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, 2021

☐ **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)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, $0.01 par value	PARR	New York Stock Exchange

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, a 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. ☐

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

60,191,069 shares of Common Stock, $0.01 par value, were outstanding as of October 28, 2021.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION		Page No.
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Operations	2
	Condensed Consolidated Statements of Comprehensive Income (Loss)	3
	Condensed Consolidated Statements of Cash Flows	4
	Condensed Consolidated Statements of Changes in Stockholders’ Equity	5
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	32
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	58
Item 4.	Controls and Procedures	59
PART II OTHER INFORMATION		
Item 1.	Legal Proceedings	60
Item 1A.	Risk Factors	60
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	60
Item 3.	Defaults Upon Senior Securities	61
Item 4.	Mine Safety Disclosures	61
Item 5.	Other Information	61
Item 6.	Exhibits	62

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 data)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 201,305	$ 68,309
Restricted cash	4,000	2,000
Total cash, cash equivalents, and restricted cash	205,305	70,309
Trade accounts receivable, net of allowances of $0.4 million and $0.6 million at September 30, 2021 and December 31, 2020, respectively	195,157	111,657
Inventories	635,319	429,855
Prepaid and other current assets	15,791	24,648
Total current assets	1,051,572	636,469
Property, plant, and equipment		
Property, plant, and equipment	1,171,188	1,183,878
Less accumulated depreciation, depletion, and amortization	(306,789)	(251,113)
Property, plant, and equipment, net	864,399	932,765
Long-term assets		
Operating lease right-of-use assets	404,210	357,166
Intangible assets, net	16,899	18,892
Goodwill	127,262	127,997
Other long-term assets	56,653	60,572
Total assets	$ 2,520,995	$ 2,133,861
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 10,839	$ 59,933
Obligations under inventory financing agreements	668,429	423,686
Accounts payable	163,666	106,945
Accrued taxes	31,955	27,440
Operating lease liabilities	57,377	56,965
Other accrued liabilities	362,976	203,711
Total current liabilities	1,295,242	878,680
Long-term liabilities		
Long-term debt, net of current maturities	555,945	648,660
Finance lease liabilities	8,069	7,925
Operating lease liabilities	353,366	304,355
Other liabilities	54,871	47,967
Total liabilities	2,267,493	1,887,587
Commitments and contingencies (Note 13)		
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, 2021 and December 31, 2020, 60,192,507 shares and 54,002,538 shares issued at September 30, 2021 and December 31, 2020, respectively	602	540
Additional paid-in capital	819,057	726,504
Accumulated deficit	(566,411)	(477,028)
Accumulated other comprehensive income (loss)	254	(3,742)
Total stockholders' equity	253,502	246,274
Total liabilities and stockholders' equity	$ 2,520,995	$ 2,133,861

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,	
	2021	**2020**	**2021**	**2020**
Revenues	$ 1,310,368	$ 689,981	$ 3,416,573	$ 2,409,365
Operating expenses				
Cost of revenues (excluding depreciation)	1,098,422	585,289	3,184,583	2,236,778
Operating expense (excluding depreciation)	78,059	69,458	221,068	209,876
Depreciation, depletion, and amortization	23,618	22,821	70,046	66,232
Impairment expense	—	—	—	67,922
Loss (gain) on sale of assets, net	2	—	(64,400)	—
General and administrative expense (excluding depreciation)	12,473	9,818	36,559	31,823
Acquisition and integration costs	1	(155)	87	600
Total operating expenses	1,212,575	687,231	3,447,943	2,613,231
Operating income (loss)	97,793	2,750	(31,370)	(203,866)
Other income (expense)				
Interest expense and financing costs, net	(15,374)	(17,523)	(50,711)	(52,611)
Debt extinguishment and commitment costs	(9)	—	(8,144)	—
Gain on curtailment of pension obligation	—	—	2,032	—
Other income (expense), net	(22)	610	3	1,089
Change in value of common stock warrants	—	—	—	4,270
Equity losses from Laramie Energy, LLC	—	—	—	(46,905)
Total other income (expense), net	(15,405)	(16,913)	(56,820)	(94,157)
Income (loss) before income taxes	82,388	(14,163)	(88,190)	(298,023)
Income tax benefit (expense)	(586)	(108)	(1,193)	20,855
Net income (loss)	$ 81,802	$ (14,271)	$ (89,383)	$ (277,168)
Income (loss) per share				
Basic	$ 1.38	$ (0.27)	$ (1.55)	$ (5.20)
Diluted	$ 1.37	$ (0.27)	$ (1.55)	$ (5.20)
Weighted-average number of shares outstanding				
Basic	59,437	53,374	57,713	53,265
Diluted	59,761	53,374	57,713	53,265

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income (loss)	$ 81,802	$ (14,271)	$ (89,383)	$ (277,168)
Other comprehensive income (loss):				
Other post-retirement benefits income, net of tax	—	—	3,996	—
Total other comprehensive income, net of tax	—	—	3,996	—
Comprehensive income (loss)	$ 81,802	$ (14,271)	$ (85,387)	$ (277,168)

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,	
	2021	**2020**
Cash flows from operating activities:		
Net Loss	$ (89,383)	$ (277,168)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation, depletion, and amortization	70,046	66,232
Impairment expense	—	67,922
Debt extinguishment and commitment costs	8,144	—
Non-cash interest expense	4,646	5,066
Non-cash lower of cost and net realizable value adjustment	(10,595)	22,281
Change in value of common stock warrants	—	(4,270)
Deferred taxes	9	(21,087)
Gain on sale of assets, net	(64,400)	—
Stock-based compensation	6,095	5,314
Unrealized (gain) loss on derivative contracts	4,710	(2,733)
Equity losses from Laramie Energy, LLC	—	46,905
Net changes in operating assets and liabilities:		
Trade accounts receivable	(83,528)	112,177
Prepaid and other assets	5,092	50,830
Inventories	(195,121)	98,830
Deferred turnaround expenditures	(6,300)	(40,575)
Obligations under inventory financing agreements	178,568	(124,418)
Accounts payable, other accrued liabilities, and operating lease ROU assets and liabilities	226,611	20,647
Net cash provided by operating activities	54,594	25,953
Cash flows from investing activities:		
Capital expenditures	(21,015)	(42,451)
Proceeds from sale of assets	103,371	23
Net cash provided by (used in) investing activities	82,356	(42,428)
Cash flows from financing activities:		
Proceeds from sale of common stock, net of offering costs	87,193	—
Proceeds from borrowings	126,409	205,950
Repayments of borrowings	(275,108)	(120,489)
Net borrowings (repayments) on deferred payment arrangements, discretionary draw facilities, and receivable advances	66,175	(60,839)
Payment of deferred loan costs	(332)	(6,266)
Payments for debt extinguishment and commitment costs	(5,618)	—
Other financing activities, net	(673)	(976)
Net cash provided by (used in) financing activities	(1,954)	17,380
Net increase in cash, cash equivalents, and restricted cash	134,996	905
Cash, cash equivalents, and restricted cash at beginning of period	70,309	128,428
Cash, cash equivalents, and restricted cash at end of period	$ 205,305	$ 129,333
Supplemental cash flow information:		
Net cash received (paid) for:		
Interest	$ (47,653)	$ (35,697)
Taxes	(760)	124
Non-cash investing and financing activities:		
Accrued capital expenditures	$ 2,203	$ 10,981
Value of warrants reclassified to equity	—	3,936
ROU assets obtained in exchange for new finance lease liabilities	2,658	1,992
ROU assets obtained in exchange for new operating lease liabilities	95,229	11,974
ROU assets terminated in exchange for release from operating lease liabilities	800	7,738

See accompanying notes to the condensed consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
	Shares	Amount				
Balance, December 31, 2019	53,254	$ 533	$ 715,069	$ (67,942)	$ 582	$ 648,242
Exercise of common stock warrants	351	3	3,933	—		3,936
Stock-based compensation	296	3	1,612	—	—	1,615
Purchase of common stock for retirement	(64)	(1)	(1,067)	—	—	(1,068)
Net loss	—	—	—	(222,337)	—	(222,337)
Balance, March 31, 2020	53,837	538	719,547	(290,279)	582	430,388
Issuance of common stock for employee stock purchase plan	95	1	854	—	—	855
Stock-based compensation	10	—	1,794	—	—	1,794
Purchase of common stock for retirement	—	—	(1)	—	—	(1)
Net loss	—	—	—	(40,560)	—	(40,560)
Balance, June 30, 2020	53,942	539	722,194	(330,839)	582	392,476
Stock-based compensation	10	—	1,777	—	—	1,777
Purchase of common stock for retirement	(5)	—	(42)	—	—	(42)
Net loss	—	—	—	(14,271)	—	(14,271)
Balance, September 30, 2020	53,947	$ 539	$ 723,929	$ (345,110)	$ 582	$ 379,940

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
	Shares	Amount				
Balance, December 31, 2020	54,003	$ 540	$ 726,504	$ (477,028)	$ (3,742)	$ 246,274
Common stock offering, net of issuance costs	5,750	58	87,343	—	—	87,401
Stock-based compensation	461	3	1,883	—	—	1,886
Purchase of common stock for retirement	(76)	—	(1,321)	—	—	(1,321)
Exercise of stock options	4	—	58	—	—	58
Other comprehensive income	—	—	—	—	3,996	3,996
Net loss	—	—	—	(62,227)	—	(62,227)
Balance, March 31, 2021	60,142	601	814,467	(539,255)	254	276,067
Common stock offering, net of issuance costs	—	—	(208)	—	—	(208)
Issuance of common stock for employee stock purchase plan	42	1	713	—	—	714
Stock-based compensation	1	—	2,079	—	—	2,079
Purchase of common stock for retirement	—	—	(2)	—	—	(2)
Net loss	—	—	—	(108,958)	—	(108,958)
Balance, June 30, 2021	60,185	602	817,049	(648,213)	254	169,692
Stock-based compensation	(5)	—	2,023	—	—	2,023
Purchase of common stock for retirement	13	—	(15)	—	—	(15)
Net income	—	—	—	81,802	—	81,802
Balance, September 30, 2021	60,193	$ 602	$ 819,057	$ (566,411)	$ 254	$ 253,502

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 and operate market-leading energy and infrastructure businesses. Our strategy is to acquire and develop businesses in logistically-complex markets. Currently, we operate in three primary business segments:

1) **Refining** - We own and operate four refineries, including one idled refinery, with total operating throughput capacity of over 150 Mbpd in Hawaii, Wyoming, and Washington.

2) **Retail** - Our retail outlets in Hawaii, Washington, and Idaho sell gasoline, diesel, and retail merchandise through Hele and "76" branded sites, "nomnom" branded company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations. This year, we completed the rebranding of all company-operated convenience stores in Washington and Idaho to "nomnom," our proprietary brand.

3) **Logistics** - We operate an extensive multi-modal logistics network spanning the Pacific, the Northwest, and the Rocky Mountain regions to transport and store our crude oil and refined products for our refineries and transport refined products to our retail sites or third-party purchasers.

As of September 30, 2021, we owned a 46.0% equity investment in Laramie Energy, LLC ("Laramie Energy"). Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco counties, Colorado.

Our Corporate and Other reportable segment primarily includes general and administrative costs.

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, 2020 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, 2020.

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.

The worldwide spread and severity of the COVID-19 coronavirus and certain developments in the global crude oil markets have impacted our businesses, people, and operations. We are continuing to actively respond to these ongoing matters and many uncertainties remain. Due to the rapid development and fluidity of the situation, the full magnitude of the COVID-19 pandemic's impact on our estimates and assumptions, financial condition, future results of operations, and future cash flows and liquidity is uncertain and has been and may continue to be material.

Allowance for Credit Losses

We are exposed to credit losses primarily through our sales of refined products. Credit limits and/or prepayment requirements are set based on such factors as the customer's financial results, credit rating, payment history, and industry, and are reviewed annually for customers with material credit limits. Credit allowances are reviewed at least quarterly based on

changes in the customer's creditworthiness due to economic conditions, liquidity, and business strategy as publicly reported and through discussions between the customer and the Company. We establish provisions for losses on trade receivables based on the estimated credit loss we expect to incur over the life of the receivable. We did not have a material change in our allowances on trade receivables during the three and nine months ended September 30, 2021 or 2020.

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 Renewable Identification Numbers ("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 and finance lease amortization 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,	
	2021	2020	2021	2020
Cost of revenues	$ 5,511	$ 5,479	$ 16,071	$ 15,974
Operating expense	13,121	15,084	39,003	43,650
General and administrative expense	673	948	2,268	2,584

Benefit Plans

We maintain defined benefit pension plans covering eligible employees of Hermes Consolidated, LLC, and its wholly owned subsidiary, Wyoming Pipeline Company, LLC, (collectively, "WRC" or "Wyoming Refining") and the employees of U.S. Oil & Refining Co. and certain affiliated entities (collectively, "U.S. Oil") covered by collective bargaining agreements. In March 2021, the Wyoming Refining plan was amended (the "Plan Amendment") to freeze all future benefit accruals for hourly plan participants. The Plan Amendment reduced the projected benefit obligation by $6.0 million. For the nine months ended September 30, 2021, we recorded a $2.0 million Gain on curtailment of pension obligation in our condensed consolidated statements of operations and an unrealized actuarial gain of $4.0 million as Other post-retirement benefits income, net of tax, in our condensed consolidated statements of other comprehensive income. Similar to the evaluation done for the estimate as of December 31, 2020, the projected benefit obligation estimate was determined based on the present value of projected future benefit payments. In determining the discount rate, we used pricing and yield information for high-quality corporate bonds that result in payments similar to the estimated distributions of benefits from our plans. The weighted average discount rate used to determine benefit obligations increased from 2.65% to 3.25%, or 23%, from December 31, 2020 to March 31, 2021. The estimated rate of compensation increase remained 3.00%.

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, 2020, except for the following:

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). ASU 2021-08 updates the current guidance to require that an entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with FASB Accounting Standards Codification ("ASC") Topic 606 "Revenue from Contracts with Customers" as if the acquiring entity had originated the contracts. This ASU improves comparability by providing consistent guidance between revenue contracts with customers acquired in a business combination and those not acquired in a business combination. The guidance in ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. This ASU will change the policy under which we account for future business combinations.

Accounting Principles Adopted

On December 31, 2020, we adopted ASU No. 2018-14, *Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* ("ASU 2018-14"), using the required retrospective transition method. This ASU amended, added, and removed certain disclosure requirements under FASB ASC Topic 715 "Compensation—Retirement Benefits." Our adoption of ASU 2018-14 did not have a material impact on our financial condition, results of operations, cash flows, or related disclosures.

On January 1, 2021, we adopted ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). We adopted this ASU under the prospective method and information that was presented prior to January 1, 2021 has not been restated and continues to be reported under the accounting standards in effect for that period. This ASU simplified the accounting for income taxes by removing certain exceptions to general principles and clarified and amended guidance to improve consistency under FASB ASC Topic 740 "Income Taxes." Our adoption of ASU 2019-12 did not have a material impact on our financial condition, results of operations, or cash flows.

On February 11, 2021, we elected to adopt ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04") and ASU No. 2021-01, *Reference Rate Reform (Topic 848)* ("ASU 2021-01") following our execution of an amendment to the Washington Refinery Intermediation Agreement which included transition guidance on the interest rate of the Merrill Lynch Commodities, Inc. ("MLC") receivable advances ("MLC receivable advances") to U.S. Oil to be based on another industry standard benchmark rate that will be effective upon the London Interbank Offered Rate's ("LIBOR") scheduled retirement at the end of 2021. These ASUs provide for optional expedients and allowable exceptions to GAAP to ease the potential burden in recognizing the effects of reference rate reform, especially in regards to the cessation of LIBOR. ASU 2020-04 and ASU 2021-01 are applicable to contract modifications that meet certain requirements and are entered into between March 12, 2020 and December 31, 2022. Our adoption of ASUs 2020-04 and 2021-01 did not have a material impact on our financial condition, results of operations, or cash flows.

Note 3—Investment in Laramie Energy, LLC

As of September 30, 2021, we had a 46.0% ownership interest in Laramie Energy. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco counties, Colorado.

On July 1, 2021, Laramie Energy entered into a term loan agreement which provided a term loan in the principal amount of $160 million. Laramie Energy used the proceeds from the term loan to repay the outstanding balance on its revolving credit facility. The term loan is secured by a lien on its natural gas and crude oil properties and related assets. Under the terms of the term loan, Laramie Energy is generally prohibited from making future cash distributions to its owners, including us, except for certain permitted tax distributions. Laramie Energy's term loan matures on July 1, 2025. As of September 30, 2021, the term loan had an outstanding balance of $152.2 million.

During the year ended December 31, 2020, Laramie Energy incurred losses that reduced the book value of our investment to zero, and as of December 31, 2020, we had discontinued the application of the equity method of accounting for our investment in Laramie Energy. As such, the balance of our investment in Laramie Energy was zero as of September 30, 2021 and December 31, 2020.

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

	September 30, 2021	December 31, 2020
Current assets	$ 55,518	$ 34,573
Non-current assets	335,198	355,538
Current liabilities	118,735	217,523
Non-current liabilities	193,893	93,193

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Natural gas and oil revenues	$ 46,329	$ 28,257	$ 166,293	$ 86,515
Income (loss) from operations	20,807	(3,443)	73,957	(10,773)
Net loss	(41,892)	(12,643)	(1,308)	(26,418)

Laramie Energy's net loss includes (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Depreciation, depletion, and amortization	$ 6,134	$ 9,013	$ 21,890	$ 28,334
Unrealized loss on derivative instruments	54,857	5,918	55,039	7,643

Note 4—Revenue Recognition

As of September 30, 2021 and December 31, 2020, receivables from contracts with customers were $190.8 million and $104.9 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 $16.4 million and $4.1 million as of September 30, 2021 and December 31, 2020, respectively. We have elected to apply a practical expedient not to disclose the value of unsatisfied performance obligations for (i) contracts with an original expected duration of less than one year and (ii) contracts where the variable consideration has been allocated entirely to our unsatisfied performance obligation.

The following table provides information about disaggregated revenue by major product line and includes a reconciliation of the disaggregated revenues to total segment revenues (in thousands):

Three Months Ended September 30, 2021	Refining	Logistics	Retail
Product or service:			
Gasoline	$ 402,654	$ —	$ 93,054
Distillates (1)	548,571	—	7,616
Other refined products (2)	291,185	—	—
Merchandise	—	—	24,314
Transportation and terminalling services	—	46,735	—
Other revenue	438	—	926
Total segment revenues (3)	$ 1,242,848	$ 46,735	$ 125,910

Three Months Ended September 30, 2020	Refining	Logistics	Retail
Product or service:			
Gasoline	$ 219,849	$ —	$ 59,344
Distillates (1)	213,448	—	7,847
Other refined products (2)	188,586	—	—
Merchandise	—	—	24,010
Transportation and terminalling services	—	41,722	—
Other revenue	4,543	—	535
Total segment revenues (3)	$ 626,426	$ 41,722	$ 91,736

Nine Months Ended September 30, 2021	Refining	Logistics	Retail
Product or service:			
Gasoline	$ 1,073,516	$ —	$ 243,058
Distillates (1)	1,390,996	—	19,626
Other refined products (2)	771,722	—	—
Merchandise	—	—	69,746
Transportation and terminalling services	—	136,750	—
Other revenue	1,216	—	3,114
Total segment revenues (3)	$ 3,237,450	$ 136,750	$ 335,544

Nine Months Ended September 30, 2020	Refining	Logistics	Retail
Product or service:			
Gasoline	$ 641,817	$ —	$ 179,348
Distillates (1)	986,916	—	24,939
Other refined products (2)	581,839	—	—
Merchandise	—	—	68,421
Transportation and terminalling services	—	143,004	—
Other revenue	19,281	—	1,462
Total segment revenues (3)	$ 2,229,853	$ 143,004	$ 274,170

(1) Distillates primarily include diesel and jet fuel.
(2) Other refined products include fuel oil, gas oil, asphalt, and naphtha.
(3) Refer to Note 17—Segment Information for the reconciliation of segment revenues to total consolidated revenues.

Note 5—Inventories

Inventories at September 30, 2021 and December 31, 2020 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreement (1)	Total
September 30, 2021			
Crude oil and feedstocks	$ 64,322	$ 185,473	$ 249,795
Refined products and blendstock	156,276	101,287	257,563
Warehouse stock and other (2)	127,961	—	127,961
Total	$ 348,559	$ 286,760	$ 635,319
December 31, 2020			
Crude oil and feedstocks	$ 88,307	$ 75,340	$ 163,647
Refined products and blendstock	112,146	83,601	195,747
Warehouse stock and other (2)	70,461	—	70,461
Total	$ 270,914	$ 158,941	$ 429,855

(1) Please read Note 7—Inventory Financing Agreements for further information.
(2) Includes $82.7 million and $26.7 million of RINs and environmental credits, reported at cost, as of September 30, 2021 and December 31, 2020, respectively. RINs and environmental obligations of $297.5 million and $150.5 million, reported at market value, are included in Other accrued liabilities on our condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020, respectively.

As of September 30, 2021, we had no reserve for the lower of cost or net realizable value of inventory. As of December 31, 2020, there was a $10.6 million reserve for the lower of cost or net realizable value of inventory. As of September 30, 2021, the excess of current replacement cost over the last-in, first-out ("LIFO") inventory carrying value at the Washington refinery was approximately $36.5 million. Our LIFO inventories, net of the lower of cost or net realizable reserve, were equal to current cost as of December 31, 2020.

Note 6—Prepaid and Other Current Assets

Prepaid and other current assets at September 30, 2021 and December 31, 2020 consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Advances to suppliers	$ 2,545	$ —
Collateral posted with broker for derivative instruments (1)	3,387	1,489
Prepaid insurance	—	14,932
Prepaid taxes	1,516	1
Derivative assets	34	1,346
Deferred inventory financing charges	4,743	—
Other	3,566	6,880
Total	$ 15,791	$ 24,648

(1) Our cash margin that is required as collateral deposits on our commodity derivatives cannot be offset against the fair value of open contracts except in the event of default. Please read Note 10—Derivatives for further information.

Note 7—Inventory Financing Agreements

The following table summarizes our outstanding obligations under our inventory financing agreements (in thousands):

	September 30, 2021	December 31, 2020
Supply and Offtake Agreements	$ 482,250	$ 312,185
Washington Refinery Intermediation Agreement	186,179	111,501
Obligations under inventory financing agreements	$ 668,429	$ 423,686

Supply and Offtake Agreement

We have an agreement with J. Aron & Company LLC (“J. Aron”) to support our Hawaii refining operations. As of December 31, 2020, a deferred payment arrangement under the agreement allowed for us to defer payments owed under the agreements up to the lesser of $165 million or 85% of eligible accounts receivable and inventory. As of December 31, 2020, the capacity of the deferred payment arrangement was $80.1 million and we had $78.6 million outstanding. On May 4, 2021, we amended the first amended and restated supply and offtake agreement and extended the term from May 31, 2021, to June 30, 2021.

On June 1, 2021, we entered into the Second Amended and Restated Supply and Offtake Agreement (as amended, the “Supply and Offtake Agreement”). The Supply and Offtake Agreement expires May 31, 2024 (as extended, the “Expiration Date”), subject to a one-year extension at the mutual agreement of the parties at least 120 days prior to the Expiration Date. Under the Supply and Offtake Agreement, we are subject to an early termination fee if we terminate the Supply and Offtake Agreement on or prior to May 31, 2023. Under the Supply and Offtake Agreement, Par Hawaii Refining, LLC (“PHR”) is required to maintain minimum liquidity of not less than $15 million for any three consecutive business days, with at least $7.5 million of such liquidity consisting of cash and cash equivalents. Commencing on July 1, 2021 (the “Adjustment Date”), the Supply and Offtake Agreement makes available a discretionary draw facility (the “Discretionary Draw Facility”) to PHR.

The Discretionary Draw Facility is available to PHR from the Adjustment Date up to but excluding the Expiration Date. Under the Discretionary Draw Facility, J. Aron agreed to make advances to PHR from time to time at the request of PHR, subject to the satisfaction of certain conditions precedent, in an aggregate principal amount at any one time outstanding not to exceed the lesser of $165 million or the borrowing base, which is calculated as (x) 85% of the eligible accounts receivables, plus (y) the lesser of $82.5 million and 85% of eligible hydrocarbon inventory, minus (z) such reserves as established by J. Aron in respect of eligible receivables and eligible hydrocarbon inventory. The advances under the Discretionary Draw Facility bear interest at a rate equal to three-month LIBOR plus 4.00% per annum until May 31, 2022. Beginning on June 1, 2022, the advances will bear interest at a rate equal to LIBOR (or LIBOR equivalent) plus an applicable spread between 3.50% and 4.00% to be determined annually based on certain financial ratios. As of September 30, 2021, our outstanding balance under the Discretionary Draw Facility was $125.2 million and its capacity was $142.4 million.

Under the supply and offtake agreements, we pay or receive certain fees from J. Aron based on changes in market prices over time. In 2017, we fixed the market fee for the period from June 1, 2018 through May 2021 for $2.2 million. In 2020, we fixed the market fee for the period from February 1, 2020 through April 1, 2021 for an additional $0.8 million to be settled in fifteen payments. In the third quarter of 2021, we entered into multiple contracts to fix certain market fees for the period from September 2021 through May 2022 for $6.6 million. The amount due to or from J. Aron is recorded as an adjustment to our Obligations under inventory financing agreements as allowed under the supply and offtake agreements. As of September 30, 2021, and December 31, 2020, we had a payable of $6.6 million and a receivable of $0.5 million, respectively.

Washington Refinery Intermediation Agreement

The Washington Refinery Intermediation Agreement with MLC provides a structured financing arrangement based on U.S. Oil's crude oil and refined products inventories and associated accounts receivable. On February 11, 2021, we and MLC amended the Washington Refinery Intermediation Agreement and extended the term through March 31, 2022. This amendment also includes transition guidance on the interest rate of the MLC receivable advances to be based on another industry standard benchmark rate that will be effective upon LIBOR's scheduled retirement at the end of 2021.

As of September 30, 2021, our outstanding balance under the MLC receivable advances was equal to our borrowing base of $60.6 million. As of December 31, 2020, our outstanding balance under the MLC receivable advances was equal to our borrowing base of $41.1 million. Additionally, as of September 30, 2021, and December 31, 2020, we had approximately $135.9 million and $93.6 million in letters of credit outstanding through MLC's credit support, respectively.

The following table summarizes the inventory intermediation fees, which are included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations, and Interest expense and financing costs, net related to the intermediation agreements (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net fees and expenses:				
Supply and Offtake Agreement				
Inventory intermediation fees	$ 4,988	$ 2,216	$ 14,038	$ 8,882
Interest expense and financing costs, net	754	411	2,078	2,473
Washington Refinery Intermediation Agreement				
Inventory intermediation fees	$ 750	$ 1,019	$ 2,486	$ 3,138
Interest expense and financing costs, net	1,276	472	3,387	2,196

The Supply and Offtake Agreement and the Washington Refinery Intermediation Agreement 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 8—Other Accrued Liabilities

Other accrued liabilities at September 30, 2021 and December 31, 2020 consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Accrued payroll and other employee benefits	$ 19,568	$ 14,916
Gross environmental credit obligations (1)	297,495	150,482
Other	45,913	38,313
Total	$ 362,976	$ 203,711

(1) Gross environmental credit obligations are stated at market as of September 30, 2021 and December 31, 2020. Please read Note 11—Fair Value Measurements for further information. A portion of these obligations are expected to be settled with our RINs assets and other environmental credits, which are presented as Inventories on our condensed consolidated balance sheet and are stated at the lower of cost and net realizable value. The carrying costs of these assets were $82.7 million and $26.7 million as of September 30, 2021 and December 31, 2020, respectively.

Note 9—Debt

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

	September 30, 2021	December 31, 2020
5.00% Convertible Senior Notes due 2021	$ —	$ 48,665
ABL Credit Facility due 2022	—	—
Retail Property Term Loan due 2024	—	42,494
7.75% Senior Secured Notes due 2025	296,000	300,000
Term Loan B due 2026	218,750	228,125
12.875% Senior Secured Notes due 2026	68,250	105,000
Mid Pac Term Loan due 2028	—	1,399
PHL Term Loan	—	5,840
Principal amount of long-term debt	583,000	731,523
Less: unamortized discount and deferred financing costs	(16,216)	(22,930)
Total debt, net of unamortized discount and deferred financing costs	566,784	708,593
Less: current maturities, net of unamortized discount and deferred financing costs	(10,839)	(59,933)
Long-term debt, net of current maturities	$ 555,945	$ 648,660

As of September 30, 2021 and December 31, 2020, we had $26.6 million and $1.7 million in letters of credit outstanding under the Loan and Security Agreement dated as of December 21, 2017 with certain lenders and Bank of America, N.A., as administrative agent and collateral agent (the "ABL Credit Facility"), respectively. We had $5.9 million and $3.6 million in cash-collateralized letters of credit and surety bonds outstanding as of September 30, 2021 and December 31, 2020, respectively, under agreements with MLC and under certain other facilities.

Under the ABL Credit Facility, the indentures governing the 7.75% Senior Secured Notes and 12.875% Senior Secured Notes, and the term loan facility with Goldman Sachs Bank USA (the "Term Loan B Facility"), our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

5.00% Convertible Senior Notes Due 2021

On June 15, 2021, the remaining $48.7 million aggregate principal amount of the 5.00% Convertible Senior Notes matured and were paid in full.

ABL Credit Facility

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"). As of September 30, 2021, the ABL Revolver had no outstanding revolving loans, $26.6 million in letters of credit outstanding, and a borrowing base of approximately $85.0 million.

Retail Property Term Loan

On March 29, 2019, Par Pacific Hawaii Property Company, LLC ("Par Property LLC"), our wholly owned subsidiary, entered into a term loan agreement (the "Retail Property Term Loan") with Bank of Hawaii ("BOH"), which provided a term loan in the principal amount of $45.0 million. The proceeds from the Retail Property Term Loan were used to repay and terminate the loan agreement previously entered into on January 9, 2019 with BOH (the "Par Pacific Term Loan Agreement").

The Retail Property Term Loan bore interest based on a floating rate equal to the applicable LIBOR for a one-month interest period plus 1.5%. Principal and interest payments were payable monthly based on a 20-year amortization schedule, principal prepayments were allowed subject to applicable prepayment penalties, and the remaining unpaid principal, plus any unpaid interest or other charges, was due on April 1, 2024, the maturity date of the Retail Property Term Loan. On February 23, 2021, we terminated and repaid all amounts outstanding under the Retail Property Term Loan. We recognized approximately $1.4 million of debt extinguishment costs in the nine months ended September 30, 2021 related to our prepayment of the loan principal.

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 "Securities Act"). The net proceeds of $289.2 million (net of financing costs and original issue discount of 1%) from the sale were used to repay certain previous credit facilities and a 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 (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. During the nine months ended September 30, 2021, we repurchased and cancelled $4 million in aggregate principal amount of the 7.75% Senior Secured Notes through two repurchases**.** As of September 30, 2021, the 7.75% Senior Secured Notes had an outstanding principal balance of $296.0 million.

Mid Pac Term Loan

On September 27, 2018, Par Hawaii, LLC ("PHL", formerly known as Par Hawaii, Inc. and includes the assets of the dissolved entity formerly known as Mid Pac Petroleum, LLC), our wholly owned subsidiary, entered into the Mid Pac Term Loan with American Savings Bank, F.S.B., which provided a term loan of up to $1.5 million. We received the proceeds on October 18, 2018, which were used to purchase certain retail property. The Mid Pac Term Loan was scheduled to mature on October 18, 2028.

The Mid Pac Term Loan was payable monthly, bore interest at an annual rate of 4.375%, was secured by a first-priority lien on the real property purchased with the funds, including leases and rents on the property and the property's fixed assets and fixtures, and was guaranteed by Par Petroleum, LLC. On March 12, 2021, we terminated and repaid all amounts outstanding under the Mid Pac Term Loan.

PHL Term Loan

On April 13, 2020, PHL, our wholly owned subsidiary, entered into a Term Loan Agreement ("PHL Term Loan") with American Savings Bank F.S.B., which provided a term loan in the principal amount of approximately $6.0 million. The proceeds from the PHL Term Loan were used to finance PHL's equity in certain real property. The PHL Term Loan bore interest at a fixed rate of 2.750% per annum. Principal and interest payments were payable monthly based on a 25-year amortization schedule, principal prepayments were allowed with no prepayment charge, and the remaining principal, plus any unpaid interest or other charges, was due on April 15, 2030, the maturity date of the PHL Term Loan. The PHL Term Loan was guaranteed by Par Petroleum, LLC. On February 23, 2021, we terminated and repaid all amounts outstanding under the PHL Term Loan.

12.875% Senior Secured Notes Due 2026

On June 14, 2021, we redeemed $36.8 million aggregate principal amount of 12.875% Senior Secured Notes at a redemption price of 112.875% of the aggregate principal amount of the notes redeemed, plus the accrued and unpaid interest as of the redemption date. Upon redemption, we paid a premium of approximately $4.7 million and incurred additional debt extinguishment costs of $1.9 million, which were recorded in Debt extinguishment and commitment costs on our condensed consolidated statement of operations for the nine months ended September 30, 2021. As of September 30, 2021, the 12.875% Senior Secured Notes had an outstanding principal balance of $68.3 million.

Cross Default Provisions

Included within each of our debt agreements are affirmative and negative covenants, and 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, 2021, we were in compliance with all of our debt instruments.

Guarantors

In connection with our shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission ("SEC") on February 6, 2019 and declared effective on February 15, 2019 ("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

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.

Our open futures and over-the-counter ("OTC") swaps at September 30, 2021, will settle by February 2022. At September 30, 2021, our open commodity derivative contracts represented (in thousands of barrels):

Contract type	Purchases	Sales	Net
Futures	192	(342)	(150)
Swaps	2,725	(3,725)	(1,000)
Total	2,917	(4,067)	(1,150)

At September 30, 2021, we also had option collars of 25 thousand barrels of crude oil per month that expire in December 2021 and 35 thousand barrels of crude oil per month that expire in December 2022 to economically hedge our internally consumed fuel at our Hawaii refineries. These option collars have a weighted-average strike price ranging from a floor of $36.50 per barrel to a ceiling of $60.00 per barrel and from a floor of $56.29 per barrel to a ceiling of $72.86 per barrel, respectively.

Interest Rate Derivatives

We are exposed to interest rate volatility in our ABL Revolver, Term Loan B Facility, Supply and Offtake Agreement, and Washington Refinery Intermediation Agreement. We may utilize interest rate swaps to manage our interest rate risk. As of December 31, 2020, we had entered into an interest rate swap at an average fixed rate of 3.91% in exchange for the floating interest rate on the notional amounts due under the Retail Property Term Loan. This swap was set to expire on April 1, 2024, the maturity date of the Retail Property Term Loan. On February 23, 2021, we terminated and repaid all amounts outstanding under the Retail Property Term Loan and the related interest rate swap.

Our 5.00% Convertible Senior Notes included a redemption option and a related make-whole premium which represented an embedded derivative that was not clearly and closely related to the 5.00% Convertible Senior Notes. As such, we 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. On June 15, 2021, the 5.00% Convertible Senior Notes matured and were paid in full, and the related embedded derivative was settled.

The following table provides information on the fair value amounts (in thousands) of these derivatives as of September 30, 2021, and December 31, 2020, and their placement within our condensed consolidated balance sheets.

	Balance Sheet Location	September 30, 2021	December 31, 2020
		Asset (Liability)	
Commodity derivatives (1)	Prepaid and other current assets	$ 34	$ 1,346
Commodity derivatives	Other accrued liabilities	(6,308)	—
J. Aron repurchase obligation derivative	Obligations under inventory financing agreements	(29,584)	(20,797)
MLC terminal obligation derivative	Obligations under inventory financing agreements	(15,739)	(10,161)
Interest rate derivatives	Other accrued liabilities	—	(966)
Interest rate derivatives	Other liabilities	—	(2,027)

(1) Does not include cash collateral of $3.4 million and $1.5 million recorded in Prepaid and other current assets as of September 30, 2021, and December 31, 2020, respectively, and $9.5 million in Other long-term assets as of both September 30, 2021, and December 31, 2020.

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	2021	2020	2021	2020
Commodity derivatives	Cost of revenues (excluding depreciation)	$ (6,578)	$ 1,860	$ (16,170)	$ (54,160)
J. Aron repurchase obligation derivative	Cost of revenues (excluding depreciation)	(3,470)	44,556	(8,787)	(12,459)
MLC terminal obligation derivative	Cost of revenues (excluding depreciation)	(11,171)	6,000	(66,772)	62,076
Interest rate derivatives	Interest expense and financing costs, net	—	2	104	(2,310)

Note 11—Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Common Stock Warrants

During January and March 2020, one of our stockholders and its affiliates exercised 354,350 common stock warrants with a fair value of $3.9 million. As a result of this cashless transaction, 350,542 shares of common stock were issued. As of September 30, 2021, we had no common stock warrants outstanding.

Derivative Instruments

We utilize 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 may 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 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 the embedded derivatives related to our J. Aron repurchase and MLC terminal obligations is based on estimates of the prices and differentials assuming settlement at the end of the reporting period. Estimates of the J. Aron and MLC settlement prices are based on observable inputs, such as Brent and West Texas Intermediate Crude Oil ("WTI") indices, and unobservable inputs, such as contractual price differentials as defined in the Supply and Offtake Agreement and Washington Refinery Intermediation Agreement. Such contractual differentials vary by location and by the type of product and range from a discount of $5.64 per barrel to a premium of $38.02 per barrel as of September 30, 2021. Contractual price differentials are considered unobservable inputs; therefore, these embedded derivatives are classified as Level 3 instruments. We did not have other commodity derivatives classified as Level 3 at September 30, 2021, or December 31, 2020. Please read Note 10—Derivatives for further information on derivatives.

Gross Environmental credit obligations

Estimates of our gross environmental credit obligations are based on the amount of RINs or other environmental credits required to comply with U.S. Environmental Protection Agency ("EPA") regulations and the market prices of those RINs or other environmental credits as of the end of the reporting period. The gross environmental credit obligations are classified as Level 2 instruments as we obtain the pricing inputs for our RINs and other environmental credits from brokers based on market quotes on similar instruments. Please read Note 13—Commitments and Contingencies for further information on the EPA regulations related to greenhouse gases.

Financial Statement Impact

Fair value amounts by hierarchy level as of September 30, 2021, and December 31, 2020, are presented gross in the tables below (in thousands):

	September 30, 2021					
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	$ 796	$ 27,978	$ —	$ 28,774	$ (28,740)	$ 34
Liabilities						
Commodity derivatives	$ (2,670)	$ (32,378)	$ —	$ (35,048)	$ 28,740	$ (6,308)
J. Aron repurchase obligation derivative	—	—	(29,584)	(29,584)	—	(29,584)
MLC terminal obligation derivative	—	—	(15,739)	(15,739)	—	(15,739)
Gross environmental credit obligations (2)	—	(297,495)	—	(297,495)	—	(297,495)
Total Liabilities	$ (2,670)	$ (329,873)	$ (45,323)	$ (377,866)	$ 28,740	$ (349,126)

	December 31, 2020					
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	$ 616	$ 1,573	$ —	$ 2,189	$ (843)	$ 1,346
Liabilities						
Commodity derivatives	$ (3)	$ (840)	$ —	$ (843)	$ 843	$ —
J. Aron repurchase obligation derivative	—	—	(20,797)	(20,797)	—	(20,797)
MLC terminal obligation derivative	—	—	(10,161)	(10,161)	—	(10,161)
Interest rate derivatives	—	(2,993)	—	(2,993)	—	(2,993)
Gross environmental credit obligations (2)	—	(150,482)	—	(150,482)	—	(150,482)
Total Liabilities	$ (3)	$ (154,315)	$ (30,958)	$ (185,276)	$ 843	$ (184,433)

(1) Does not include cash collateral of $12.9 million and $11.0 million as of September 30, 2021, and December 31, 2020, respectively, included within Prepaid and other current assets and Other long-term assets on our condensed consolidated balance sheets.

(2) Does not include RINs assets and other environmental credits of $82.7 million and $26.7 million presented as Inventories on our condensed consolidated balance sheet and stated at the lower of cost and net realizable value as of September 30, 2021, and December 31, 2020, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Balance, at beginning of period	$ (36,364)	$ (66,098)	$ (30,958)	$ (22,750)
Settlements	5,682	10,247	61,194	(36,432)
Acquired	—	—	—	—
Total gains (losses) included in earnings	(14,641)	50,556	(75,559)	53,887
Balance, at end of period	$ (45,323)	$ (5,295)	$ (45,323)	$ (5,295)

The carrying value and fair value of long-term debt and other financial instruments as of September 30, 2021 and December 31, 2020 are as follows (in thousands):

	September 30, 2021	
	Carrying Value	Fair Value
ABL Credit Facility due 2022 (2)	$ —	$ —
7.75% Senior Secured Notes due 2025 (1)	290,297	295,911
Term Loan B Facility due 2026 (1)	211,598	217,109
12.875% Senior Secured Notes due 2026 (1)	64,889	78,658

	December 31, 2020	
	Carrying Value	Fair Value
5.00% Convertible Senior Notes due 2021 (1) (3)	$ 47,301	$ 50,311
ABL Credit Facility due 2022 (2)	—	—
Retail Property Term Loan due 2024 (2)	41,891	41,891
7.75% Senior Secured Notes due 2025 (1)	293,289	289,521
Term Loan B Facility due 2026 (1)	219,708	215,578
12.875% Senior Secured Notes due 2026 (1)	99,213	112,901
Mid Pac Term Loan due 2028 (2)	1,399	1,399
PHL Term Loan due 2030 (2)	5,792	5,792

(1) The fair value measurements of the 5.00% Convertible Senior Notes, 7.75% Senior Secured Notes, Term Loan B Facility, and 12.875% Senior Secured Notes are considered Level 2 measurements in the fair value hierarchy as discussed below.

(2) The fair value measurements of the ABL Credit Facility, Mid Pac Term Loan, Retail Property Term Loan, and PHL Term Loan are considered Level 3 measurements 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 the measurement date. The outstanding aggregate principal amount of the 5.00% Convertible Senior Notes matured and was paid in full on June 15, 2021. The fair value of the 5.00% Convertible Senior Notes was considered a Level 2 measurement in the fair value hierarchy.

The fair value of the 7.75% Senior Secured Notes, Term Loan B Facility, and 12.875% Senior Secured Notes were determined using a market approach based on quoted prices. The inputs used to measure the fair value are classified as Level 2 inputs within the fair value hierarchy because the 7.75% Senior Secured Notes, Term Loan B Facility, and 12.875% Senior Secured Notes may not be actively traded.

The carrying values of our Retail Property, Mid Pac, and PHL Term Loans were determined to approximate fair value as of December 31, 2020. The Retail Property and PHL Term Loans were repaid in full on February 23, 2021 and the Mid Pac Term Loan was repaid in full on March 12, 2021. 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—Leases

We have cancellable and non-cancellable finance and operating lease liabilities for the lease of land, vehicles, office space, retail facilities, and other facilities used in the storage and transportation of crude oil and refined products. Most of our leases include one or more options to renew, with renewal terms that can extend the lease term from one to 30 years or more. There are no material lease arrangements where we are the lessor and no material residual value guarantees associated with any of our leases.

The following table provides information on the amounts (in thousands, except lease term and discount rates) of our right-of-use assets ("ROU assets") and liabilities as of September 30, 2021 and December 31, 2020 and their placement within our condensed consolidated balance sheets:

Lease type	Balance Sheet Location	September 30, 2021	December 31, 2020
Assets			
Finance	Property, plant, and equipment	$ 20,556	$ 14,998
Finance	Accumulated amortization	(7,925)	(6,486)
Finance	Property, plant, and equipment, net	$ 12,631	$ 8,512
Operating	Operating lease right-of-use assets	404,210	357,166
Total right-of-use assets		$ 416,841	$ 365,678
Liabilities			
Current			
Finance	Other accrued liabilities	$ 1,567	$ 1,491
Operating	Operating lease liabilities	57,377	56,965
Long-term			
Finance	Finance lease liabilities	8,069	7,925
Operating	Operating lease liabilities	353,366	304,355
Total lease liabilities		$ 420,379	$ 370,736
Weighted-average remaining lease term (in years)			
Finance		6.46	6.97
Operating		11.19	10.52
Weighted-average discount rate			
Finance		7.45 %	7.93 %
Operating		6.79 %	7.59 %

The following table summarizes the lease costs recognized in our condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease cost type	2021	2020	2021	2020
Finance lease cost				
Amortization of finance lease ROU assets	$ 489	$ 518	$ 1,439	$ 1,532
Interest on lease liabilities	166	156	489	487
Operating lease cost	23,325	26,514	69,069	80,644
Variable lease cost	1,527	2,185	4,932	7,842
Short-term lease cost	138	820	341	1,662
Net lease cost	$ 25,645	$ 30,193	$ 76,270	$ 92,167

The following table summarizes the supplemental cash flow information related to leases as follows (in thousands):

	Nine Months Ended September 30,	
Lease type	**2021**	**2020**
Cash paid for amounts included in the measurement of liabilities		
Financing cash flows from finance leases	$ 2,223	$ 1,508
Operating cash flows from finance leases	492	493
Operating cash flows from operating leases	65,439	76,536
Non-cash supplemental amounts		
ROU assets obtained in exchange for new finance lease liabilities	2,658	1,992
ROU assets obtained in exchange for new operating lease liabilities	95,229	11,974
ROU assets terminated in exchange for release from operating lease liabilities	800	7,738

The table below includes the estimated future undiscounted cash flows for finance and operating leases as of September 30, 2021 (in thousands):

For the year ending December 31,	Finance leases	Operating leases	Total
2021 (1)	$ 573	$ 22,530	$ 23,103
2022	2,139	81,740	83,879
2023	2,161	63,708	65,869
2024	1,857	52,019	53,876
2025	1,702	50,910	52,612
2026	1,235	46,406	47,641
Thereafter	2,657	236,665	239,322
Total lease payments	12,324	553,978	566,302
Less amount representing interest	(2,688)	(143,235)	(145,923)
Present value of lease liabilities	$ 9,636	$ 410,743	$ 420,379

(1) Represents the period from October 1, 2021 to December 31, 2021.

Additionally, we have $2.8 million and $15.2 million in future undiscounted cash flows for finance and operating leases that have not yet commenced, respectively. These leases are expected to commence when the lessor has made the equipment or location available to us to operate or begin construction, respectively.

Sale-Leaseback Transactions

On February 11, 2021, PHL and Par Hawaii Property Company, LLC (collectively, the “Sellers”), both our wholly owned subsidiaries, entered into a Purchase Agreement and Escrow Instructions with MDC Coast HI 1, LLC, a subsidiary of Realty Income Corporation (the “Buyer”), and Fidelity National Title Insurance Company, pursuant to which the Sellers and Buyer agreed to consummate sale-leaseback transactions (the “Sale-Leaseback Transactions”). Under the terms of the Purchase Agreement, the Sellers agreed to sell to the Buyer a total of twenty-two (22) retail convenience store/fuel station properties located in Hawaii (the “Sale-Leaseback Properties”) for an aggregate cash purchase price of $112.8 million, net of transaction fees.

On February 23, 2021, the Sellers and Buyer closed the Sale-Leaseback Transactions with respect to twenty-one (21) Sale-Leaseback Properties for an aggregate cash purchase price of approximately $107.0 million, net of transaction fees. On March 12, 2021, the Sellers and Buyer closed the sale of one additional property for an aggregate cash purchase price of approximately $5.8 million, net of transaction fees. We recognized a gain of $63.9 million as a result of these transactions, which is included in Loss (gain) on sale of assets, net on our condensed consolidated statements of operations for the nine months ended September 30, 2021.

Upon the closings of the sales of the Sale-Leaseback Properties, PHL entered into a Master Land and Building Lease Agreement (the “Lease Agreement”) with the Buyer, pursuant to which, among other things, PHL leased the Sale-Leaseback

Properties from the Buyer, on a commercial triple-net basis, for 15 years, unless earlier terminated. The initial lease term may be extended for up to four five-year renewal terms in accordance with the terms of the Lease Agreement. Under the terms of the Lease Agreement, PHL is responsible for monthly rent and all expenses related to the leased facilities, including, but not limited to, insurance premiums, taxes, and other expenses, such as utilities. As a result of the Sale-Leaseback Transactions, we recorded operating ROU assets and lease liabilities of $81.3 million. Certain of the Sale-Leaseback Properties were treated as failed sale-leaseback transactions based on the terms of the lease. As such, we retained the book value of the assets and recognized a finance liability of $12.4 million included in Other accrued liabilities and Other liabilities on our condensed consolidated balance sheet.

In connection with PHL's entry into the Lease Agreement, Par Petroleum, LLC, our wholly owned subsidiary, entered into a guaranty agreement in favor of the Buyer, pursuant to which, among other things, Par Petroleum, LLC guaranteed the payment when due of the monthly rent, and all other additional rent, interest, and charges payable by PHL to the Buyer under the Lease Agreement, and the performance by PHL of all the material terms, conditions, covenants, and agreements of the Lease Agreement.

Note 13—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.

Tax and Related Matters

We are also party to various other legal proceedings, claims, and regulatory, tax or government audits, inquiries and investigations that arise in the ordinary course of business. By opinion dated September 22, 2021, the Hawaii Attorney General reversed a prior 1964 opinion exempting various business transactions conducted in Hawaii free trade zones from certain state taxes. We understand that we and other similarly situated state taxpayers who had previously claimed such exemptions may anticipate an audit of their state tax returns filed for such prior tax periods. Similarly, on September 30, 2021, we received notice of a complaint filed on May 17, 2021, on camera and under seal in the first circuit court of the state of Hawaii alleging that Par Hawaii Refining, LLC, Par Pacific Holdings, Inc. and certain unnamed defendants made false claims and statements in connection with various state tax returns related to our business conducted within the Hawaii free trade zones, and seeking unspecified damages, penalties, interest and injunctive relief. We dispute the allegations in the complaint and intend to vigorously defend ourselves in such proceeding. We believe the likelihood of an unfavorable outcome in this matter to be neither probable nor reasonably estimable.

Environmental Matters

Like other petroleum refiners, our operations are subject to extensive and periodically-changing federal, state, and local environmental laws and regulations governing air emissions, wastewater discharges, and solid and hazardous waste management activities. Many of these 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. 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.

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, 2021, we have accrued $15.8 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 Wyoming Refining has 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 $300,000.

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.

Additionally, the EPA's final rule updating standards that control toxic air emissions from petroleum refineries imposed additional controls and monitoring requirements on flaring operations, storage tanks, sulfur recovery units, delayed coking units, and required fenceline monitoring. Compliance with this rule has not had a material impact on our financial condition, results of operations, or cash flows to date.

Several states have also passed legislation related to GHGs. For example, in 2021, State of Washington passed climate legislation requiring fuel suppliers to gradually reduce the carbon intensity of transportation fuels to 20 percent below 2017 levels by 2038 and subjecting entities that emit significant amounts of carbon dioxide, such as fuel suppliers, to a cap-and-trade system for reducing GHG emissions beginning January 1, 2023. 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. In June of 2014, the Hawaii Department of Health ("DOH") adopted regulations that require each major facility to reduce CO_2 emissions by 16% by 2020 relative to a calendar year 2010 baseline (the first year in which GHG emissions were reported to the EPA under 40 CFR Part 98). The Hawaii refineries' capacity to materially reduce fuel use and GHG emissions is limited because most energy conservation measures have already been implemented over the past 20 years. The 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 independently with the state's Renewable Portfolio Standards. Accordingly, our Hawaii refineries submitted a GHG reduction plan that incorporates the partnering provisions and demonstrates that additional reductions are not cost-effective or necessary because of the Hawaii refineries' shared baseline allocation and because the State of Hawaii has already reached the 1990 levels according to a report prepared by the DOH in January 2019. Compliance with federal and state GHG regulations could result in material increased compliance costs and an increase in the cost of our products.

In 2007, the U.S. Congress passed the Energy Independence and Security Act (the "EISA") which, among other things, set a target fuel economy standard of 35 miles per gallon for the combined fleet of cars and light trucks in the U.S. by model year 2020 and contained an expanded Renewable Fuel Standard (the "RFS"). In August 2012, the EPA and National Highway Traffic Safety Administration ("NHTSA") jointly adopted regulations that establish vehicle carbon dioxide emissions standards and an average industry fuel economy of 54.5 miles per gallon by model year 2025. On August 8, 2018, the EPA and NHTSA jointly proposed to revise existing fuel economy standards for model years 2021-2025 and to set standards for 2026 for the first time. On March 31, 2020, the agencies released updated fuel economy and vehicle emissions standards, which provide for an increase in stringency by 1.5% each year through model year 2026, as compared with the standards issued in 2012 that required 5% annual increases. Higher fuel economy standards have the potential to reduce demand for our refined transportation fuel products.

Under EISA, the RFS requires an increasing amount of renewable fuel to be blended into the nation's transportation fuel supply, up to 36 billion gallons by 2022. Over time, higher annual RFS requirements have the potential to reduce demand for our refined transportation fuel products. In the near term, the RFS will be satisfied primarily with fuel ethanol blended into

gasoline. We, and other refiners subject to the RFS, may meet the RFS requirements by blending the necessary volumes of renewable fuels produced by us or purchased from third parties. To the extent that refiners will not or cannot blend renewable fuels into the products they produce in the quantities required to satisfy their obligations under the RFS program, those refiners must purchase renewable credits, referred to as RINs, to maintain compliance. To the extent that we exceed the minimum volumetric requirements for blending of renewable fuels, we have the option of retaining these RINs for current or future RFS compliance or selling those RINs on the open market. The EPA has not yet set volumetric requirements for 2021, which makes it difficult to estimate our obligations. As of September 30, 2021, our estimate of the renewable volume obligation ("RVO") liability for the 2021 compliance year is based on the RFS volumetric requirements for the 2020 compliance year.

Additionally, the RFS enables the EPA to exempt certain small refineries from the renewable fuels blending requirements in the event such requirements would cause disproportionate economic hardship to that refinery. We petitioned the EPA for a small refinery waiver for certain of our refineries for 2019-2020, but in January 2021, the EPA announced it would cease granting hardship exemptions to small refineries that had not received continuous exemptions since 2011. In HollyFrontier Cheyenne Refining, LLC v. Renewable Fuels Association, the United States Supreme Court recently held that the CAA authorizes the EPA to exempt a small refinery from compliance with the renewable fuel standards program even if the small refinery had not received an exemption in each year since the program began in 2011. It is uncertain whether the EPA will begin granting hardship exemptions again in light of the Court's decision or withhold approval of pending hardship exemption requests on other grounds.

The RFS 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 D3 waivers 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 federal 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 2019, the EPA approved year-round sales of E15. However, on July 2, 2021, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit vacated the EPA's approval of year-round E15 sales. 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; however, increased renewable fuel in the nation's transportation fuel supply could reduce demand for our refined products.

In March 2014, the EPA published a final Tier 3 gasoline standard that requires, among other things, that gasoline contain no more than 10 parts per million ("ppm") sulfur on an annual average basis and no more than 80 ppm sulfur on a per-gallon basis. The standard also lowers the allowable benzene, aromatics, and olefins content of gasoline. The effective date for the new standard was January 1, 2017, however, approved small volume refineries had until January 1, 2020 to meet the standard. The Par East Hawaii refinery was required to comply with Tier 3 gasoline standards within 30 months of June 21, 2016, the date it was disqualified from small volume refinery status. On March 19, 2015, the EPA confirmed the small refinery status of our Wyoming refinery. The Par East Hawaii refinery, our Wyoming refinery, and our Washington refinery, acquired in January 2019, were all granted small refinery status by the EPA for 2018. All of our refineries are compliant with the final Tier 3 gasoline standard.

Beginning on June 30, 2014, new sulfur standards for fuel oil used by marine vessels operating within 200 miles of the U.S. coastline (which includes the entire Hawaiian Island chain) were lowered from 10,000 ppm (1%) to 1,000 ppm (0.1%). The sulfur standards began at the Hawaii refineries and were phased in so that by January 1, 2015, they were to be fully aligned with the International Marine Organization ("IMO") standards and deadline. The more stringent standards apply universally to both U.S. and foreign-flagged ships. Although the marine fuel regulations provided vessel operators with a few compliance options such as installation of on-board pollution controls and demonstration unavailability, many vessel operators will be forced to switch to a distillate fuel while operating within the Emission Control Area ("ECA"). Beyond the 200 mile ECA, large ocean vessels are still allowed to burn marine fuel with up to 3.5% sulfur. Our Hawaii refineries are capable of producing the 1% sulfur residual fuel oil that was previously required within the ECA. Although our Hawaii refineries remain in a position to supply vessels traveling to and through Hawaii, the market for 0.1% sulfur distillate fuel and 3.5% sulfur residual fuel is much more competitive. In addition to U.S. fuels requirements, the IMO has also adopted newer standards that further reduce the global limit on sulfur content in maritime fuels to 0.5% beginning in 2020 ("IMO 2020").

Environmental Agreement

On September 25, 2013, Par Petroleum, LLC (formerly Hawaii Pacific Energy, a wholly owned subsidiary of Par created for purposes of the acquisition of PHR), Tesoro Corporation ("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 a consent decree.

Indemnification

In addition to its obligation to reimburse us for capital expenditures incurred pursuant to a 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 a 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, 2021, 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 are settled at a ratio of 54.4 shares per $1,000 of claim.

Note 14—Stockholders' Equity

Issuance of Common Stock

On March 16, 2021, we entered into an underwriting agreement with J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC, as representatives of the several underwriters named therein, in connection with an underwritten public offering (the "Equity Offering") of 5.75 million shares of common stock, par value $0.01 per share, at a public offering price of $16.00 per share. We completed the issuance of these shares on March 19, 2021. The net proceeds from the Equity Offering were approximately $87.2 million, after deducting underwriting discounts and commissions and offering expenses. We used the net proceeds from the Equity Offering for general corporate purposes, including repaying indebtedness, capital expenditures, and funding working capital.

Incentive Plans

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,	
	2021	2020	2021	2020
Restricted Stock Awards	$ 1,184	$ 1,011	$ 3,548	$ 2,962
Restricted Stock Units	346	327	1,002	971
Stock Option Awards	493	439	1,438	1,253

During the three and nine months ended September 30, 2021, we granted 33 thousand and 472 thousand shares of restricted stock and restricted stock units with a fair value of approximately $0.5 million and $7.7 million, respectively. As of September 30, 2021, there were approximately $10.4 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 1.8 years.

During the nine months ended September 30, 2021, we granted 382 thousand stock option awards with a weighted-average exercise price of $16.52 per share and no grants were made for the three months ended September 30, 2021. As of September 30, 2021, there were approximately $4.3 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 1.8 years.

During the nine months ended September 30, 2021, we granted 64 thousand performance restricted stock units to executive officers and no grants were made for the three months ended September 30, 2021. These performance restricted stock units had a fair value of approximately $1.1 million and are subject to certain annual performance targets based on three-year-performance periods as defined by our Board of Directors. As of September 30, 2021, there were approximately $1.4 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 1.9 years.

Note 15—Income (Loss) per Share

Basic income (loss) per share is computed by dividing net income (loss) attributable to common stockholders 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 82 thousand shares during the nine months ended September 30, 2020. The common stock warrants are included in the calculation of basic income (loss) per share for the nine months ended September 30, 2020 because they were issuable for minimal consideration. As of March 31, 2020, the previously outstanding common stock warrants had been exercised for common stock and no warrants were outstanding.

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,	
	2021	**2020**	**2021**	**2020**
Net income (loss)	$ 81,802	$ (14,271)	$ (89,383)	$ (277,168)
Less: Undistributed income allocated to participating securities	—	—	—	—
Net income (loss) attributable to common stockholders	81,802	(14,271)	(89,383)	(277,168)
Plus: Net income effect of convertible securities	—	—	—	—
Numerator for diluted income (loss) per common share	$ 81,802	$ (14,271)	$ (89,383)	$ (277,168)
Basic weighted-average common stock shares outstanding	59,437	53,374	57,713	53,265
Plus: dilutive effects of common stock equivalents	324	—	—	—
Diluted weighted-average common stock shares outstanding	59,761	53,374	57,713	53,265
Basic income (loss) per common share	$ 1.38	$ (0.27)	$ (1.55)	$ (5.20)
Diluted income (loss) per common share	$ 1.37	$ (0.27)	$ (1.55)	$ (5.20)
Diluted income (loss) per common share excludes the following equity instruments because their effect would be anti-dilutive:				
Shares of unvested restricted stock	488	529	1,047	560
Shares of stock options	2,280	2,261	2,439	2,241
Common stock equivalents using the if-converted method of settling the 5.00% Convertible Senior Notes (1)	—	2,704	1,644	2,704

(1) We had no 5.00% Convertible Senior Notes outstanding for the three months ended September 30, 2021. Please read Note 9—Debt for further information.

Note 16—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 continues to conclude that we did not meet the “more likely than not” requirement in order to recognize deferred tax assets on the remaining amounts and a valuation allowance has been recorded for substantially all of our net deferred tax assets at September 30, 2021 and December 31, 2020.

We believe that any adjustment to our uncertain tax positions would not have a material impact on our financial statements given the Company’s deferred tax and corresponding valuation allowance position as of September 30, 2021 and December 31, 2020.

As of December 31, 2020, we had approximately $1.7 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.

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 in connection with our refining, retail, and logistics operations.

Note 17—Segment Information

We report the results for the following four reportable segments: (i) Refining, (ii) Retail, (iii) Logistics, and (iv) Corporate and Other.

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

Three Months Ended September 30, 2021	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 1,242,848	$ 46,735	$ 125,910	$ (105,125)	$ 1,310,368
Cost of revenues (excluding depreciation)	1,086,074	24,077	93,387	(105,116)	1,098,422
Operating expense (excluding depreciation)	55,613	3,754	18,692	—	78,059
Depreciation, depletion, and amortization	14,748	5,545	2,630	695	23,618
Loss on sale of assets, net	—	2	—	—	2
General and administrative expense (excluding depreciation)	—	—	—	12,473	12,473
Acquisition and integration costs	—	—	—	1	1
Operating income (loss)	$ 86,413	$ 13,357	$ 11,201	$ (13,178)	$ 97,793
Interest expense and financing costs, net					(15,374)
Debt extinguishment and commitment costs					(9)
Other expense, net					(22)
Income before income taxes					82,388
Income tax expense					(586)
Net income					$ 81,802
Capital expenditures	$ 3,164	$ 1,353	$ 2,255	$ 236	$ 7,008

Three Months Ended September 30, 2020	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 626,426	$ 41,722	$ 91,736	$ (69,903)	$ 689,981
Cost of revenues (excluding depreciation)	568,051	26,411	60,725	(69,898)	585,289
Operating expense (excluding depreciation)	49,972	3,364	16,122	—	69,458
Depreciation, depletion, and amortization	13,509	5,513	2,829	970	22,821
General and administrative expense (excluding depreciation)	—	—	—	9,818	9,818
Acquisition and integration costs	—	—	—	(155)	(155)
Operating income (loss)	$ (5,106)	$ 6,434	$ 12,060	$ (10,638)	$ 2,750
Interest expense and financing costs, net					(17,523)
Other income, net					610
Loss before income taxes					(14,163)
Income tax expense					(108)
Net loss					$ (14,271)
Capital expenditures	$ 9,281	$ 2,216	$ 392	$ 397	$ 12,286

(1) Includes eliminations of intersegment revenues and cost of revenues of $105.1 million and $69.9 million for the three months ended September 30, 2021 and 2020, respectively.

Nine Months Ended September 30, 2021	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 3,237,450	$ 136,750	$ 335,544	$ (293,171)	$ 3,416,573
Cost of revenues (excluding depreciation)	3,160,348	71,473	245,930	(293,168)	3,184,583
Operating expense (excluding depreciation)	156,895	11,144	53,029	—	221,068
Depreciation, depletion, and amortization	43,373	16,176	8,164	2,333	70,046
Gain on sale of assets, net	(19,595)	(19)	(44,786)	—	(64,400)
General and administrative expense (excluding depreciation)	—	—	—	36,559	36,559
Acquisition and integration costs	—	—	—	87	87
Operating income (loss)	$ (103,571)	$ 37,976	$ 73,207	$ (38,982)	$ (31,370)
Interest expense and financing costs, net					(50,711)
Debt extinguishment and commitment costs					(8,144)
Gain on curtailment of pension obligation					2,032
Other income, net					3
Loss before income taxes					(88,190)
Income tax expense					(1,193)
Net loss					$ (89,383)
Capital expenditures	$ 10,171	$ 5,316	$ 4,830	$ 698	$ 21,015

Nine Months Ended September 30, 2020	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 2,229,853	$ 143,004	$ 274,170	$ (237,662)	$ 2,409,365
Cost of revenues (excluding depreciation)	2,211,371	85,527	177,537	(237,657)	2,236,778
Operating expense (excluding depreciation)	151,601	9,882	48,393	—	209,876
Depreciation, depletion, and amortization	39,209	16,082	8,292	2,649	66,232
Impairment expense	38,105	—	29,817	—	67,922
General and administrative expense (excluding depreciation)	—	—	—	31,823	31,823
Acquisition and integration costs	—	—	—	600	600
Operating income (loss)	$ (210,433)	$ 31,513	$ 10,131	$ (35,077)	$ (203,866)
Interest expense and financing costs, net					(52,611)
Other income, net					1,089
Change in value of common stock warrants					4,270
Equity losses from Laramie Energy, LLC					(46,905)
Loss before income taxes					(298,023)
Income tax benefit					20,855
Net loss					$ (277,168)
Capital expenditures	$ 26,529	$ 12,406	$ 2,253	$ 1,263	$ 42,451

(1) Includes eliminations of intersegment revenues and cost of revenues of $293.2 million and $237.7 million for the nine months ended September 30, 2021 and 2020, respectively.

Note 18—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 costs incurred related to this agreement during the three and nine months ended September 30, 2021 or 2020.

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

Overview

We are a growth-oriented company based in Houston, Texas, that owns and operates market-leading energy and infrastructure businesses.

Our business is organized into three primary segments:

1) **Refining** - We own and operate four refineries, including one idled refinery, with total operating throughput capacity of over 150 Mbpd in Hawaii, Wyoming, and Washington.

2) **Retail** - Our retail outlets in Hawaii, Washington, and Idaho sell gasoline, diesel, and retail merchandise through Hele and "76" branded sites, "nomnom" branded company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations. This year, we completed the rebranding of all company-operated convenience stores in Washington and Idaho to "nomnom," our proprietary brand.

3) **Logistics** - We operate an extensive multi-modal logistics network spanning the Pacific, the Northwest, and the Rocky Mountain regions to transport and store crude oil and refined products for our refineries and transport refined products to our retail sites or third-party purchasers.

As of September 30, 2021, we owned a 46.0% equity investment in Laramie Energy. 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. Our Corporate and Other reportable segment primarily includes general and administrative costs. Please read Note 17—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.

Recent Events Affecting Comparability of Periods

During the third quarter of 2021, demand for refined products in the regions in which we operate continued to recover as vaccination rates increased and travel restrictions related to the COVID-19 pandemic eased in the U.S. On June 10, 2021, the Centers for Disease Control and Prevention ("CDC") announced that individuals who have been fully vaccinated against COVID-19 can resume domestic travel at low risk to themselves of contracting COVID-19, though the CDC continued to recommend wearing masks and adhering to social distancing guidelines. Beginning July 8, 2021, the state of Hawaii lifted its requirement for travelers entering the state without a pre-travel test to quarantine for those who had been fully vaccinated in the U.S. Tourism in Hawaii continued to rise during the third quarter of 2021, with 714 thousand visitors traveling domestically from the U.S. in August 2021, an 8% increase compared to the same period in 2019 prior to the pandemic. Wyoming has experienced similar economic growth due to a tourism boom, with Mount Rushmore and Devils Tower welcoming 2.2 million and 509 thousand visitors, respectively, during the nine months ending September 30, 2021, both approximately 20% increases from the same period in 2019. Our refining margins saw improvements during the third quarter of 2021 compared to the second quarter, and profitability in our retail and logistics segments during the nine months ended September 30, 2021, reached over 90% of pre-pandemic levels. As of September 30, 2021, 56% of the United States population was fully vaccinated, and in Hawaii, Washington, and Wyoming, 58%, 61%, and 42% of the population was fully vaccinated, respectively.

Despite the increases in vaccination rates and domestic travel, economic recovery from the pandemic remains uncertain as the Delta variant, now the dominant coronavirus strain in the U.S., caused a resurgence of COVID-19 in the U.S. during the third quarter of 2021. On August 23, 2021, the governor of Hawaii asked travelers to delay all non-essential travel through the end of October due to the recent surge in COVID-19 cases experienced in the state, although there have been no new travel restrictions imposed by the state. As the COVID-19 pandemic remains a dynamic driver in the global economy, we continue to monitor the spread of COVID-19 and its potential impacts on our business.

In addition to measures we took in 2020 in response to the COVID-19 pandemic, as described in our Annual Report on Form 10-K as of and for the year ended December 31, 2020, we have also undertaken additional liquidity-enhancing measures, including deferring or delaying certain capital expenditures related to turnaround activities at our Washington refinery. We closed sale-leaseback transactions (the "Sale-Leaseback Transactions") in the first quarter of 2021, in which we sold twenty-two (22) retail convenience store/fuel station properties located in Hawaii (the "Sale-Leaseback Properties") for $112.8 million, net of fees. We also entered into a lease on the properties for fifteen (15) years, unless earlier terminated, with up to four five-

year renewal options. On March 19, 2021, we sold 5.75 million shares of common stock in an underwritten public offering at a public offering price of $16.00 per share resulting in net proceeds to us of approximately $87.2 million, after deducting underwriting discounts and commissions and offering expenses.

We believe the steps we have taken in response to the pandemic and its effects on the economy have strengthened our ability to conduct our operations through current conditions. We are also utilizing some of the non-income tax payment deferral opportunities at various state levels and utilized federal refund acceleration opportunities provided by the Internal Revenue Service ("IRS"), Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). We continue to maintain existing processes and procedures, including but not limited to processes and procedures around protection of our technology systems and proprietary data. The health and well-being of our employees and customers continue to be our top priorities as we continue navigating the challenges presented by the COVID-19 pandemic.

The financial results contained in this Quarterly Report on Form 10-Q reflect the continuing pandemic-related demand suppression experienced in the first nine months of 2021 in the regions in which we operate. Though vaccine availability and vaccination rates are increasing, the COVID-19 pandemic is ongoing and the impacts of the virus on people and businesses continue to evolve as of the date of this report. The full magnitude of the impact of COVID-19 on our financial condition, future results of operations, and future cash flows and liquidity is uncertain and has been and may continue to be material.

Results of Operations

Three months ended September 30, 2021 compared to the three months ended September 30, 2020

Net Income (Loss). Our financial results for the third quarter of 2021 improved from a net loss of $14.3 million for the three months ended September 30, 2020 to net income of $81.8 million for the three months ended September 30, 2021. The increase was primarily driven by higher product crack spreads related to increased refined product demand, favorable RINs expenses driven by lower RINs prices, and a 16% increase in sales volumes in our Refining segment, partially offset by higher feedstock, purchased product, and derivative costs and higher inventory financing costs.

Adjusted EBITDA and Adjusted Net Income (Loss). For the three months ended September 30, 2021, Adjusted EBITDA was $84.7 million compared to a loss of $16.1 million for the three months ended September 30, 2020. The increase was primarily related to improved crack spreads driven by increased refined product demand and favorable RINs mark-to-market adjustments driven by lower RINs prices, partially offset by unfavorable feedstock and purchased product costs at our Hawaii and Washington refineries.

For the three months ended September 30, 2021, Adjusted Net Income (Loss) was income of $45.1 million compared to a loss of $56.5 million for the three months ended September 30, 2020. The improvement was primarily related to the factors described above for the increase in Adjusted EBITDA.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Net Loss. Our financial results for the nine months ended September 30, 2021 improved from a net loss of $277.2 million for the nine months ended September 30, 2020 to a net loss of $89.4 million for the nine months ended September 30, 2021. The increase was primarily driven by favorable feedstock, purchased product, and derivative costs at our Hawaii refinery, improved crack spreads driven by increased refined product demand, the goodwill impairment of $67.9 million in our Refining and Retail segments and the other-than-temporary impairment of $45.3 million related to our equity investment in Laramie Energy in the nine months ended September 30, 2020 with no such impairments in 2021, and a gain of $63.9 million in the nine months ended September 30, 2021 related to the Sale-Leaseback Transactions with no such gain in 2020. These benefits were partially offset by increased RINs expenses driven by higher RINs prices in the first half of 2021, the price lag impact associated with certain product sales contracts at our Hawaii refinery, higher inventory financing costs, and a $20.9 million tax benefit recorded in 2020 with no such benefit recorded in 2021.

Adjusted EBITDA and Adjusted Net Loss. For the nine months ended September 30, 2021, Adjusted EBITDA was $34.7 million compared to a loss of $52.7 million for the nine months ended September 30, 2020. The improvement was primarily related to higher average product crack spreads driven by increased refined product demand, favorable feedstock costs at our Hawaii refinery, lower product delivery costs at our Washington refinery, and lower realized derivative costs at our Hawaii refinery, partially offset by higher RINs mark-to-market expenses related to prior year net obligations due to higher RINs prices and the price lag impact associated with certain product sales contracts at our Hawaii refinery. Other factors impacting our results period over period include a 17% decrease in fuel margins at our Retail segment related to rising crude oil prices.

For the nine months ended September 30, 2021, Adjusted Net Loss was $87.3 million compared to a loss of approximately $174.5 million for the nine months ended September 30, 2020. The improvement was primarily related to the same factors described above for the increase in Adjusted EBITDA.

The following tables summarize our consolidated results of operations for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,			
	2021	**2020**	**$ Change**	**% Change (1)**
Revenues	$ 1,310,368	$ 689,981	$ 620,387	90 %
Cost of revenues (excluding depreciation)	1,098,422	585,289	513,133	88 %
Operating expense (excluding depreciation)	78,059	69,458	8,601	12 %
Depreciation, depletion, and amortization	23,618	22,821	797	3 %
Loss on sale of assets, net	2	—	2	NM
General and administrative expense (excluding depreciation)	12,473	9,818	2,655	27 %
Acquisition and integration costs	1	(155)	156	101 %
Total operating expenses	1,212,575	687,231		
Operating income	97,793	2,750		
Other income (expense)				
Interest expense and financing costs, net	(15,374)	(17,523)	2,149	(12)%
Debt extinguishment and commitment costs	(9)	—	(9)	NM
Other income (expense), net	(22)	610	(632)	(104)%
Total other income (expense), net	(15,405)	(16,913)		
Income (loss) before income taxes	82,388	(14,163)		
Income tax expense	(586)	(108)	(478)	443 %
Net income (loss)	$ 81,802	$ (14,271)		

(1) NM - Not meaningful

	Nine Months Ended September 30,			
	2021	2020	$ Change	% Change (1)
Revenues	$ 3,416,573	$ 2,409,365	$ 1,007,208	42 %
Cost of revenues (excluding depreciation)	3,184,583	2,236,778	947,805	42 %
Operating expense (excluding depreciation)	221,068	209,876	11,192	5 %
Depreciation, depletion, and amortization	70,046	66,232	3,814	6 %
Impairment expense	—	67,922	(67,922)	(100)%
Gain on sale of assets, net	(64,400)	—	(64,400)	NM
General and administrative expense (excluding depreciation)	36,559	31,823	4,736	15 %
Acquisition and integration costs	87	600	(513)	(86)%
Total operating expenses	3,447,943	2,613,231		
Operating loss	(31,370)	(203,866)		
Other income (expense)				
Interest expense and financing costs, net	(50,711)	(52,611)	1,900	(4)%
Debt extinguishment and commitment costs	(8,144)	—	(8,144)	NM
Gain on curtailment of pension obligation	2,032	—	2,032	NM
Other income, net	3	1,089	(1,086)	(100)%
Change in value of common stock warrants	—	4,270	(4,270)	(100)%
Equity losses from Laramie Energy, LLC	—	(46,905)	46,905	100 %
Total other income (expense), net	(56,820)	(94,157)		
Loss before income taxes	(88,190)	(298,023)		
Income tax benefit (expense)	(1,193)	20,855	(22,048)	(106)%
Net loss	$ (89,383)	$ (277,168)		

(1) NM - Not meaningful

The following tables summarize our operating income (loss) by segment for the three and nine months ended September 30, 2021 and 2020 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Three months ended September 30, 2021	**Refining**	**Logistics**	**Retail**	**Corporate, Eliminations and Other (1)**	**Total**
Revenues	$ 1,242,848	$ 46,735	$ 125,910	$ (105,125)	$ 1,310,368
Cost of revenues (excluding depreciation)	1,086,074	24,077	93,387	(105,116)	1,098,422
Operating expense (excluding depreciation)	55,613	3,754	18,692	—	78,059
Depreciation, depletion, and amortization	14,748	5,545	2,630	695	23,618
Loss on sale of assets, net	—	2	—	—	2
General and administrative expense (excluding depreciation)	—	—	—	12,473	12,473
Acquisition and integration costs	—	—	—	1	1
Operating income (loss)	$ 86,413	$ 13,357	$ 11,201	$ (13,178)	$ 97,793

Three months ended September 30, 2020	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 626,426	$ 41,722	$ 91,736	$ (69,903)	$ 689,981
Cost of revenues (excluding depreciation)	568,051	26,411	60,725	(69,898)	585,289
Operating expense (excluding depreciation)	49,972	3,364	16,122	—	69,458
Depreciation, depletion, and amortization	13,509	5,513	2,829	970	22,821
General and administrative expense (excluding depreciation)	—	—	—	9,818	9,818
Acquisition and integration costs	—	—	—	(155)	(155)
Operating income (loss)	$ (5,106)	$ 6,434	$ 12,060	$ (10,638)	$ 2,750

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of $105.1 million and $69.9 million for the three months ended September 30, 2021 and 2020, respectively.

Nine months ended September 30, 2021	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 3,237,450	$ 136,750	$ 335,544	$ (293,171)	$ 3,416,573
Cost of revenues (excluding depreciation)	3,160,348	71,473	245,930	(293,168)	3,184,583
Operating expense (excluding depreciation)	156,895	11,144	53,029	—	221,068
Depreciation, depletion, and amortization	43,373	16,176	8,164	2,333	70,046
Gain on sale of assets, net	(19,595)	(19)	(44,786)	—	(64,400)
General and administrative expense (excluding depreciation)	—	—	—	36,559	36,559
Acquisition and integration costs	—	—	—	87	87
Operating income (loss)	$ (103,571)	$ 37,976	$ 73,207	$ (38,982)	$ (31,370)

Nine months ended September 30, 2020	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 2,229,853	$ 143,004	$ 274,170	$ (237,662)	$ 2,409,365
Cost of revenues (excluding depreciation)	2,211,371	85,527	177,537	(237,657)	2,236,778
Operating expense (excluding depreciation)	151,601	9,882	48,393	—	209,876
Depreciation, depletion, and amortization	39,209	16,082	8,292	2,649	66,232
Impairment expense	38,105	—	29,817	—	67,922
General and administrative expense (excluding depreciation)	—	—	—	31,823	31,823
Acquisition and integration costs	—	—	—	600	600
Operating income (loss)	$ (210,433)	$ 31,513	$ 10,131	$ (35,077)	$ (203,866)

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of $293.2 million and $237.7 million for the nine months ended September 30, 2021 and 2020, respectively.

Below is a summary of key operating statistics for the refining segment for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total Refining Segment				
Feedstocks Throughput (Mbpd)	137.3	105.0	135.1	124.0
Refined product sales volume (Mbpd)	144.9	125.0	140.5	141.2
Hawaii Refineries				
Combined Feedstocks Throughput (Mbpd)	81.0	51.2	82.0	70.9
Par East Throughput (Mbpd)	81.0	51.2	82.0	62.5
Par West Throughput (Mbpd)	—	—	—	8.4
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	23.3 %	23.1 %	24.2 %	23.6 %
Distillates	45.9 %	31.0 %	45.3 %	41.1 %
Fuel oils	24.9 %	41.0 %	26.0 %	29.6 %
Other products	3.4 %	(0.7)%	1.5 %	1.3 %
Total yield	97.5 %	94.4 %	97.0 %	95.6 %
Refined product sales volume (Mbpd)				
On-island sales volume	86.7	67.6	83.9	85.3
Exports sales volume	—	2.5	—	0.8
Total refined product sales volume	86.7	70.1	83.9	86.1
Adjusted Gross Margin per bbl ($/throughput bbl) (1)	$ 7.66	$ (0.47)	$ 2.52	$ (2.17)
Production costs per bbl ($/throughput bbl) (2)	4.28	5.80	3.89	4.30
DD&A per bbl ($/throughput bbl)	0.67	0.64	0.67	0.45
Washington Refinery				
Feedstocks Throughput (Mbpd)	38.4	40.5	36.3	39.1
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	22.8 %	22.6 %	23.6 %	23.3 %
Distillates	33.0 %	34.6 %	34.3 %	35.3 %
Asphalt	22.5 %	19.4 %	20.9 %	19.0 %
Other products	18.7 %	20.7 %	18.4 %	19.6 %
Total yield	97.0 %	97.3 %	97.2 %	97.2 %
Refined product sales volume (Mbpd)	40.7	42.0	40.3	40.9
Adjusted Gross Margin per bbl ($/throughput bbl) (1)	$ 4.97	$ 2.16	$ 1.37	$ 5.36
Production costs per bbl ($/throughput bbl) (2)	3.60	3.40	3.70	3.51
DD&A per bbl ($/throughput bbl)	1.48	1.29	1.56	1.40

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Wyoming Refinery				
Feedstocks Throughput (Mbpd)	17.9	13.3	16.8	14.0
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	46.5 %	48.2 %	46.9 %	48.5 %
Distillates	46.2 %	46.2 %	46.0 %	46.1 %
Fuel oils	2.3 %	1.9 %	2.1 %	1.9 %
Other products	2.1 %	1.6 %	2.0 %	1.4 %
Total yield	97.1 %	97.9 %	97.0 %	97.9 %
Refined product sales volume (Mbpd)	17.5	12.9	16.3	14.2
Adjusted Gross Margin per bbl ($/throughput bbl) (1)	$ 27.40	$ 8.53	$ 14.17	$ 4.35
Production costs per bbl ($/throughput bbl) (2)	5.92	7.51	6.49	7.22
DD&A per bbl ($/throughput bbl)	2.77	4.65	2.83	4.03
Market Indices (average $ per barrel)				
3-1-2 Singapore Crack Spread (3)	$ 6.20	$ 1.92	$ 4.80	$ 3.29
Pacific Northwest 5-2-2-1 Index (4)	18.59	9.39	15.39	11.51
Wyoming 3-2-1 Index (5)	41.78	19.63	31.01	17.63
Crude Oil Prices ($ per barrel)				
Brent	$ 73.23	$ 43.34	$ 67.92	$ 42.52
WTI	70.52	40.92	64.99	38.31
ANS	73.83	43.11	68.35	41.19
Bakken Clearbrook	70.77	39.44	64.84	35.59
WCS Hardisty	57.54	30.93	52.39	25.78
Brent M1-M3	1.36	(0.79)	1.05	(1.17)

(1) We calculate Adjusted Gross Margin per barrel by dividing Adjusted Gross Margin by total refining throughput. Adjusted Gross Margin for our Washington refinery is determined under the last-in, first-out (“LIFO”) inventory costing method. Adjusted Gross Margin for our other refineries is determined under the first-in, first-out (“FIFO”) inventory costing method. Please see discussion of Adjusted Gross Margin below.

(2) Management uses production costs per barrel to evaluate performance and compare efficiency to other companies in the industry. There are 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 refineries 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.

(3) We believe the 3-1-2 Singapore Crack Spread (or three barrels of Brent crude oil converted into one barrel of gasoline and two barrels of distillates (diesel and jet fuel)) is the most representative market indicator of our current operations in Hawaii.

(4) We believe the Pacific Northwest 5-2-2-1 Index is the most representative market indicator for our operations in Tacoma, Washington. The Pacific Northwest 5-2-2-1 Index is computed by taking two parts gasoline (sub-octane), two parts middle distillates (ultra-low sulfur diesel (“ULSD”) and jet fuel), and one part fuel oil as created from five barrels of Alaskan North Slope (“ANS”) crude oil.

(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 most representative market indicator for our operations in Wyoming. The Wyoming 3-2-1 Index is computed by taking two parts gasoline and one part distillates (ULSD) 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 segment for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Retail Segment				
Retail sales volumes (thousands of gallons)	28,746	25,936	82,418	76,964

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) adjusted for operating expense (excluding depreciation); depreciation, depletion, and amortization ("DD&A"); impairment expense; loss (gain) on sale of assets; inventory valuation adjustment (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 or terminal obligations, contango (gains) and backwardation losses associated with our Washington inventory and intermediation obligation, and purchase price allocation adjustments); LIFO layer liquidation impacts associated with our Washington inventory; Renewable Identification Numbers ("RINs") loss (gain) in excess of net obligation (which represents the income statement effect of reflecting our RINs liability on a net basis); and unrealized loss (gain) on derivatives or (ii) revenues less cost of revenues (excluding depreciation) plus inventory valuation adjustment, unrealized loss (gain) on derivatives, LIFO layer liquidation impacts associated with our Washington inventory, and RINs loss (gain) in excess of net obligation. 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 and environmental credit obligations, and certain hydrocarbon fees and taxes. Cost of revenues (excluding depreciation) also includes the unrealized gain (loss) on derivatives and the inventory valuation adjustment 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 and 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), 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, 2021	Refining	Logistics	Retail
Operating income	$ 86,413	$ 13,357	$ 11,201
Operating expense (excluding depreciation)	55,613	3,754	18,692
Depreciation, depletion, and amortization	14,748	5,545	2,630
Loss on sale of assets, net	—	2	—
Inventory valuation adjustment	(727)	—	—
LIFO liquidation adjustment	(4,151)	—	—
RINs gain in excess of net obligation	(42,103)	—	—
Unrealized loss on derivatives	10,228	—	—
Adjusted Gross Margin (1)	$ 120,021	$ 22,658	$ 32,523

Three months ended September 30, 2020	Refining	Logistics	Retail
Operating income (loss)	$ (5,106)	$ 6,434	$ 12,060
Operating expense (excluding depreciation)	49,972	3,364	16,122
Depreciation, depletion, and amortization	13,509	5,513	2,829
Inventory valuation adjustment	(43,980)	—	—
LIFO liquidation adjustment	6,211	—	—
RINs loss in excess of net obligation	645	—	—
Unrealized gain on derivatives	(4,952)	—	—
Adjusted Gross Margin (1) (2)	$ 16,299	$ 15,311	$ 31,011

Nine months ended September 30, 2021	Refining	Logistics	Retail
Operating income (loss)	$ (103,571)	$ 37,976	$ 73,207
Operating expense (excluding depreciation)	156,895	11,144	53,029
Depreciation, depletion, and amortization	43,373	16,176	8,164
Gain on sale of assets, net	(19,595)	(19)	(44,786)
Inventory valuation adjustment	38,732	—	—
RINs loss in excess of net obligation	11,874	—	—
Unrealized loss on derivatives	7,620	—	—
Adjusted Gross Margin (1) (3)	$ 135,328	$ 65,277	$ 89,614

Nine months ended September 30, 2020	Refining	Logistics	Retail
Operating income (loss)	$ (210,433)	$ 31,513	$ 10,131
Operating expense (excluding depreciation)	151,601	9,882	48,393
Depreciation, depletion, and amortization	39,209	16,082	8,292
Impairment expense	38,105	—	29,817
Inventory valuation adjustment	(4,635)	—	—
LIFO liquidation adjustment	6,211	—	—
RINs loss in excess of net obligation	17,985	—	—
Unrealized gain on derivatives	(4,507)	—	—
Adjusted Gross Margin (2)	$ 33,536	$ 57,477	$ 96,633

(1) For the three and nine months ended September 30, 2021, and the three months ended September 30, 2020, there was no impairment expense recorded in Operating income (loss).

(2) For the three and nine months ended September 30, 2020, there was no loss (gain) on sale of assets recorded in Operating income (loss).
(3) For the nine months ended September 30, 2021, there was no LIFO liquidation adjustment recorded in Operating income (loss).

Adjusted Net Income (Loss) and Adjusted EBITDA

Adjusted Net Income (Loss) is defined as Net income (loss) excluding inventory valuation adjustment (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 or terminal obligations, contango (gains) and backwardation losses associated with our Washington inventory and intermediation obligation, and purchase price allocation adjustments), the LIFO layer liquidation impacts associated with our Washington inventory, RINs loss (gain) in excess of net obligation, unrealized (gain) loss on derivatives, acquisition and integration costs, debt extinguishment and commitment costs, increase in (release of) tax valuation allowance and other deferred tax items, changes in the value of contingent consideration and common stock warrants, severance costs, (gain) loss on sale of assets, impairment expense, impairment expense associated with our investment in Laramie Energy and our share of Laramie Energy's asset impairment losses in excess of our basis difference, and Par's share of Laramie Energy's unrealized loss (gain) on derivatives.

Adjusted EBITDA is Adjusted Net Income (Loss) excluding DD&A, interest expense and financing costs, equity losses (earnings) from Laramie Energy excluding Par's share of unrealized loss (gain) on derivatives, impairment of Par's investment, and our share of Laramie Energy's asset impairment losses in excess of our basis difference, and income tax expense (benefit).

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,	
	2021	2020	2021	2020
Net Income (Loss)	$ 81,802	$ (14,271)	$ (89,383)	$ (277,168)
Inventory valuation adjustment	(727)	(43,980)	38,732	(4,635)
LIFO liquidation adjustment	(4,151)	6,211	—	6,211
RINs loss (gain) in excess of net obligation	(42,103)	645	11,874	17,985
Unrealized loss (gain) on derivatives	10,228	(4,952)	7,620	(4,507)
Acquisition and integration costs	1	(155)	87	600
Debt extinguishment and commitment costs	9	—	8,144	—
Changes in valuation allowance and other deferred tax items (1)	—	—	—	(21,087)
Change in value of common stock warrants	—	—	—	(4,270)
Severance costs	59	—	75	245
Loss (gain) on sale of assets, net	2	—	(64,400)	—
Impairment expense	—	—	—	67,922
Impairment of Investment in Laramie Energy, LLC (2)	—	—	—	45,294
Par's share of Laramie Energy's unrealized gain on derivatives (2)	—	—	—	(1,110)
Adjusted Net Income (Loss) (3)	45,120	(56,502)	(87,251)	(174,520)
Depreciation, depletion, and amortization	23,618	22,821	70,046	66,232
Interest expense and financing costs, net	15,374	17,523	50,711	52,611
Equity losses from Laramie Energy, LLC, excluding Par's share of unrealized gain on derivatives and impairment losses	—	—	—	2,721
Income tax expense	586	108	1,193	232
Adjusted EBITDA	$ 84,698	$ (16,050)	$ 34,699	$ (52,724)

(1) Includes increases in (releases of) our valuation allowance associated with business combinations and changes in deferred tax assets and liabilities that are not offset by a change in the valuation allowance. These tax expenses (benefits) are included in Income tax benefit (expense) on our condensed consolidated statements of operations.

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

(3) For the three and nine months ended September 30, 2021 and 2020, there was no change in value of contingent consideration.

Factors Impacting Segment Results

Three months ended September 30, 2021 compared to the three months ended September 30, 2020

Refining. Operating income for our refining segment was $86.4 million for the three months ended September 30, 2021, an increase of $91.5 million compared to operating loss of $5.1 million for the three months ended September 30, 2020. The increase in profitability was primarily driven by an increase in product crack spreads driven by increased refined product demand, a $74.0 million favorable reduction in RINs expenses driven by lower RINs prices, and a 16% increase in sales volume resulting from increasing demand due to the continued economic recovery, partially offset by unfavorable changes in feedstock costs at our Hawaii and Washington refineries. Other factors impacting our results period over period include higher purchased product costs at our Hawaii refinery, and higher derivatives and inventory financing costs.

Logistics. Operating income for our logistics segment was $13.4 million for the three months ended September 30, 2021, an increase of $7.0 million compared to operating income of $6.4 million for the three months ended September 30, 2020. The increase is due to a net 38% higher throughput across our Hawaii assets and 35% higher throughput across our Wyoming logistics assets related to increased sales volumes primarily due to increased demand as COVID-19 restrictions ease.

Retail. Operating income for our retail segment was $11.2 million for the three months ended September 30, 2021, a decrease of $0.9 million compared to operating income of $12.1 million for the three months ended September 30, 2020. The decrease was primarily due to a 4% decrease in fuel margins related to rising crude oil prices and additional rent expense in the third quarter of 2021 related to the Sale-Leaseback Transactions we closed on February 23 and March 12, 2021, partially offset by an 11% increase in fuel sales volumes.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Refining. Operating loss for our refining segment was $103.6 million for the nine months ended September 30, 2021, an improvement of $106.8 million compared to an operating loss of $210.4 million for the nine months ended September 30, 2020. The improvement was primarily driven by lower purchased product and feedstock costs, higher average product crack spreads, and lower derivative costs, partially offset by a $54.4 million increase in RINs expenses driven by higher RINs prices in the first half of 2021 and higher costs associated with our inventory financing. Other factors impacting our results period over period include no impairment in 2021 as compared to our 2020 goodwill impairment of $38.1 million, and a 2021 gain on sale of assets of $19.6 million primarily related to the Sale-Leaseback Transactions we closed on February 23 and March 12, 2021.

Logistics. Operating income for our logistics segment was $38.0 million for the nine months ended September 30, 2021, an increase of $6.5 million compared to operating income of $31.5 million for the nine months ended September 30, 2020. The increase was primarily related to a net 12% higher throughput across our Hawaii assets and 15% higher throughput across our Wyoming logistics assets related to increased sales volumes, primarily due to increased demand as COVID-19 restrictions ease.

Retail. Operating income for our retail segment was $73.2 million for the nine months ended September 30, 2021, an increase of $63.1 million compared to an operating income of $10.1 million for the nine months ended September 30, 2020. The increase in profitability is primarily due to a gain on sale of assets of $44.8 million primarily related to the Sale-Leaseback Transactions we closed on February 23 and March 12, 2021, no impairment in 2021 as compared to our 2020 goodwill impairment of $29.8 million, and an increase in sales volumes of 7%, partially offset by a decrease in fuel margins of 17% related to rising crude oil prices.

Adjusted Gross Margin

Three months ended September 30, 2021 compared to the three months ended September 30, 2020

Refining. For the three months ended September 30, 2021, our refining Adjusted Gross Margin was $120.0 million, an increase of $103.7 million compared to $16.3 million for the three months ended September 30, 2020. The increase was primarily driven by improved crack spreads, a decrease in RINs expenses driven by lower RINs prices, and a 16% increase in refining sales volumes, partially offset by higher feedstock costs, additional purchased product costs at our Hawaii refinery and unfavorable realized derivative expenses. Adjusted Gross Margin for the Hawaii refineries increased from a loss of $0.47 per barrel during the three months ended September 30, 2020 to income of $7.66 per barrel during the three months ended September 30, 2021 primarily due to improved contract terms and crack spreads, a 24% increase in sales volume, and decreased RINs costs driven by a $19.2 million favorable change in RINs mark-to-market adjustments, partially offset by unfavorable feedstock costs, higher purchased product expenses and unfavorable increases in logistics costs. Adjusted Gross Margin for the Wyoming refinery increased $18.87 per barrel primarily due to improved crack spreads, decreased RINs costs driven by a $10.1 million favorable change in RINs mark-to-market adjustments, and a 36% increase in sales volumes. Adjusted Gross Margin for the Washington refinery increased $2.81 per barrel primarily due to improved crack spreads and a $6.3 million favorable change in RINs mark-to-market adjustments, partially offset by unfavorable feedstock costs and a 3% decrease in sales volume.

Logistics. For the three months ended September 30, 2021, our logistics Adjusted Gross Margin was $22.7 million, an increase of $7.4 million compared to $15.3 million for the three months ended September 30, 2020. The increase is primarily due to net 38% higher throughput across our Hawaii logistics assets and 35% higher throughput across our Wyoming logistics assets due to increased sales volumes in both regions driven by easing travel restrictions related to the continued recovery from the COVID-19 pandemic.

Retail. For the three months ended September 30, 2021, our retail Adjusted Gross Margin was $32.5 million, which was relatively consistent with our Adjusted Gross Margin of $31.0 million for the three months ended September 30, 2020. The increase was primarily due to a 11% increase in sales volumes from the ongoing recovery partially offset by a 4% decrease in fuel margins related to rising crude oil prices.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Refining. For the nine months ended September 30, 2021, our refining Adjusted Gross Margin was $135.3 million, an increase of $101.8 million compared to $33.5 million for the nine months ended September 30, 2020. The increase was primarily due to favorable purchased product costs, improved crack spreads, lower feedstock costs, and realized derivatives favorability, partially offset by higher RINs expense driven by increasing RINs prices. Adjusted Gross Margin for the Hawaii refineries improved from a loss of $2.17 per barrel during the nine months ended September 30, 2020 to income of $2.52 per barrel during the nine months ended September 30, 2021 primarily due to favorable purchased product and feedstock costs and realized derivative favorability, partially offset by unfavorable crack spreads, increased RINs costs driven by a $20.6 million higher RINs mark-to-market expense, a 3% decrease in sales volumes, and the price lag impact associated with certain sales contracts. Adjusted Gross Margin for the Wyoming refinery increased $9.82 per barrel primarily due to improved crack spreads, a favorable FIFO change of $22.2 million in 2021 compared to 2020, and a 15% increase in sales volumes, partially offset by increased RINs costs driven by a $3.9 million higher RINs mark-to-market expense. Adjusted Gross Margin for the Washington refinery decreased $3.99 per barrel primarily due to higher feedstock costs and a $5.8 million increase in RINs mark-to-market expense, partially offset by improving crack spreads and lower logistics costs.

Logistics. For the nine months ended September 30, 2021, our logistics Adjusted Gross Margin was $65.3 million, an increase of $7.8 million compared to $57.5 million for the nine months ended September 30, 2020. The increase is primarily due to net 12% higher throughput across our Hawaii logistics assets and 15% higher throughput across our Wyoming logistics assets due to increased sales volumes driven by easing travel restrictions related to the continued recovery from the COVID-19 pandemic.

Retail. For the nine months ended September 30, 2021, our retail Adjusted Gross Margin was $89.6 million, a decrease of $7.0 million compared to $96.6 million for the nine months ended September 30, 2020. The decrease was primarily due to a 17% decrease in fuel margins related to rising crude oil prices, partially offset by a 7% increase in sales volumes from the ongoing recovery.

Discussion of Consolidated Results

Three months ended September 30, 2021 compared to the three months ended September 30, 2020

Revenues. For the three months ended September 30, 2021, revenues were $1.3 billion, a $0.6 billion increase compared to $0.7 billion for the three months ended September 30, 2020. The increase was primarily due to an increase of $0.6 billion in third-party refining segment revenue as a result of increases in Brent and WTI crude oil prices, a 16% increase in refining sales volumes, and an increase in average product cracks. Brent crude oil prices recovered to $73.23 per barrel during the third quarter of 2021 compared to $43.34 per barrel during the third quarter of 2020, and WTI crude oil prices recovered to $70.52 per barrel during the third quarter of 2021 compared to $40.92 per barrel during the third quarter of 2020.

Cost of Revenues (Excluding Depreciation). For the three months ended September 30, 2021, cost of revenues (excluding depreciation) was $1.1 billion, a $0.5 billion increase compared to $0.6 billion for the three months ended September 30, 2020. The increase was primarily driven by higher Brent and WTI crude oil prices, higher refining volumes as discussed above, and unfavorable feedstock differentials at our Hawaii and Washington refineries, partially offset by a $74.0 million favorable change in the RINs expense driven by lower RINs prices.

Operating Expense (Excluding Depreciation). For the three months ended September 30, 2021, operating expense (excluding depreciation) was $78.1 million, an $8.6 million increase when compared to $69.5 million for the three months ended September 30, 2020. The increase in operating expenses was primarily driven by higher maintenance and utility costs at our Hawaii refinery and increased rent expenses driven by new leases from the Sale-Leaseback Transactions we completed in the first quarter of 2021.

Depreciation, Depletion, and Amortization. For the three months ended September 30, 2021, DD&A was $23.6 million, which was relatively consistent with $22.8 million for the three months ended September 30, 2020.

General and Administrative Expense (Excluding Depreciation). For the three months ended September 30, 2021, general and administrative expense (excluding depreciation) was $12.5 million, an increase of $2.7 million compared to $9.8 million for the three months ended September 30, 2020. The increase was primarily due to an increase in employee costs and the use of outside services.

Interest Expense and Financing Costs, Net. For the three months ended September 30, 2021, our interest expense and financing costs were $15.4 million, a decrease of $2.1 million compared to $17.5 million for the three months ended September

30, 2020. The decrease was primarily due to lower outstanding debt balances driven by the early repayment of a portion of the outstanding 12.875% Senior Secured Notes on June 14, 2021, and the final maturity of the 5.00% Convertible Senior Notes on June 15, 2021. Please read Note 9—Debt to our condensed consolidated financial statements for further discussion on our indebtedness.

Income Taxes. For the three months ended September 30, 2021, we recorded income tax expense of $0.6 million primarily related to foreign taxes. For the three months ended September 30, 2020, we recorded an income tax expense of $0.1 million primarily related to current state income taxes.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Revenues. For the nine months ended September 30, 2021, revenues were $3.4 billion, a $1.0 billion increase compared to $2.4 billion for the nine months ended September 30, 2020. The increase was primarily due to an increase of $0.9 billion in third-party revenues at our refining segment primarily as a result of higher crude oil prices across all our refining locations and a 15% increase in refining sales volume at our Wyoming refinery combined with improved realized product differentials in that region. Other factors impacting revenues were a 3% decrease in sales volumes and unfavorable product pricing in Hawaii, partially offset by more favorable product pricing at our Washington refinery. Average Brent crude oil prices recovered to $67.92 in the nine months ended September 30, 2021 compared to $42.52 per barrel in the nine months ended September 30, 2020, and WTI crude oil prices recovered to $64.99 per barrel during the nine months ended September 30, 2021 compared to $38.31 in the nine months ended September 30, 2020. Revenues at our retail segment increased $61.3 million primarily due to a 18% increase in fuel prices and a 7% increase in sales volumes.

Cost of Revenues (Excluding Depreciation). For the nine months ended September 30, 2021, cost of revenues (excluding depreciation) was $3.2 billion, a $1.0 billion increase compared to $2.2 billion for the nine months ended September 30, 2020. The increase was primarily due to increases in Brent and WTI crude oil prices as discussed above, higher inventory financing costs, and a $54.4 million increase in the RINs expense driven by higher RINs prices during 2021, partially offset by favorable purchased product and feedstock costs at our Hawaii refinery. Other factors impacting our results period over period include 37% higher fuel costs and 7% higher sales volumes at our Retail segment.

Operating Expense (Excluding Depreciation). For the nine months ended September 30, 2021, operating expense (excluding depreciation) was $221.1 million, an increase of $11.2 million when compared to $209.9 million for the nine months ended September 30, 2020. The increase was primarily driven by higher utility and maintenance expenses at our Hawaii refinery, increased rent expenses driven by new leases from the Sale-Leaseback Transactions we completed in the first quarter of 2021, and increased utility and maintenance expenses at our Wyoming refinery related to Winter Storm Uri in February 2021.

Depreciation, Depletion, and Amortization. For the nine months ended September 30, 2021, DD&A was $70.0 million, an increase of $3.8 million compared to $66.2 million for the nine months ended September 30, 2020. The increase was primarily due to Hawaii refinery turnaround amortization.

Impairment Expense. For the nine months ended September 30, 2020, we recorded goodwill impairment charges of $67.9 million related to our Refining and Retail segments as a result of the global economic impact of the COVID-19 pandemic and a steep decline in current and forecasted prices and demand for crude oil and refined products. No such expense was recorded during the nine months ended September 30, 2021.

Gain on Sale of Assets, Net. For the nine months ended September 30, 2021, the gain on sale of assets, net was approximately $64.4 million and primarily related to the Sale-Leaseback Transactions we closed on February 23 and March 12, 2021. No such gain was recorded during the nine months ended September 30, 2020.

General and Administrative Expense (Excluding Depreciation). For the nine months ended September 30, 2021, general and administrative expense (excluding depreciation) was $36.6 million, an increase of $4.8 million compared to $31.8 million for the nine months ended September 30, 2020. The increase was primarily due to increased employee costs and an increase in the use of outside services.

Acquisition and Integration Costs. For the nine months ended September 30, 2021, acquisition and integration costs were not significant. For the nine months ended September 30, 2020, we incurred $0.6 million of integration costs primarily related to the Washington Acquisition.

Interest Expense and Financing Costs, Net. For the nine months ended September 30, 2021, our interest expense and financing costs were $50.7 million, a decrease of $1.9 million when compared to $52.6 million for the nine months ended

September 30, 2020. The decrease was primarily due to lower outstanding debt balances driven by the early repayment of a portion of the outstanding 12.875% Senior Secured Notes on June 14, 2021, and the final maturity of the 5.00% Convertible Senior Notes on June 15, 2021. Please read Note 9—Debt to our condensed consolidated financial statements for further discussion on our indebtedness.

Debt Extinguishment and Commitment Costs. For the nine months ended September 30, 2021, our debt extinguishment and commitment costs were $8.1 million and primarily represent $6.6 million in extinguishment costs associated with the early repayment of a portion of the outstanding 12.875% Senior Secured Notes on June 14, 2021 and $1.4 million in extinguishment costs associated with the repayment of the Retail Property Term Loan on February 23, 2021. Please read Note 9—Debt to our condensed consolidated financial statements for further discussion. No such costs were incurred for the nine months ended September 30, 2020.

Gain on Curtailment of Pension Obligation. For the nine months ended September 30, 2021, we recorded a $2.0 million gain on curtailment of pension obligation related to the March 2021 Wyoming Refining plan amendment. Please read Note 2—Summary of Significant Accounting Policies to our condensed consolidated financial statements for further discussion. No such gain was recorded during the nine months ended September 30, 2020.

Change in Value of Common Stock Warrants. For the nine months ended September 30, 2020, the change in value of common stock warrants resulted in a gain of $4.3 million. During January and March 2020, one of our stockholders and its affiliates exercised the remaining 354,350 common stock warrants in exchange for 350,542 shares of common stock. We estimated the fair value of our outstanding common stock warrants and the income recognized upon exercise using the difference between the strike price of the warrant and the market price of our common stock. For the three months ended March 31, 2020, our stock price decreased from $23.24 per share as of December 31, 2019 to $7.10 per share as of March 31, 2020. During the nine months ended September 30, 2021, there were no common stock warrants outstanding.

Equity Losses from Laramie Energy, LLC. For the nine months ended September 30, 2021, there were no equity earnings (losses) from Laramie Energy compared to equity losses of $46.9 million for the nine months ended September 30, 2020. The losses recorded in 2020 were primarily a result of an impairment of our investment in Laramie. As of June 30, 2020, we discontinued the application of the equity method of accounting for our investment in Laramie Energy because the book value of such investment had been reduced to zero. Please read Note 3—Investment in Laramie Energy, LLC for further information.

Income Taxes. For the nine months ended September 30, 2021, we recorded an income tax expense of $1.2 million primarily driven by foreign taxes. For the nine months ended September 30, 2020, we recorded an income tax benefit of $20.9 million primarily driven by an increase in our net operating loss carryforwards and the change in our indefinitely-lived goodwill due to the impairments.

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. On January 11, 2019, the Issuers (defined below) entered into a term loan and guaranty agreement with Goldman Sachs Bank USA, as administrative agent, and the lenders party thereto with respect to a $250.0 million term loan (the "Term Loan B"). On June 5, 2020, the Issuers issued their 12.875% Senior Secured Notes due 2026 in a private offering under Rule 144A and Regulation S of the Securities Act. The 7.75% Senior Secured Notes, the Term Loan B, and the 12.875% Senior Secured Notes were co-issued by Par Petroleum Finance Corp. (together with the Issuer, the "Issuers"), which has no independent assets or operations. The 7.75% Senior Secured Notes, Term Loan B, and 12.875% Senior Secured 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.

The following supplemental condensed consolidating financial information reflects (i) the Parent's separate accounts, (ii) Par Petroleum, LLC and its consolidated subsidiaries' accounts (which are all guarantors of the 7.75% Senior Secured Notes, Term Loan B, and 12.875% Senior Secured Notes), (iii) the accounts of subsidiaries of the Parent that are not guarantors of the 7.75% Senior Secured Notes, Term Loan B, or 12.875% 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, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,571	$ 196,703	$ 31	$ 201,305
Restricted cash	330	3,670	—	4,000
Trade accounts receivable	—	195,154	3	195,157
Inventories	—	635,319	—	635,319
Prepaid and other current assets	2,017	13,777	(3)	15,791
Due from related parties	96,670	—	(96,670)	—
Total current assets	103,588	1,044,623	(96,639)	1,051,572
Property, plant, and equipment				
Property, plant, and equipment	21,719	1,145,513	3,956	1,171,188
Less accumulated depreciation, depletion, and amortization	(15,842)	(288,062)	(2,885)	(306,789)
Property, plant, and equipment, net	5,877	857,451	1,071	864,399
Long-term assets				
Operating lease right-of-use assets	3,433	400,777	—	404,210
Investment in subsidiaries	193,304	—	(193,304)	—
Intangible assets, net	—	16,899	—	16,899
Goodwill	—	124,664	2,598	127,262
Other long-term assets	723	55,930	—	56,653
Total assets	$ 306,925	$ 2,500,344	$ (286,274)	$ 2,520,995
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current maturities of long-term debt	$ —	$ 10,839	$ —	$ 10,839
Obligations under inventory financing agreements	—	668,429	—	668,429
Accounts payable	1,945	160,240	1,481	163,666
Accrued taxes	36	31,919	—	31,955
Operating lease liabilities	789	56,588	—	57,377
Other accrued liabilities	587	362,007	382	362,976
Due to related parties	45,826	16,181	(62,007)	—
Total current liabilities	49,183	1,306,203	(60,144)	1,295,242
Long-term liabilities				
Long-term debt, net of current maturities	—	555,945	—	555,945
Finance lease liabilities	24	12,588	(4,543)	8,069
Operating lease liabilities	4,216	349,150	—	353,366
Other liabilities	—	57,175	(2,304)	54,871
Total liabilities	53,423	2,281,061	(66,991)	2,267,493
Commitments and contingencies				
Stockholders' equity				
Preferred stock	—	—	—	—
Common stock	602	—	—	602
Additional paid-in capital	819,057	409,686	(409,686)	819,057
Accumulated earnings (deficit)	(566,411)	(191,487)	191,487	(566,411)
Accumulated other comprehensive income (loss)	254	1,084	(1,084)	254
Total stockholders' equity	253,502	219,283	(219,283)	253,502
Total liabilities and stockholders' equity	$ 306,925	$ 2,500,344	$ (286,274)	$ 2,520,995

	As of December 31, 2020			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	$ 480	$ 67,147	$ 682	$ 68,309
Restricted cash	330	1,670	—	2,000
Trade accounts receivable	—	111,654	3	111,657
Inventories	—	429,855	—	429,855
Prepaid and other current assets	16,983	7,171	494	24,648
Due from related parties	107,995	—	(107,995)	—
Total current assets	125,788	617,497	(106,816)	636,469
Property, plant, and equipment				
Property, plant, and equipment	21,477	1,124,587	37,814	1,183,878
Less accumulated depreciation, depletion, and amortization	(14,368)	(233,927)	(2,818)	(251,113)
Property, plant, and equipment, net	7,109	890,660	34,996	932,765
Long-term assets				
Operating lease right-of-use assets	3,714	367,850	(14,398)	357,166
Investment in subsidiaries	209,010	—	(209,010)	—
Intangible assets, net	—	18,892	—	18,892
Goodwill	—	125,399	2,598	127,997
Other long-term assets	723	59,849	—	60,572
Total assets	$ 346,344	$ 2,080,147	$ (292,630)	$ 2,133,861
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current maturities of long-term debt	$ 47,301	$ 11,048	$ 1,584	$ 59,933
Obligations under inventory financing agreements	—	423,686	—	423,686
Accounts payable	2,401	103,067	1,477	106,945
Accrued taxes	49	27,371	20	27,440
Operating lease liabilities	750	60,449	(4,234)	56,965
Other accrued liabilities	10,907	194,114	(1,310)	203,711
Due to related parties	33,757	36,124	(69,881)	—
Total current liabilities	95,165	855,859	(72,344)	878,680
Long-term liabilities				
Long-term debt, net of current maturities	—	608,353	40,307	648,660
Common stock warrants	—	—	—	—
Finance lease liabilities	77	7,848	—	7,925
Operating lease liabilities	4,783	309,736	(10,164)	304,355
Other liabilities	45	87,382	(39,460)	47,967
Total liabilities	100,070	1,869,178	(81,661)	1,887,587
Commitments and contingencies				
Stockholders' equity				
Preferred stock	—	—	—	—
Common stock	540	—	—	540
Additional paid-in capital	726,504	307,967	(307,967)	726,504
Accumulated earnings (deficit)	(477,028)	(94,086)	94,086	(477,028)
Accumulated other comprehensive income (loss)	(3,742)	(2,912)	2,912	(3,742)
Total stockholders' equity	246,274	210,969	(210,969)	246,274
Total liabilities and stockholders' equity	$ 346,344	$ 2,080,147	$ (292,630)	$ 2,133,861

	Three Months Ended September 30, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 1,310,357	$ 11	$ 1,310,368
Operating expenses				
Cost of revenues (excluding depreciation)	—	1,098,422	—	1,098,422
Operating expense (excluding depreciation)	—	78,059	—	78,059
Depreciation, depletion, and amortization	571	22,999	48	23,618
Loss (gain) on sale of assets, net	—	2	—	2
General and administrative expense (excluding depreciation)	3,098	9,375	—	12,473
Acquisition and integration costs	1	—	—	1
Total operating expenses	3,670	1,208,857	48	1,212,575
Operating income (loss)	(3,670)	101,500	(37)	97,793
Other income (expense)				
Interest expense and financing costs, net	(7)	(15,462)	95	(15,374)
Debt extinguishment and commitment costs	—	(9)	—	(9)
Other income (expense), net	(14)	(8)	—	(22)
Equity earnings (losses) from subsidiaries	85,502	—	(85,502)	—
Total other income (expense), net	85,481	(15,479)	(85,407)	(15,405)
Income (loss) before income taxes	81,811	86,021	(85,444)	82,388
Income tax benefit (expense) (1)	(9)	(21,385)	20,808	(586)
Net income (loss)	$ 81,802	$ 64,636	$ (64,636)	$ 81,802
Adjusted EBITDA	$ (3,112)	$ 87,799	$ 11	$ 84,698

	Three Months Ended September 30, 2020			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 689,981	$ —	$ 689,981
Operating expenses				
Cost of revenues (excluding depreciation)	—	585,289	—	585,289
Operating expense (excluding depreciation)	—	70,641	(1,183)	69,458
Depreciation, depletion, and amortization	753	21,941	127	22,821
General and administrative expense (excluding depreciation)	2,561	7,257	—	9,818
Acquisition and integration costs	—	(155)	—	(155)
Total operating expenses	3,314	684,973	(1,056)	687,231
Operating income (loss)	(3,314)	5,008	1,056	2,750
Other income (expense)				
Interest expense and financing costs, net	(1,236)	(16,059)	(228)	(17,523)
Other income (expense), net	(8)	618	—	610
Equity earnings (losses) from subsidiaries	(9,713)	—	9,713	—
Equity losses from Laramie Energy, LLC	—	—	—	—
Total other income (expense), net	(10,957)	(15,441)	9,485	(16,913)
Income (loss) before income taxes	(14,271)	(10,433)	10,541	(14,163)
Income tax benefit (expense) (1)	—	2,148	(2,256)	(108)
Net income (loss)	$ (14,271)	$ (8,285)	$ 8,285	$ (14,271)
Adjusted EBITDA	$ (2,569)	$ (14,664)	$ 1,183	$ (16,050)

	Nine Months Ended September 30, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 3,416,538	$ 35	$ 3,416,573
Operating expenses				
Cost of revenues (excluding depreciation)	—	3,184,583	—	3,184,583
Operating expense (excluding depreciation)	—	221,785	(717)	221,068
Depreciation, depletion, and amortization	1,855	68,000	191	70,046
Loss (gain) on sale of assets, net	—	(10,637)	(53,763)	(64,400)
General and administrative expense (excluding depreciation)	9,307	27,252	—	36,559
Acquisition and integration costs	87	—	—	87
Total operating expenses	11,249	3,490,983	(54,289)	3,447,943
Operating income (loss)	(11,249)	(74,445)	54,324	(31,370)
Other income (expense)				
Interest expense and financing costs, net	(2,501)	(48,433)	223	(50,711)
Debt extinguishment and commitment costs	—	(6,728)	(1,416)	(8,144)
Gain on curtailment of pension obligation	—	2,032	—	2,032
Other income (expense), net	(27)	30	—	3
Equity earnings (losses) from subsidiaries	(75,580)	—	75,580	—
Total other income (expense), net	(78,108)	(53,099)	74,387	(56,820)
Income (loss) before income taxes	(89,357)	(127,544)	128,711	(88,190)
Income tax benefit (expense) (1)	(26)	30,143	(31,310)	(1,193)
Net income (loss)	$ (89,383)	$ (97,401)	$ 97,401	$ (89,383)
Adjusted EBITDA	$ (9,334)	$ 43,281	$ 752	$ 34,699

	Nine Months Ended September 30, 2020			
	Parent Guarantor	**Issuer and Subsidiaries**	**Non-Guarantor Subsidiaries and Eliminations**	**Par Pacific Holdings, Inc. and Subsidiaries**
Revenues	$ —	$ 2,409,363	$ 2	$ 2,409,365
Operating expenses				
Cost of revenues (excluding depreciation)	—	2,236,778	—	2,236,778
Operating expense (excluding depreciation)	—	213,425	(3,549)	209,876
Depreciation, depletion, and amortization	2,258	63,587	387	66,232
Impairment expense	—	67,922	—	67,922
General and administrative expense (excluding depreciation)	8,190	23,633	—	31,823
Acquisition and integration costs	—	600	—	600
Total operating expenses	10,448	2,605,945	(3,162)	2,613,231
Operating income (loss)	(10,448)	(196,582)	3,164	(203,866)
Other income (expense)				
Interest expense and financing costs, net	(3,709)	(45,699)	(3,203)	(52,611)
Other income (expense), net	4	1,085	—	1,089
Change in value of common stock warrants	4,270	—	—	4,270
Equity earnings (losses) from subsidiaries	(267,285)	—	267,285	—
Equity losses from Laramie Energy, LLC	—	—	(46,905)	(46,905)
Total other income (expense), net	(266,720)	(44,614)	217,177	(94,157)
Income (loss) before income taxes	(277,168)	(241,196)	220,341	(298,023)
Income tax benefit (expense) (1)	—	41,457	(20,602)	20,855
Net income (loss)	$ (277,168)	$ (199,739)	$ 199,739	$ (277,168)
Adjusted EBITDA	$ (8,029)	$ (48,246)	$ 3,551	$ (52,724)

(1) The income tax benefit (expense) of the Parent Guarantor and Issuer and Subsidiaries is determined using the separate return method. The Non-Guarantor Subsidiaries and Eliminations column includes tax benefits recognized at the Par consolidated level that are primarily associated with changes to the consolidated valuation allowance and other deferred tax balances.

Non-GAAP Financial Measures

Adjusted EBITDA for the supplemental consolidating condensed financial information, which is segregated at the "Parent Guarantor," "Issuer and Subsidiaries," 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, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ 81,802	$ 64,636	$ (64,636)	$ 81,802
Inventory valuation adjustment	—	(727)	—	(727)
LIFO liquidation adjustment	—	(4,151)	—	(4,151)
RINs loss (gain) in excess of net obligation	—	(42,103)	—	(42,103)
Unrealized loss on derivatives	—	10,228	—	10,228
Acquisition and integration costs	1	—	—	1
Debt extinguishment and commitment costs	—	9	—	9
Severance costs	—	59	—	59
Loss (gain) on sale of assets, net	—	2	—	2
Depreciation, depletion, and amortization	571	22,999	48	23,618
Interest expense and financing costs, net	7	15,462	(95)	15,374
Equity losses (income) from subsidiaries	(85,502)	—	85,502	—
Income tax expense (benefit)	9	21,385	(20,808)	586
Adjusted EBITDA (3)	$ (3,112)	$ 87,799	$ 11	$ 84,698

	Three Months Ended September 30, 2020			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ (14,271)	$ (8,285)	$ 8,285	$ (14,271)
Inventory valuation adjustment	—	(43,980)	—	(43,980)
LIFO liquidation adjustment	—	6,211	—	6,211
RINs loss (gain) in excess of net obligation	—	645	—	645
Unrealized loss (gain) on derivatives	—	(4,952)	—	(4,952)
Acquisition and integration costs	—	(155)	—	(155)
Depreciation, depletion, and amortization	753	21,941	127	22,821
Interest expense and financing costs, net	1,236	16,059	228	17,523
Equity losses (income) from subsidiaries	9,713	—	(9,713)	—
Income tax expense (benefit)	—	(2,148)	2,256	108
Adjusted EBITDA (3)	$ (2,569)	$ (14,664)	$ 1,183	$ (16,050)

	Nine Months Ended September 30, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ (89,383)	$ (97,401)	$ 97,401	$ (89,383)
Inventory valuation adjustment	—	38,732	—	38,732
RINs loss (gain) in excess of net obligation	—	11,874	—	11,874
Unrealized loss on derivatives	—	7,620	—	7,620
Acquisition and integration costs	87	—	—	87
Debt extinguishment and commitment costs	—	6,728	1,416	8,144
Severance costs	—	75	—	75
Loss (gain) on sale of assets, net	—	(10,637)	(53,763)	(64,400)
Depreciation, depletion, and amortization	1,855	68,000	191	70,046
Interest expense and financing costs, net	2,501	48,433	(223)	50,711
Equity losses (income) from subsidiaries	75,580	—	(75,580)	—
Income tax expense (benefit)	26	(30,143)	31,310	1,193
Adjusted EBITDA (3)	$ (9,334)	$ 43,281	$ 752	$ 34,699

	Nine Months Ended September 30, 2020			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ (277,168)	$ (199,739)	$ 199,739	$ (277,168)
Inventory valuation adjustment	—	(4,635)	—	(4,635)
LIFO liquidation adjustment	—	6,211	—	6,211
RINs loss (gain) in excess of net obligation	—	17,985	—	17,985
Unrealized loss (gain) on derivatives	—	(4,507)	—	(4,507)
Acquisition and integration costs	—	600	—	600
Changes in valuation allowance and other deferred tax items (1)	—	—	(21,087)	(21,087)
Change in value of common stock warrants	(4,270)	—	—	(4,270)
Severance costs	157	88	—	245
Impairment of Investment in Laramie Energy, LLC (2)	—	—	45,294	45,294
Par's share of Laramie Energy's unrealized gain on derivatives (2)	—	—	(1,110)	(1,110)
Impairment expense	—	67,922	—	67,922
Depreciation, depletion, and amortization	2,258	63,587	387	66,232
Interest expense and financing costs, net	3,709	45,699	3,203	52,611
Equity losses from Laramie Energy, LLC, excluding Par's share of unrealized gain on derivatives and impairment losses	—	—	2,721	2,721
Equity losses (income) from subsidiaries	267,285	—	(267,285)	—
Income tax expense (benefit)	—	(41,457)	41,689	232
Adjusted EBITDA (3)	$ (8,029)	$ (48,246)	$ 3,551	$ (52,724)

(1) Includes increases in (releases of) our valuation allowance associated with business combinations and changes in deferred tax assets and liabilities that are not offset by a change in the valuation allowance. These tax expenses (benefits) are included in Income tax expense (benefit) on our condensed consolidated statements of operations.

(2) Includes impairment losses on our investment in Laramie Energy and our share of Laramie Energy's asset impairment losses in excess of our basis difference. These impairment losses and our share of Laramie Energy's unrealized loss (gain)

on derivatives are included in Equity earnings (losses) from Laramie Energy, LLC on our condensed consolidated statements of operations.

(3) For the three and nine months ended September 30, 2021, and the three months ended September 30, 2020, there was no change in valuation allowance and other deferred tax items, change in value of common stock warrants, impairment expense, impairment of investment in Laramie Energy, unrealized gain on derivatives included in equity earnings from Laramie Energy, or equity losses from Laramie Energy. For the nine months ended September 30, 2021, there was no LIFO liquidation adjustment. For the three and nine months ended September 30, 2020, there were no debt extinguishment and commitment costs or losses (gains) on sale of assets. For the three months ended September 30, 2020, there were no severance costs.

Liquidity and Capital Resources

Our liquidity and capital requirements are primarily a function of our debt maturities and debt service requirements and contractual obligations, capital expenditures, turnaround outlays, 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, 2021 was $276.8 million and consisted of $272.2 million at Par Petroleum, LLC and subsidiaries, $4.6 million at Par Pacific Holdings, and an immaterial amount at all our other subsidiaries.

As of September 30, 2021, we had access to the ABL Credit Facility, the J. Aron Discretionary Draw Facility, the MLC receivable advances, and cash on hand of $201.3 million. In addition, we have the Supply and Offtake Agreement with J. Aron and the Washington Refinery Intermediation Agreement, which are used to finance the majority of the inventory at our Hawaii and Washington refineries, respectively. 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.

In the first quarter of 2021, we closed the Sale-Leaseback Transactions for an aggregate cash purchase price of approximately $112.8 million net of transaction fees. We used approximately $53.1 million of the net cash proceeds to repay the certain financing arrangements which were related to certain of the retail properties and the remainder for general corporate purposes.

On March 19, 2021, we sold 5.75 million shares of common stock in an underwritten public offering at a public offering price of $16.00 per share, resulting in net proceeds of approximately $87.2 million, after deducting underwriting discounts and commissions and offering expenses. We used the net proceeds from the offering of common stock to repay the $48.7 million in remaining aggregate principal amount of 5.00% Convertible Senior Notes and $36.8 million in aggregate principal amount of 12.875% Senior Secured Notes, and the remainder for other general corporate purposes, including capital expenditures and funding working capital.

We believe our cash flows from operations and available capital resources will be sufficient to meet our current capital and turnaround 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 7.75% Senior Secured Notes, our 12.875% Senior Secured Notes, or our common stock 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. The Term Loan B Facility may also require annual prepayments of principal with a variable percentage of our excess cash flow, 50% or 25% depending on our consolidated year end secured leverage ratio (as defined in the Term Loan B Facility agreement).

Cash Flows

The following table summarizes cash activities for the nine months ended September 30, 2021 and 2020 (in thousands):

	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities	$ 54,594	$ 25,953
Net cash provided by (used in) investing activities	82,356	(42,428)
Net cash provided by (used in) financing activities	(1,954)	17,380

Net cash provided by operating activities was approximately $54.6 million for the nine months ended September 30, 2021, which resulted from a net loss of $89.4 million, offset by net cash provided by changes in operating assets and liabilities of approximately $125.3 million and non-cash charges to operations of approximately $18.7 million. The change in our operating assets and liabilities for the nine months ended September 30, 2021 was primarily due to an increase in our gross environmental credit obligations of $147.0 million and a net increase in our Supply and Offtake Agreement and Washington Refinery Intermediation Agreement obligations of $178.6 million, partially offset by increases in inventories of $195.1 million and accounts receivable of $83.5 million. Net cash provided by changes in operating assets and liabilities also includes an increase of $6.3 million in deferred turnaround costs. Net cash provided by operating activities was approximately $26.0 million for the nine months ended September 30, 2020, which resulted from a net loss of approximately $277.2 million, partially offset by net cash provided by changes in operating assets and liabilities of approximately $117.5 million and non-cash charges to operations of approximately $185.6 million.

For the nine months ended September 30, 2021, net cash provided by investing activities was approximately $82.4 million and primarily related to proceeds received from the Sale-Leaseback Transactions partially offset by $21.0 million of additions to property, plant, and equipment. Net cash used in investing activities was approximately $42.4 million for the nine months ended September 30, 2020 and primarily related to additions to property, plant, and equipment totaling approximately $42.5 million.

Net cash used in financing activities for the nine months ended September 30, 2021 was approximately $2.0 million, which consisted primarily of proceeds of $87.2 million from our March 2021 equity offering of common stock and net borrowings associated with the J. Aron deferred payment and MLC receivable advances of approximately $66.2 million, partially offset by net debt and insurance premium repayments of approximately $148.7 million and $5.6 million in extinguishment costs related to the repayment of the Retail Property Term Loan and a portion of the 12.875% Senior Secured Notes. Net cash provided by financing activities for the nine months ended September 30, 2020 was approximately $17.4 million, which consisted primarily of net debt and insurance premium borrowings of approximately $85.5 million, partially offset by net repayments associated with the J. Aron deferred payment and MLC receivable advances of approximately $60.8 million and payments of $6.3 million in deferred loan costs primarily related to the issuance of the 12.875% Senior Secured Notes.

Capital Expenditures and Turnaround Costs

Our deferred turnaround costs and capital expenditures, excluding acquisitions, for the nine months ended September 30, 2021 totaled approximately $27.3 million and were primarily related to the 2021 turnaround and related scheduled maintenance work at our Washington refinery, capital projects at our Hawaii refinery, and underground tank replacements, rebranding, and point of sale and other equipment upgrades at our Retail segment. Our capital expenditure and deferred turnaround cost budget for 2021 ranges from $35 to $45 million and primarily relates to a partial turnaround at our Washington refinery and scheduled sustaining maintenance, regulatory, and safety compliance projects across all businesses.

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 Agreement. On June 1, 2021, we and J. Aron entered into a Second Amended and Restated Supply and Offtake Agreement to support our Hawaii refining operations. This agreement expires on May 31, 2024 with a one-year extension option. Please read Note 7—Inventory Financing Agreements for more information.

Washington Refinery Intermediation Agreement. In connection with the consummation of the Washington Acquisition on January 11, 2019, we assumed the Washington Refinery Intermediation Agreement with MLC to support the operations of our Washington refinery. We amended the Washington Refinery Intermediation Agreement on February 11, 2021 to extend the term through March 31, 2022. Please read Note 7—Inventory Financing Agreements for more information.

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 13—Commitments and Contingencies to our condensed consolidated financial statements for more information.

Critical Accounting Policies and Estimates

There have been no material changes to critical accounting policies disclosed in our Annual Report on Form 10-K.

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 expectations regarding the impact of COVID-19 on our business, our customers, and the markets where we operate; 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; our expectations regarding the sufficiency of our cash flows and liquidity; our expectations regarding anticipated capital expenditures, including the timing and cost of compliance with consent decrees and other enforcement actions; our expectations regarding the impact of the adoption of certain accounting standards; our estimates regarding the fair value of 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 synergies or other benefits of our acquisitions; our expectations regarding certain tax liabilities and debt obligations; 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. Additionally, significant uncertainties remain with respect to COVID-19 and its economic effects. Due to the unpredictable and unprecedented nature of the COVID-19 pandemic, we cannot identify all potential risks to, and impacts on, our business, including the ultimate adverse economic impact to the Company's business, results of operations, financial condition, and liquidity. However, the adverse impact of COVID-19 on the Company has been and will likely continue to be material. There can be no guarantee that the operational and financial measures the Company has taken, and may take in the future, will be fully

effective. 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 flows, 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, 2021, of 137 thousand barrels per day, would change annualized operating income by approximately $49.4 million. This analysis may differ from actual results.

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

All of our futures and OTC swaps are executed to economically hedge our physical commodity purchases, sales, and inventory. All our open futures and OTC swaps at September 30, 2021, will settle by February 2022. At September 30, 2021, these open commodity derivative contracts represent (in thousands of barrels):

Contract type	Purchases	Sales	Net
Futures	192	(342)	(150)
Swaps	2,725	(3,725)	(1,000)
Total	2,917	(4,067)	(1,150)

Based on our net open positions at September 30, 2021, a $1 change in the price of crude oil, assuming all other factors remain constant, would result in a change of approximately $1.2 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. For the three and nine months ended September 30, 2021, we consumed approximately 137 thousand and 135 thousand barrels per day, respectively, of crude oil during the refining process at our Hawaii, Washington, and Wyoming refineries. We internally consumed approximately 3% of this throughput in the refining process during the three and nine months ended September 30, 2021, which is accounted for as a fuel cost. We have economically hedged 25 thousand barrels per month from January 2021 through December 2021 and 35 thousand barrels per month from January 2022 through December 2022 of our internally consumed fuel cost at our Hawaii refineries by executing option collars. These option collars have a weighted-average strike price ranging from a floor of $36.50 per barrel to a ceiling of $60.00 per barrel and from a floor of $56.29 per barrel to a ceiling of $72.86 per barrel, respectively. We do not currently economically hedge our internally consumed fuel cost at our Wyoming or Washington refineries.

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 renewable volume obligation ("RVO") is based on a percentage of our Hawaii, Wyoming, and Washington refineries' production of on-road transportation fuel. The EPA sets the RVO percentages annually. The EPA has not yet set volumetric requirements for 2021, which makes it difficult to estimate our obligations. To the degree we are unable to blend the required amount of biofuels to satisfy our RVO, 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 we deem the price of these instruments to be 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, 2021, we had $218.8 million in debt principal that was subject to floating interest rates. We also had interest rate exposure in connection with our liabilities under the J. Aron Supply and Offtake Agreement and the MLC Washington Refinery Intermediation Agreement for which we pay charges 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 $3.5 million and $3.5 million per year, respectively.

We may utilize interest rate swaps to manage our interest rate risk. As of December 31, 2020, we had entered into an interest rate swap at an average fixed rate of 3.91% in exchange for the floating interest rate and on the notional amounts due under the Retail Property Term Loan. This swap was set to expire on April 1, 2024, the maturity date of the Retail Property Term Loan. On February 23, 2021, we terminated and repaid all amounts outstanding under the Retail Property Term Loan and the related interest rate swap.

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, 2021, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of September 30, 2021.

Changes in Internal Control over Financial Reporting

There were no changes during the quarter ended September 30, 2021 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial 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 13—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, 2020. These "Risk Factors" may be amplified by the uncertain and unprecedented nature of the COVID-19 pandemic.

Our business, financial condition, results of operations, and liquidity have been adversely affected by the COVID-19 pandemic that has caused, and is expected to continue to cause, the global slowdown of economic activity (including the decrease in demand for crude oil and the refined products that we produce and sell), disruptions in global supply chains, and significant volatility and disruption of financial markets and that also has adversely affected workforces, customers, and regional and local economies.

Because the severity, magnitude, and duration of the COVID-19 pandemic and its economic consequences are uncertain, rapidly changing, and difficult to predict, the impact on our business, results of operations, financial condition, and liquidity remains uncertain and difficult to predict. The ultimate impact of the COVID-19 pandemic on our results of operations and financial condition remains uncertain and depends on numerous evolving factors, many of which are not within our control, and which we may not be able to effectively respond to, including, but not limited to: governmental, business, and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport, workforce pressures and social distancing, and stay-at-home orders); the effect of the pandemic on economic activity and actions taken in response; the effect on our customers and their demand for our products; the effect of the pandemic on the creditworthiness of our customers; national or global supply chain challenges or disruption; workforce availability; facility closures; commodity cost volatility; general economic uncertainty in key global markets and financial market volatility and ability to access capital markets; global economic conditions and levels of economic growth; and the pace of recovery when the COVID-19 pandemic subsides, as well as response to a potential reoccurrence.

Further, the COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, could also precipitate or aggravate the other risk factors that we identify in our 2020 Annual Report on Form 10-K, which could materially adversely affect our business, financial condition, results of operations (including revenues and profitability), and liquidity and/or stock price. Additionally, COVID-19 may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks to our operations.

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, the indentures governing the 7.75% Senior Secured Notes and the 12.875% Senior Secured Notes, and the Term Loan B Facility, 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, 2021:

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, 2021	304	$ 15.37	—	—
August 1 - August 31, 2021	653	16.38	—	—
September 1 - September 30, 2021	—	—	—	—
Total	957	$ 16.06	—	—

(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 DISCLOSURE

Not applicable.

Item 5. OTHER INFORMATION

None.

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	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.
2.4	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.
2.5	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.
2.6	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.
2.7	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.
2.8	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.
2.9	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.
2.10	Purchase and Sale Agreement dated as of November 26, 2018, among Par Petroleum, LLC, TrailStone NA Oil & Refining Holdings, LLC, and solely for certain purposes specified therein, the Company. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K/A filed on November 30, 2018. #
2.11	Amendment No. 1 to Purchase and Sale Agreement dated as of January 11, 2019, among Par Petroleum, LLC, TrailStone NA Oil & Refining Holdings, LLC and Par Pacific Holdings, Inc. Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on January 14, 2019.
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	First Amendment to Registration Rights Agreement dated as of December 19, 2018, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.3 to the Company's registration statement on Form S-3 filed on December 21, 2018.
4.5	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.

4.6	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.
4.7	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.
4.8	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.
4.9	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.
4.10	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.
4.11	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.
4.12	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.
4.13	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.
4.14	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.
4.15	Registration Rights Agreement dated as of January 11, 2019, by and between the Company and TrailStone NA Oil & Refining Holdings, LLC. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 14, 2019.
4.16	Indenture, dated December 21, 2017, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors (as defined therein), and Wilmington Trust, National Association, as Trustee and Collateral Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 22, 2017.
4.17	First Supplemental Indenture, dated November 20, 2018, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors (as defined therein), and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.21 to the Company's registration statement on Form S-3 filed on December 21, 2018.
4.18	Second Supplemental Indenture, dated January 11, 2019, among Par Tacoma, LLC (f/k/a TrailStone NA Asset Finance I, LLC), U.S. Oil & Refining Co., McChord Pipeline Co., Par Petroleum, LLC, Par Petroleum Finance Corp., Par Pacific Holdings, Inc., the other guarantors party thereto, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 14, 2019.
4.19	Third Supplemental Indenture, dated August 15, 2019, among Par Hawaii, LLC (successor by conversion to Par Hawaii, Inc.), Par Petroleum, LLC, Par Petroleum Finance Corp., Par Pacific Holdings, Inc., the other guarantors party thereto, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2020.
4.20	2019 Par Pacific Holdings, Inc. Management Stock Purchase Plan. Incorporated by reference to Appendix 1 to the Company's Definitive Proxy Statement on Schedule 14A filed on March 28, 2019.
4.21	Indenture, dated as of June 5, 2020, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors (as defined therein) and Wilmington Trust, National Association, as Trustee and Collateral Trustee. Incorporated by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed on June 8, 2020.
4.22	Par Pacific Holdings, Inc. Amended and Restated 2012 Long Term Incentive Plan. Incorporated by reference to Appendix A to the Company's Proxy Statement on Schedule 14A filed on April 21, 2016.
4.23	Registration Rights Agreement dated as of December 19, 2018, by and between the Company and IES Downstream, LLC. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 20, 2018.
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	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Documents.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

** Furnished herewith.

Portions of this exhibit have been redacted in accordance with Item 601(b)(10) of Regulation S-K.

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 4, 2021

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 4, 2021

/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 4, 2021

/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, 2021 (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 4, 2021

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, 2021 (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 4, 2021