(c) Vacancies . If a Member fails to appoint a Board Member within 30 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.

(d) 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.

(e) 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 ten percent 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 (B) the Board Members are given three 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.

(f) Compensation of Board Members . Other than as expressly provided herein, 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. Notwithstanding the foregoing, the Company shall pay all reasonable and documented out-of-pocket expenses, including commercial air travel fares, incurred by any Board Member in connection with his or her participation in meetings of the Board and attending to the business of the Company.

(g) Chairman of the Board . Robert S. Boswell shall serve as the Chairman of the Board. The chairman, in his 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).

(h) 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 Members pursuant to Section 5.1(b)(iii) above, only the approval of the four Replacement Members 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 $2,500,000;

(c) adding a new class of securities or increasing or decreasing the outstanding ownership, including additional Units or other Equity Securities, 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 $30,000,000 or greater in one transaction or a series of related transactions;

(f) acquiring new assets with a value in excess of $30,000,000;

(g) 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;

(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 $2,500,000;

(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 .

(a) 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.

(b) Any hedging activities beyond those expressly required by the Bank Revolving Credit Facility shall be approved by the Board.

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.

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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 5.7 (f) .

(g) 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 [Reserved] .

5.10 Other Investments of Investor Parties; Waiver of Conflicts of Interest .

(a) Each Member acknowledges and affirms that the stockholders of Par, the Avista Parties, the DLJ IV Parties, the Wells Fargo Member, Boswell, the members of the Mesa Member, the Black Hills Member, Boswell 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) 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 and each of the Par Manager and the Avista Manager, 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 or PIK Dividend Rate, as applicable, shall be increased by five percent per annum, which shall accumulate daily as Accrued Dividends, and such rate shall increase by an additional five percent 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.

5.12 Specified Manager Consents Regarding Equity Issuances .

(a) Notwithstanding anything to the contrary in this Agreement, prior to the delivery of a Notice of Removal and the appointment of Replacement Members pursuant to Section 5.1(b)(iii) , 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) issue additional Units or other Equity Securities of the Company other (i) than Senior Securities issued pursuant to a

Qualified Senior Offering or (ii) Units or other Equity Securities of the Company, other than Senior Securities, issued at or above Fair Market Value (as determined pursuant to Sections 5.12(b) and 5.12(c) below) of such offered Units or other Equity Securities, unless in each case, such issuance has been consented to in writing by each of the Avista Manager and the Par Manager. For the avoidance of doubt, the consent of the Avista Manager and the Par Manager shall not be required in connection with the foregoing to the extent that a Notice of Removal has been delivered.

(b) Prior to issuing any Units or Equity Securities pursuant to Section 5.12(a), (i) if the Avista Manager shall not have approved the Board's determination of Fair Market Value for purposes of such issuances, then the Board will provide written notice (" FMV Notice ") to the Avista Parties of the Board's determination of Fair Market Value for purposes of such issuances at least 10 days prior such issuance and (ii) if the Par Manager shall not have approved the Board's determination of Fair Market Value for purposes of such issuances, then the Board will provide a FMV Notice to Par of the Board's determination of Fair Market Value for purposes of such issuances at least 10 days prior to such issuance.

(c) If, after its receipt of FMV Notice, the Avista Parties or Par disagrees with the Fair Market Value to which such FMV Notice relates, such Person shall deliver to the Board a written notice of objection (a " FMV Objection ") within ten (10) days after delivery of the FMV Notice (any such Person that delivers a FMV Objection, an " Objecting Party "). Upon receipt of a FMV Objection, the Board and each Objecting Party will negotiate in good faith to attempt to agree on such Fair Market Value. If such agreement is not reached between the Board and each Objecting Party within five (5) days after the delivery of the FMV Objection by such Objecting Party, the Board of such Objecting Party may elect (by written notice to the Board) to have such Fair Market Value determined by a Qualified Appraiser jointly selected by the Board and such Objecting Party (provided if there is more than one Objecting Party such qualified Appraiser shall be jointly selected by the Board and all Objecting Parties). If such Persons are unable to agree on a Qualified Appraiser within 15 days after a Person elects to have such Fair Market Value determined by a Qualified Appraiser, within three (3) days after the end of such 15 day period, each of the Board and each Objecting Party shall submit the names of three Qualified Appraisers that have not had a material engagement with such Person or any of its Affiliates within the preceding two (2) years, and each such Person shall be entitled to strike one name from the other Persons' list of firms, and the Qualified Appraiser shall be selected by lot from the remaining firms. Such Qualified Appraiser shall submit to the Board and the Objecting Parties a written report within 30 days of its engagement setting forth such determination. The fees and expenses of such Qualified Appraiser shall be borne by the Company. The determination of such Qualified Appraiser as to Fair Market Value shall be final and binding upon the Board and each Objecting Party for purposes of Section 5.12(a). The issuance of Units or other Equity Securities pursuant to Section 5.12(a) dependent on such determination of Fair Market Value shall be deferred until the determination of Fair Market Value pursuant to Sections 5.12(b) and 5.12(c).

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**.

(a) Par is hereby designated as the "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. The tax matters partner shall not enter into any settlement agreement of a tax controversy that adversely affects a Member without that Member's prior written consent.

(b) 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 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 .

(a) 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 7.1(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.

(b) 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 Section 7.1(b)(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 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

ARTICLE X.
ACCOUNTING AND REPORTING

10.1 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.

10.2 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.

10.3 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.

10.4 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 90 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.

10.5 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 XI.
TRANSFER OF MEMBER'S INTEREST

11.1 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.

11.2 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, (ii) any of its Units if unanimous consent of the non-transferring Members is obtained or (iii) following consummation of the Initial Public Offering, or at any time Units shall be Publically Traded, all or any portion of its Units to the direct or indirect holders of equity interests in such Member (including members or limited partners of such Member), subject to any applicable lock-up period (not to exceed 180 days) applicable to such Units upon consummation of the Initial Public Offering;

(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; *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.

11.3 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 Tag-Along 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 further 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.

11.4 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 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 (I) the terms and conditions set forth in the Drag-Along Notice shall apply to the Units to be Transferred by the Dragging Member(s), (I) 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), (I) the closing of the purchase and sale occurs shall occur within 180 days after the delivery of the Drag-Along Notice, and (d) the consideration received in exchange for the Class A Units consists wholly of cash, Publically Traded securities or a combination of cash and Publically Traded securities.

11.5 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.

11.6 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.

11.7 Admission as a Member. No Person shall be admitted to the Company as a Member until (a) such Person has assumed the obligations of this Agreement, and (b) 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.

11.8 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 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).

11.9 Initial Public Offering and Piggyback Registration Rights.

(a) If the Company proposes to sell Units in an underwritten Initial Public Offering 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, subject to Section 11.9(c) . The Members shall also be entitled to receive customary demand and piggy-back registration rights with respect to their Units held after the consummation of the Initial Public Offering or a SPAC IPO, as hereinafter defined, on, and subject to, reasonable and customary terms and conditions. Prior to the initiation of an Initial Public Offering 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(a) .

(b) At any after the Effective Date and prior to the consummation of the Initial Public Offering, each of Par, the Avista Parties and the DLJ IV Parties (each an " IPO Demand Investor ") may request (i) registration under the Securities Act of all or any portion of the Registrable Securities held by such IPO Demand Investor pursuant to a Registration Statement on Form S-1 or any successor form thereto or (ii) conversion of the Company to, or exchange of the outstanding equity securities of the Company (other than the Class A Preferred Units which shall be redeemed in accordance with Section 2.10) for equity securities of, a special purpose acquisition company or a successor company thereto (by acquisition, consolidation, merger or otherwise) (1) whose securities (upon consummation of such transaction or upon consummation of a public offering of securities registered under the Securities Act of 1933 initiated upon or as part of such transaction) are listed for trading or quoted on a national securities exchange or traded over-the counter pursuant the OTC Bulletin Board, (2) whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended (the " Exchange Act "), or (3) is subject to the periodic and current reporting requirements of Section 13 or 15(d) of the Exchange Act (a " SPAC IPO "), provided that in the case of (i) or (ii) the valuation of the Company immediately prior to such request is equal to or greater than $100,000,000 ((i) or (ii), an " IPO Registration "). A request for an IPO Registration under clause (i) above shall specify the number of Registrable Securities requested by such IPO Demand Investor to be included in the IPO Registration. Upon receipt of any such request, the Company shall promptly (but in no event later than 10 days following receipt thereof) deliver notice of such request to all other IPO Demand Investors who shall then have 20 days from the date such notice is given to notify the Company in writing of their desire to be included in such registration. The Company shall prepare and file with (or confidentially submit to) the Securities and Exchange Commission a Registration Statement on Form S-1 or any successor form thereto covering all of the Registrable Securities that the IPO Demand Investors thereof have requested to be included in such IPO Registration within 90 days after the date on which the initial request is given and shall use its best efforts to cause such Registration Statement to be declared effective by the Securities and Exchange Commission as soon as practicable thereafter.

(c) If an IPO Registration involves an underwritten offering and the managing underwriter of the requested IPO Registration advises the Company and the IPO Demand Investors in writing that in its reasonable and good faith opinion the number of shares of Units proposed to be included in the IPO Registration, including all Registrable Securities of the IPO Demand Investors and all other shares of Units of the Company proposed to be included in such underwritten offering, exceeds the number of shares of Units which can be sold in such underwritten offering and/or the number of shares of Units proposed to be included in such IPO Registration would adversely affect the price per share of the Units proposed to be sold in such underwritten offering, the Company

shall include in such IPO Registration (i) first, the shares of Units that the Company proposes to sell, and (ii) second, the shares of Units proposed to be included therein by the IPO Demand Investors, allocated among such Persons in such manner as they may agree, but in the absence of any such agreement, then pro rata among the IPO Demand Investors on the basis of the number of Registrable Securities owned by each such holder.

(d) Upon a request by an IPO Demand Investor of an IPO Registration each holder of Units agrees that it will, and will cause its Affiliates to, and the Company shall, as applicable:

(i) if requested by the underwriter of the IPO Registration enter into a customary lock-up agreement that shall not exceed 180 days;

(ii) complete and execute all consents, questionnaires, powers of attorney, indemnities, underwriting agreements and other documents as may reasonably be required or advisable in connection with an IPO Registration; provided that no such Person shall be required to make any representations or warranties in connection with an IPO Registration other than representations and warranties regarding such Person and, if applicable, such Person's intended method of distribution;

(iii) do all things reasonably necessary or advisable to effect any recapitalization, reorganization, conversion, contribution and/or exchange of Units into other equity interests and related reorganization of the Company and its Subsidiaries in connection with such IPO Registration, including actions required to effect a SPAC IPO; provided that any such recapitalization, reorganization, conversion, contribution and/or exchange does not change the relative rights, obligations and preferences of the Members with respect to their ownership of Units;

(iv) consent to additional appropriate and customary restrictions on the Transfer of Units or other equity interests in the Company (or its successor) which the Board determines may be required in order to permit compliance with the Securities Act or other applicable law; and

(v) use commercially reasonable efforts to accommodate any such other reasonable actions required by the United States Securities and Exchange Commission or similar governmental authority to effect the IPO Registration.

(e) The Company shall be responsible for its own costs, fees and expenses in connection with an IPO Registration and shall reimburse the holders of Units and their Affiliates for the reasonable out–of–pocket costs, fees and expenses (excluding underwriting discounts, selling commissions and similar fees) incurred by them in connection with the IPO Registration.

ARTICLE XII.
RESIGNATION, DISSOLUTION AND TERMINATION

12.1 **Resignation** . Except as otherwise provided herein, 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.

12.2 Dissolution . The Company shall be dissolved upon the occurrence of any of the following:

(a) An event that causes dissolution under this Agreement;

(b) The unanimous approval of the Class A Unitholders and of the Class A Preferred Unitholders; or

(c) 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.

12.3 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:

(a) 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.

(b) 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.

(c) 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).

(d) 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.

12.4 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 XIII.
NOTICES

13.1 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 Unitholders, the Class A Preferred Unitholders or the Class B Unitholders, at their respective addresses set forth on Exhibit A attached hereto, and if to the Company, to the following:

Laramie Energy, LLC
1401 Seventeenth Street, Suite 1400
Denver, Colorado 80202
Attn: Chief Executive Officer
Fax #: 303-339-4399
Email: rsboswell@laramie-energy.com

Any Member may give notice from time to time changing its respective address for that purpose.

13.2 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 XIV.
CLASS B UNITS

14.1 Class B Units .

(a) 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.

(b) In connection with an issuance of an interest to 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.

(c) Class B Units shall be considered non-voting securities 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.

(d) 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.

(e) 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.

(f) 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 XV.
GENERAL PROVISIONS

15.1 Amendment.

(a) Subject to Sections 5.2(l), 5.11 and 15.1(b), this Agreement may not be amended (by merger, consolidation or otherwise) except by an instrument in writing signed by the Class A Unitholders whose aggregate Class A Unit Sharing Percentages exceed 67%.

(b) 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.

(c) 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.

15.2 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.

15.3 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 (I) to the extent that disclosure to a third party is required by applicable Law; (I) 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; (I) 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; (I) 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; (I) 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; (I) to the extent necessary, disclosure to third parties to enforce this Agreement, (I) 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.

15.4 **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.

15.5 **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.

15.6 **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.

15.7 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.

15.8 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.

15.9 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.

15.10 Entire Agreement; Conflicts. This Agreement, including all exhibits, schedules and attachments hereto, 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.

15.11 Transaction Costs. Except as specifically provided in this 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 Members acknowledge and agree that the Company shall pay any fees, costs and expenses reasonably incurred by the Avista Parties, the EnCap Members and Par in connection with the EnCap Unit Purchase Agreement and the redemption transaction contemplated thereby and negotiation, preparation and execution of this Agreement.

15.12 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.

15.13 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.

15.14 Counterparts. This instrument may be executed in any number of counterparts each of which shall be considered an original.

15.15 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.

15.16 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:

PAR PICEANCE ENERGY EQUITY LLC,
a Delaware limited liability company

By: Par Pacific Holdings, Inc., its Sole Member

By: /s/ William Monteleone
William Monteleone
Chief Financial Officer

/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

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/ William B. Wiener
Name: William B. Wiener
Title: 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

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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/ Patrick Swearingen

Patrick Swearingen

Vice President and Secretary

LARAMIE ENERGY EMPLOYEE HOLDINGS, LLC

By: Laramie Energy, LLC, its manager

By: /s/ Robert S. Boswell
Robert S. Boswell
Chief Executive Officer

/s/ Steven A. Webster
STEVEN A. WEBSTER

BLACK HILLS EXPLORATION AND PRODUCTION, INC.

By: /s/ Richard Kinzley
Name: Richard Kinzley
Title: Senior Vice President and CFO

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 quarterly report on Form 10-Q 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: November 7, 2018

/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, William Monteleone, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: November 7, 2018

/s/ William Monteleone

William Monteleone

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 Quarterly Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2018 (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.

/s/ William Pate

William Pate
President and Chief Executive Officer

November 7, 2018

Exhibit 32.2

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 Quarterly Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2018 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William Monteleone, 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.

/s/ William Monteleone

William Monteleone
Chief Financial Officer

November 7, 2018