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## Q1 2018 Par Pacific Holdings Inc Earnings Call

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**William C. Pate** *Par Pacific Holdings, Inc. – President and Chief Executive Officer*

## CONFERENCE CALL PARTICIPANTS

**Andrew Evan Shapiro** *Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member*
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**Matthew Robert Lovseth Blair** *Tudor, Pickering, Holt & Co. Securities, Inc., Research Division - Executive Director of Refining and Chemicals Research*
**Richard Thomson** *Varde Partners*
**Gregg Brody** *Bank of America Merrill Lynch*

## PRESENTATION

**Operator**
Greetings, and welcome to the Par Pacific Holdings First Quarter Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Matt Vaughn, General Counsel for Par Pacific Holdings. Thank you, Mr. Vaughn. You may begin.

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**James Matthew Vaughn** ***Par Pacific Holdings, Inc. - Senior VP, General Counsel & Secretary***
Thank you, Doug. Good morning, everyone, and welcome to Par Pacific Holdings First Quarter 2018 Earnings Conference Call. Joining me today are William Pate, President and Chief Executive Officer; Will Monteleone, Chief Financial Officer; and Joseph Israel, President and Chief Executive Officer of Par Petroleum.

Before we begin, please note that some of our comments today may include forward-looking statements as that term is defined under federal securities laws. Such statements include, but are not limited to, those concerning plans, expectations, estimates and our outlook for the company. Any forward-looking statements are subject to change and are not guarantees of future performance or events. They are subject to risks and uncertainties, and actual results may differ materially from what is indicated in these forward-looking statements. Because of this, investors should not place undue reliance on forward-looking statements, and we disclaim any intention or obligation to update or revise any forward-looking statements. I refer you to the latest Forms 10-K and 10-Q Par Pacific Holdings filed with the SEC for a more detailed discussion of the major risk factors affecting our business. Further information regarding these, as well as supplemental financial and operating information, including reconciliations of certain non-GAAP financial measures to the most comparable GAAP figures may be found in our press release and our investor presentation on our website at www.parpacific.com or in our filings with the SEC.

I'll now turn the call over to our President and Chief Executive Officer, William Pate.

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***
Thank you, Matt. We reported solid financial results in the first quarter due to strong contributions from Wyoming Refining, our Logistics unit and our Retail business. Adjusted earnings per share were $0.18 in spite of challenging crude differentials in Hawaii, which negatively affected our quarterly results by more than $25 million when compared to the first quarter of 2017. The impact of these dips was partially offset by the favorable impact of Small Refinery Exemption to the Renewable Fuel Standard 2017 requirements.

Wyoming reported record seasonal sales in the quarter at nearly 18,300 barrels per day compared to 14,800 barrels per day for the first quarter of 2017 and also realized an improved gross margin per barrel on a year-over-year basis. We are very pleased with the market profile coming into the traditionally strong summer season.

Our Hawaii refining operations also had record on-island sales of more than 69,000 barrels per day, and our distillate yield continued to be healthy at 47%. The high crude differentials we faced in the Pacific are largely a result of the current OPEC production constraints. The production cuts have had a particularly significant impact on medium sour crudes and have also created a highly backwardated market, which exacerbates the cost of our Hawaii supply chain.

Our Hawaii retail business continued to perform very well with gross margin growth of 8% on a year-over-year basis. Segment profitability was down 6% as we felt the impact of higher minimum wages at our store expense level. Sales volumes ebbed somewhat with same-store fuel volumes declining 2.8% and merchandise sales declining 0.7%. We believe these trends are related to a variety of factors, including the adverse impact of retail price increases on consumption, limited conversion work at our stores and competition at The Street level.

On the strategic front, we had several notable accomplishments. We previously announced an agreement to purchase 33 convenience stores in the Spokane, Washington region. We closed this acquisition at the end of the first quarter. I'm pleased with the integration of the business, and I look forward to this expansion of our mainland activities and the enhanced diversification to our business profile. We believe the Rocky Mountains and the Pacific Northwest are great regions in which to focus our growth initiatives. Internally, our distillate hydrotreater project in Hawaii continues to be on time and on budget. We expect to have this project operating in time to supply additional clean distillate products to address incremental demand generated by IMO 2020 standards. In Wyoming, we have several projects ongoing to increase distillate production yields and debottleneck our crude unit to achieve greater flexibility and meeting summer demand. And finally, we're making progress on the new fuel retail opening in Hawaii and working on other locations in the growing areas of West Honolulu.

At this point, I'll turn the call over to Joseph to report on our operations.

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**Joseph Israel** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum LLC***
Thank you, Bill. In Hawaii, our combined Mid Pacific Index was $7.40 per barrel during the quarter compared to $8.90 per barrel during the first quarter of 2017. The relatively weak margin environment in the first quarter was driven by overall elevated crude pricing.

On the product front, market conditions are favorable. 4-1-2-1 Mid Pacific crack spread on Brent basis was $7.38 per barrel in the quarter compared to a 5-year average of $7.19 per barrel. Global demand is strong, and inventory levels, especially for distillates and fuel oil, are low. However, on the crude oil side, as Bill mentioned, OPEC production discipline, geopolitical dynamics, combined with strong economy and strong demand for oil, continued to support high oil prices in a backwardated market structure. As a result, our Mid Pacific crude oil differential in the first quarter averaged only $0.02 per barrel discount to Brent compared to a 5-year average of $1 per barrel discount to Brent.

Our Hawaii refinery throughput in the first quarter was 76,000 barrels per day with 98.5% operational availability. We sold a total of 84,000 barrels per day in the quarter, including record-high 69,000 barrels per day of on-island sales.

The EPA granted our Hawaii refinery Small Refinery Exemption for the calendar year of 2017, which resulted in the net first quarter RINS benefit of approximately $9 million for the Hawaii refinery. Our adjusted gross margin was $5.20 per barrel, including positive $1.30 per barrel related to the RINS benefit.

This quarter, we estimate our negative capture to be $1.25 to $1.50 per barrel driven by the following 2 items: first item is a negative $0.65 per barrel impact associated with export timing. As a reminder, in the fourth quarter of 2017, we realized approximately $1 per barrel of positive capture mainly associated with low exports. In the first quarter of '18, we almost doubled our exports compared to the fourth quarter, mainly with low-value product, which drove our realized adjusted gross margin down. The negative $0.60 to $0.85 per barrel lift is related to the backwardated market structure and elevated shipping rates for the crude oil processed in the quarter.

Our production cost in the quarter was $3.64 per barrel. So far in the second quarter, our combined Mid Pacific Index is approximately $8 per barrel with crude differentials improving by approximately $0.50 per barrel for our third quarter crude oil purchases. Our second quarter planned throughput is in the 72,000 to 73,000 barrels per day range.

In Wyoming, our 3-2-1 Index was $15.65 per barrel during the quarter. This is compared to $16.51 per barrel during the first quarter of 2017. In the first quarter, our refinery throughput averaged 16,500 barrels per day with 98.9% operational availability, and we sold record-high 18,300 barrels per day. The EPA also granted our Wyoming refinery Small Refinery Exemption for the calendar year of 2017, which resulted in a net first quarter RINS benefit of approximately $4 million for our Wyoming refinery. Our adjusted gross margin in the quarter was $13.96 per barrel compared to $9.45 per barrel in the first quarter of 2017.

Excluding approximately $2.70 per barrel of net RINS benefit, our results for the quarter represent a strong capture rate of approximately $3.25 per barrel over historical performance. We attribute the strong capture to our increased commercial and operational flexibility. As reported in the past, our ability to rail and truck oil product outside of our market and support this incremental demand with our improved deal flexibility is critical to smooth out seasonality and enhance profitability.

In the first quarter, our Wyoming refinery produced record-high distillate of 7,400 barrels per day, and our premium gasoline sales represented over 13% of our total gasoline sales. Production costs were $7.74 per barrel, approximately $0.60 to $0.70 per barrel over our run rate, mainly related to inventory adjustment.

Market environment is now improving in the Rocky Mountains as we approach gasoline season with close to mid-cycle gasoline inventory and low distillate inventory. So far in the second quarter, our Wyoming 3-2-1 Index has averaged $19.20 per barrel, and our target throughput in Wyoming is approximately 17,000 barrels per day for the quarter.

And now I'll turn the call over to Will to review financial results and Laramie highlights.

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**William Monteleone** ***Par Pacific Holdings, Inc. - Chief Financial Officer***
Thank you, Joseph. Some items that impacted our Q1 reported results are as follows: our net income, adjusted net income and adjusted EBITDA each were positively impacted by a $13 million net RINS benefit. We incurred a $10.5 million charge associated with settling an earn-out. This charge did not have an impact on adjusted net income or adjusted EBITDA.

Cash from operations totaled $13 million during the quarter. Net debt to capitalization was roughly 43%, and total liquidity was $123 million.

GAAP interest expense totaled $8 million during the quarter, which included approximately a $1 million benefit from our interest rate derivative position.

Subject to finalizing purchase price accounting, we expect the Northwest retail acquisition will increase our annual DD&A expense by $2 million to $2.5 million for a 12-month period. Pro forma for the additional DD&A, we expect a quarterly run rate of approximately $12.5 million.

During the quarter, our capital expenditures totaled $10 million. Consistent with prior comments, we expect our capital expenditures to be between $50 million and $55 million for the year.

Moving to Laramie. Laramie generated approximately $20 million in EBITDAX and net income of $7 million, including $5 million in unrealized derivative gains and minimal realized derivative activity.

Consistent with our prior communications, we are now excluding the impact of Laramie's unrealized derivative gains and losses from the contribution to adjusted net income and adjusted net income per share. Removing the unrealized derivative impact resulted in a reduction of $2 million to adjusted net income for the period.

During the quarter, Laramie spud 39 and completed 24 wells, finishing with 73 drilled but uncompleted wells. March exit production was 190 million cubic feet a day equivalent, including approximately 20 million cubic feet a day equivalent contribution of the acquired properties. The increase in drilled but uncompleted wells was largely a result of delays and available water supplies, which has been resolved during April.

While gas prices at the wellhead remain under pressure, liquids contributions continue to more than offset gas price weakness. During the quarter, liquids revenues represented approximately 28% of total revenues. Unhedged price realizations were the following: natural gas, $2.60 per Mcf; natural gas liquids, $0.62 per gallon; and condensate of $52 per barrel.

Capital expenditures totaled approximately $37 million, leaving a revolver balance of $173 million as of March 31 and debt to EBITDAX of approximately 2.6x.

Recently drilled and completed wells are averaging roughly $1 million per well, and recent completions on 2-column spacing are yielding encouraging results. Through the end of April 2018, Laramie has production data on 34 wells that support a 1.7 Bcfe-type curve.

Given current price outlook, Laramie plans to move to a 1-rig program in June. Completion activity is planned to remain consistent with prior plans, and no changes in production outlook are expected. However, capital expenditures are expected to be between $120 million and $140 million, down from previously provided $145 million to $165 million for the full year. This reduction in planned CapEx is expected to drive Laramie towards free cash flow generation by the fourth quarter of 2018 and maintain less than 2.5x debt to EBITDA.

This concludes our prepared remarks. Operator, I'll turn it back to you for Q&A.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Our first question comes from the line of Matthew Blair with Tudor, Pickering, Holt & Co.

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**Matthew Robert Lovseth Blair** ***Tudor, Pickering, Holt & Co. Securities, Inc., Research Division - Executive Director of Refining and Chemicals Research***

I just want to turn back to the discussion on crude differentials for your Hawaii refinery. Looking at your materials, it looks like Hawaii ran approximately 40% ANS in the quarter, which just was a little surprising to us, considering ANS was at a premium to Brent. Could you talk about what led to the high ANS share and what you might expect going forward there?

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**Joseph Israel** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum LLC***
Matt, it's Joseph. Like every quarter, we optimize our crude slate based on what the LP and the model is giving us. And ANS happened to be an optimization at 40% like African crude at 40% and the mix of both with other crude gave us the optimized yields. Beyond that, I won't go into more commercial details.

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**Matthew Robert Lovseth Blair** ***Tudor, Pickering, Holt & Co. Securities, Inc., Research Division - Executive Director of Refining and Chemicals Research***
Okay. And then I guess I was hoping you could offer some more color on Retail in the quarter. I thought the result was pretty strong, considering that you were in a rising crude price environment. Would you attribute the strength to more of the merchandise side or more of the actual fuel side or maybe both? Any more details would be great there.

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***
This is Bill. Yes. It's -- I would say mainly on the fuel retail side. And actually, while margins were good, it was a difficult environment in terms of sales volume because there was a lot of activity going on within our store network during the quarter. Also with rising fuel prices at the pump, you do see some changes in customer habits. That impacted parts of our business as well. Generally speaking, when you have rising pump prices, you -- I believe you tend to see customers migrate toward value-oriented brands. And also the spread can widen between the premium brands such as 76 and high-volume retailers. So we believe that there are increased sales at the high-volume retailers and then also increased sales at our value-themed Hele brand. Did that answer your question?

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**Matthew Robert Lovseth Blair** ***Tudor, Pickering, Holt & Co. Securities, Inc., Research Division - Executive Director of Refining and Chemicals Research***
Yes. That's great. And then just one more. So Hawaii received a RIN waiver for, I think, you said the 2017 year. I guess can you remind us did you receive a waiver for 2016? And if not, are you able to apply retroactively?

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***
No. We did not receive a waiver for 2016, and we're not going to comment on any conversations we're having with the regulatory agencies.

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**Operator**
Our next question comes from the line of Gregg Brody with Bank of America Merrill Lynch.

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**Gregg Brody** ***Bank of America Merrill Lynch***
This is actually [Shannon] on for Gregg. Just wanted to ask, in the news, there was the Hawaii volcano eruption and related earthquakes. Has this had an impact on your Hawaii terminals and operations as of

yet? I know it's still occurring in the news, so any color would help.

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***

Sure. No impact on our operations. We do have a terminal in Hilo, which is reasonably close to the volcano, and -- but there have been no -- the only real impact that could have taken place probably would have been with respect to the large earthquake, and we inspected our facility shortly after and had no issues.

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**Gregg Brody Bank of America Merrill Lynch**

All right. And then just quickly on yesterday's decision to allow for the sale of E15 year-round. Just wanted to get your thoughts on that and if that has any impacts on your business.

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***

This is Bill. We're still debating and discussing that. I think one of the big issues with E15 is just whether the car companies are actually going to abide by this and deal with the warranty issues associated with automobiles on the road at E15. We'll watch it, obviously. I don't expect if the market does shift to E15 that it will have any material impact on our business. Would you want to add anything to that, Will?

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**William Monteleone** ***Par Pacific Holdings, Inc. - Chief Financial Officer***

No, thanks. No.

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**Operator**

Our next question comes from the line of Mike Harrison from Seaport Global Securities.

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**Jacob P. Schowalter** ***Seaport Global Securities LLC, Research Division - Associate Analyst***

This is Jacob on for Mike. Just one on Wyoming refined product sales volume. So you guys hit that record 18.3 million in Q1. So now moving into the summer season, where do we -- where should we expect that number to go from here?

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**Joseph Israel** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum LLC***

Yes. Let me just correct, it's not 18 million, 18,000 barrels per day rate, really our record-high sales in the quarter in Wyoming. That was great to see, especially outside of the season. For the rest of the year, we are planning around the 17,000 barrels per day type of run rate, and sales will be accordingly, probably 17,000 plus more in the summer, slightly less in the winter.

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**Operator**

Our next question comes from the line of Andrew Shapiro with Lawndale Capital Management.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***

I have a few, and I'll back out in the queue and let us back in if you can. A follow-up on the inquiry on the Hawaii volcano issues. Since a good deal of our online sales and our on-island sales and desire is for jet fuel, are the other islands or main islands where you guys, I would think, some more jet fuel, are they experiencing increased jet landings? And is the Big Island an area where we do a lot of on-island jet fuel sales? And are they losing aircraft landings due to the ash issue that would be a problem for aircraft traffic?

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***
Well, keep in mind that most of the air traffic to the Big Island is Kona, which is on the other side of the island. And I'm not aware of any impact on our jet fuel sales with respect to the volcano, either up or down. I think most activities continue to move on. Kilauea is on the south and east side of the island closer to Hilo. There's not as much tourism in that area, other than people driving over to the volcano. And let me also say that all of our stations are operating on the Big Island as well, so we really don't see any impact in the business associated with the volcanic eruption at this point.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***
Okay. And then regarding Laramie, regarding the transaction with an in-basin oil and gas producer at the end of February, where our equity ownership percentage was reduced by the issuance of new units for an aggregate total valuation of that acquisition of, I think, $28.1 million, your 10-K said. The implied price per unit, I think if we did the publicly available numbers accurately, was fractionally above about $400 a unit. And I was just wondering what is the value per unit of Laramie on Par's books? And if you can't be specific, can you at least say is this current $400 a unit valuation in which they were issuing shares units, is it greater or less than the value of Laramie's units on Par Pacific books?

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**William Monteleone** ***Par Pacific Holdings, Inc. - Chief Financial Officer***
Sure. That's correct, Andrew. The transaction was a combination of receiving properties as well as cash inside of Laramie in exchange for newly issued Laramie units, and that the implied valuation and math that you're doing sounds approximately correct. It would imply a slight premium to our carrying value at this juncture.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***
Okay, great. And is there an accounting principle or something else? What was the reason that Par Pacific no longer will include share of Laramie's unrealized derivative gains and losses in your calculation of adjusted net income?

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**William Monteleone** ***Par Pacific Holdings, Inc. - Chief Financial Officer***
Yes. Our primary objective with respect to that was to make it consistent with our existing reporting operations. So if you recall, we exclude unrealized derivative activities from our adjusted net income. And so we want to make it comparable to our own operations, and I think we also felt like it was a more accurate reflection of the economic contribution that Laramie would make on a period-over-period basis. So the large mark-to-market changes and their derivative positions quarter-over-quarter was skewing, I think, some of the positive trends we are seeing in the overall economic benefit from Laramie.

**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***

Okay. And then my last question before getting back in the queue, and I do have a few others, so hopefully there's time. But my last question before getting back in the queue is with respect to -- you've acquired additional retail. Laramie's acquired some things, and obviously crude prices have really strengthened. In light of the things that have gone on in the last, call it, 6 months and where you are, and debt's coming down, is the focus still kind of tuck-in acquisitions? And whether it's tuck-in or maybe additional, a larger acquisition, has there been any shift as to what areas you're finding attractive versus other areas where it's not as much of a focus?

**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***

Andrew, our focus remains the same. We think we have two very good franchises, really three, including Laramie, which is an investment. In Hawaii, there are some opportunities for growth that we'll continue to pursue. And then in the Rocky Mountains, we have a toehold with our Wyoming position. We've added to that in terms of the mainland activities with respect to our new retail franchise in Spokane, and we think there are multiple opportunities to continue to grow in that region, we have synergies associated with our existing assets.

**Operator**

Our next question comes from the line of Rich Thomas (sic) [Thomson] with Värde Partners.

**Richard Thomson** ***Värde Partners***

I just had a clarification question on -- as it relates to refining just looking at EBITDA. So from prior year quarter, $25 million down to $19 million, which if you strip out the RINS, which I think is the apples-to-apples comparison, down to $6 million, was just a little bit lower than kind of the amount that I'd attribute to the decline in crack spread. And so just trying to bridge some of that, if you could.

**Joseph Israel** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum LLC***

Yes. We need to look at the index and see the trend, and we basically follow the index. We had -- our market environment this quarter was $7.40 per barrel of the combined index. And in our prepared remarks, we spoke about the crude differential, which is traded at Brent flat. It was much better in the last, year-end quarter. But in addition, this quarter, we had some negative capture that we broke down in our prepared remarks. The $0.65 per barrel associated with the export timing is noise. We exported 1.3 million barrels this quarter compared to almost half of it in the previous quarter. And our export is typically a low-value product, which pushes down our realized gross margin. So this is noise. And then we spoke about the backwardation and the shipping rates that we had to face in this quarter. Backwardation is still there, and the shipping rates are already back to historical ranges.

**Operator**

Our next question comes from the line of Matt Blair with Tudor, Pickering, Holt & Co.

**Matthew Robert Lovseth Blair** ***Tudor, Pickering, Holt & Co. Securities, Inc., Research Division - Executive Director of Refining and Chemicals Research***

If I look at the basis between Rapid City cracks and Midcon cracks, it's really weakened this year on the gasoline side. The diesel side is fine, but gasoline is really, really weakened. Did anything change structurally here? Are you seeing more competition on the gasoline side? And if so, where is that coming from?

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**Joseph Israel** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum LLC***

We don't see much on the competitive landscape that changed. It's another market with supply-demand dynamics, where you have an interface between the Rocky Mountains and the Midwest, and it will continue to move up and down. And in some days, it will be better than the Sioux Falls, Chicago, alternative, and sometimes, it will be under, like this quarter. Obviously, we don't try and we cannot drag the market the way we want. We just continue to participate based on supply-demand and market opportunities.

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**Matthew Robert Lovseth Blair** ***Tudor, Pickering, Holt & Co. Securities, Inc., Research Division - Executive Director of Refining and Chemicals Research***

Okay. And then, Joseph, it's not a huge part of your business, but you do produce some fuel oil in Hawaii. And in Singapore, fuel cracks are much weaker this year despite actually fairly low inventories over there. Do you think the IMO 2020 impact is starting to creep into fuel oil pricing today? Or is there another explanation?

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**Joseph Israel** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum LLC***

We think it's still early for the IMO to really have an impact on the market. The Brent minus $8 to a Brent minus $10 type of Sing 180 environment is slightly under mid-cycle. It's not very weak. It's just slightly under historical average, but you're right. Inventories are very low, which means we have more upside than downside. And the reason inventories are low is because heavy crude is less available and refineries are more complex this year than compared to where they were two years ago. So the Russians cannot flood the Singapore market with fuel oil. They have more equipment to finish fuel oil into light products, and then also the demand side is positive with strong economy in Asia. So we're going to continue to follow the market, and we think there is an upside to where we are at this point. I think the IMO market will  start affecting the market mid  next year or early '19. And then, just to complete the IMO picture, HSFO may be weaker next year, and probably high-sulfur gasoil will be weaker. We need to remember that for every barrel of these two products we make, we make over 4 barrels of clean product: Jet fuel, ultra-low sulfur, diesel, low-sulfur fuel oil and therefor, overall IMO is not a concern for us. It's really the other way around for both refineries.

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**Operator**

(Operator Instructions) Our next question comes from the line of Andrew Shapiro with Lawndale Capital Management.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio***

***Manager, and Managing Member***
You answered a few of them, but I just had 1 or 2 left. You closed on the Cenex acquisition at the end of the quarter. Can you update us? Is there any integration that you may have to do, information systems, payroll systems? Any major CapEx or other things that the company needs to do to have this thing click along?

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***
Andrew, our team did a great job, we converted all the systems over in the first week of the acquisition, really the first day of the acquisition, and things are going very smoothly. We don't anticipate any additional capital associated with the integration. There will be some normal maintenance capital associated with just the upkeep with respect to the stores, but things look good right now.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***
And here we are at the -- in May, so halfway through the second quarter. The results and the cash flows are operating at your expectations or better?

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***
We're happy with where things are right now, yes.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***
Excellent. And then last call, I think it was -- you talked about increased competition that was somewhat occurring in the Wyoming area with the strong performance it had in this last quarter and all that. I think you thought things would correct. Is this indication of a correction? Or is there still some shifts in the competitive landscape for us to keep an eye on in Wyoming?

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**Joseph Israel** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum LLC***
No. Like we addressed the question earlier in the call, we don't see any change on the competitive landscape in Wyoming. We do have more flexibility and more options than we ever had in the past. So when we choose, we put oil product on railcars or trucks, and we target other markets that are short and present opportunities for us. And we also have enhanced distillate capability now after doing the HDS project, and we can also make a lot of premium gasoline as we are long octane.. So we have more flexibility. We are less reliant on Rapid City as a market, and we'll continue to optimize sales.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***
Got it. In fact, it seems like you've made that refinery much more competitive by doing all of that. Last call, in the year-end call, you referred to debt to total cap as a potential indicator of whether it's acquisitions or other shareholder -- returning capital to shareholder issues. When you referred to that, I just want to confirm, you were referring to book value of equity, not market value of equity, right?

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**William Monteleone** ***Par Pacific Holdings, Inc. - Chief Financial Officer***
Correct. And we're also referring to net debt to cap. And yes, we're basing that off of the book value of the equity, not market value.

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**Andrew Evan Shapiro** ***Lawndale Capital Management - Founder, Chairman, President, Portfolio Manager, and Managing Member***
Okay. And lastly, upcoming non-deal road shows, conferences, et cetera that you guys have on the calendar that can give us a little more advanced foresight on that you're going to provide us here before we see the press release of it.

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**William Monteleone** ***Par Pacific Holdings, Inc. - Chief Financial Officer***
Yes. I think we're looking at participating in at least the Bank of America Energy high-yield credit conference that's coming up this summer. I think that's probably the only thing we've got on the agenda formally at this point.

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**Operator**
There are no further questions in the queue. I'd like to hand the call back to management for closing comments.

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**William C. Pate** ***Par Pacific Holdings, Inc. - President and Chief Executive Officer***
Thank you, operator. Thanks for joining us this morning. Our team has done a great job of overcoming the crude dips in the Pacific due to strong results in Wyoming and our Retail unit. We're excited to be involved with our new team in Spokane and look forward to their contribution to Par Pacific's success. We continue to see opportunities to build on this base with additional acquisitions, and we will stay in touch. Have a good day.

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**Operator**
Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time, and have a wonderful day.

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