# 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 March 31, 2019**

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

**For the transition period from to**

**Commission File No. 001-36550**

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

| | |
|---|---|
| **Delaware** | **84-1060803** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **825 Town & Country Lane, Suite 1500 Houston, Texas** | **77024** |
| **(Address of principal executive offices)** | **(Zip Code)** |

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

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

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

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

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

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

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

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

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 |

49,550,274 shares of Common Stock, $0.01 par value, were outstanding as of May 3, 2019 .

**PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES**

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

## PART I - FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

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

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 60,297 | $ 75,076 |
| Restricted cash | 743 | 743 |
| Total cash, cash equivalents, and restricted cash | 61,040 | 75,819 |
| Trade accounts receivable | 264,402 | 160,338 |
| Inventories | 499,519 | 322,065 |
| Prepaid and other current assets | 83,670 | 28,370 |
| **Total current assets** | 908,631 | 586,592 |
| **Property and equipment** | | |
| Property, plant, and equipment | 1,083,300 | 649,768 |
| Less accumulated depreciation, amortization, and depletion | (126,959) | (111,507) |
| **Property and equipment, net** | 956,341 | 538,261 |
| **Long-term assets** | | |
| Operating lease assets | 405,942 | — |
| Investment in Laramie Energy, LLC | 136,957 | 136,656 |
| Intangible assets, net | 23,282 | 23,947 |
| Goodwill | 199,925 | 153,397 |
| Other long-term assets | 17,026 | 21,881 |
| **Total assets** | $ 2,648,104 | $ 1,460,734 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Current maturities of long-term debt | $ 12,441 | $ 33 |
| Obligations under inventory financing agreements | 629,086 | 373,882 |
| Accounts payable | 89,235 | 54,787 |
| Deferred revenue | 5,827 | 6,681 |
| Accrued taxes | 25,453 | 17,256 |
| Operating lease liabilities | 64,868 | — |
| Other accrued liabilities | 121,162 | 54,562 |
| **Total current liabilities** | 948,072 | 507,201 |
| **Long-term liabilities** | | |
| Long-term debt, net of current maturities | 664,388 | 392,607 |
| Common stock warrants | 6,289 | 5,007 |
| Finance lease liabilities | 6,366 | 6,123 |
| Operating lease liabilities | 344,620 | — |
| Other liabilities | 67,167 | 37,467 |
| **Total liabilities** | 2,036,902 | 948,405 |
| **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 March 31, 2019 and December 31, 2018, 49,550,274 shares and 46,983,924 shares issued at March 31, 2019 and December 31, 2018, respectively | 496 | 470 |
| Additional paid-in capital | 655,692 | 617,937 |
| Accumulated deficit | (47,659) | (108,751) |
| Accumulated other comprehensive income | 2,673 | 2,673 |
| **Total stockholders' equity** | 611,202 | 512,329 |
| **Total liabilities and stockholders' equity** | $ 2,648,104 | $ 1,460,734 |

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 March 31, | |
|---|---|---|
| | 2019 | 2018 |
| **Revenues** | $ 1,191,335 | $ 765,439 |
| **Operating expenses** | | |
| Cost of revenues (excluding depreciation) | 1,060,732 | 661,899 |
| Operating expense (excluding depreciation) | 73,674 | 51,010 |
| Depreciation, depletion, and amortization | 20,957 | 13,037 |
| General and administrative expense (excluding depreciation) | 11,665 | 11,205 |
| Acquisition and integration costs | 2,884 | 632 |
| **Total operating expenses** | 1,169,912 | 737,783 |
| **Operating income** | 21,423 | 27,656 |
| **Other income (expense)** | | |
| Interest expense and financing costs, net | (18,710) | (8,377) |
| Debt extinguishment and commitment costs | (5,496) | — |
| Other income, net | 87 | 119 |
| Change in value of common stock warrants | (1,282) | 745 |
| Change in value of contingent consideration | — | (10,500) |
| Equity earnings from Laramie Energy, LLC | 301 | 5,576 |
| **Total other income (expense), net** | (25,100) | (12,437) |
| **Income (loss) before income taxes** | (3,677) | 15,219 |
| Income tax benefit (expense) | 64,769 | (34) |
| **Net income** | $ 61,092 | $ 15,185 |
| **Income per share** | | |
| Basic | $ 1.23 | $ 0.33 |
| Diluted | $ 1.14 | $ 0.33 |
| **Weighted-average number of shares outstanding** | | |
| Basic | 49,127 | 45,634 |
| Diluted | 55,550 | 45,677 |

See accompanying notes to the condensed consolidated financial statements.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2019** | **2018** |
| **Cash flows from operating activities:** | | |
| Net income | $ 61,092 | $ 15,185 |
| Adjustments to reconcile net income to cash provided by (used in) operating activities: | | |
| Depreciation, depletion, and amortization | 20,957 | 13,037 |
| Debt extinguishment and commitment costs | 5,496 | — |
| Non-cash interest expense | 2,574 | 1,864 |
| Change in value of common stock warrants | 1,282 | (745) |
| Deferred taxes | (65,129) | 31 |
| Stock-based compensation | 1,535 | 1,439 |
| Unrealized (gain) loss on derivative contracts | 5,255 | (846) |
| Equity earnings from Laramie Energy, LLC | (301) | (5,576) |
| Net changes in operating assets and liabilities: | | |
| Trade accounts receivable | (71,361) | (6,086) |
| Prepaid and other assets | (58,309) | (79,117) |
| Inventories | (80,518) | 53,484 |
| Obligations under inventory financing agreements | 82,870 | (1,494) |
| Accounts payable and other accrued liabilities | 37,799 | 21,465 |
| **Net cash provided by (used in) operating activities** | (56,758) | 12,641 |
| **Cash flows from investing activities:** | | |
| Acquisitions of businesses, net of cash acquired | (271,065) | (74,680) |
| Capital expenditures | (17,864) | (9,612) |
| Other investing activities | 188 | — |
| **Net cash used in investing activities** | (288,741) | (84,292) |
| **Cash flows from financing activities:** | | |
| Proceeds from borrowings | 383,006 | 25,000 |
| Repayments of borrowings | (89,038) | (27,655) |
| Net borrowings on deferred payment arrangements and receivable advances | 56,967 | 21,544 |
| Payment of deferred loan costs | (13,293) | (72) |
| Payments for commitment costs | (6,188) | — |
| Other financing activities, net | (734) | (543) |
| **Net cash provided by financing activities** | 330,720 | 18,274 |
| **Net decrease in cash, cash equivalents, and restricted cash** | (14,779) | (53,377) |
| Cash, cash equivalents, and restricted cash at beginning of period | 75,819 | 119,077 |
| Cash, cash equivalents, and restricted cash at end of period | $ 61,040 | $ 65,700 |
| **Supplemental cash flow information:** | | |
| **Net cash received (paid) for:** | | |
| Interest | $ (3,389) | $ 3,219 |
| Taxes | — | — |
| **Non-cash investing and financing activities:** | | |
| Accrued capital expenditures | $ 9,457 | $ 1,466 |
| Common stock issued for business combination | 36,980 | $ — |

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 | Accumulated | Accumulated Other Comprehensive | Total |
|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Deficit | Income | Equity |
| **Balance, December 31, 2017** | 45,776 | $ 458 | $ 593,295 | $ (148,178) | $ 2,144 | $ 447,719 |
| Stock-based compensation | 272 | 1 | 1,437 | — | — | 1,438 |
| Purchase of common stock for retirement | (29) | — | (543) | — | — | (543) |
| Net income | — | — | — | 15,185 | — | 15,185 |
| **Balance, March 31, 2018** | 46,019 | $ 459 | $ 594,189 | $ (132,993) | $ 2,144 | $ 463,799 |

| | Common Stock | | Additional Paid-In | Accumulated | Accumulated Other Comprehensive | Total |
|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Deficit | Income | Equity |
| **Balance, December 31, 2018** | 46,984 | $ 470 | $ 617,937 | $ (108,751) | $ 2,673 | $ 512,329 |
| Issuance of common stock | 2,364 | 23 | 36,957 | — | — | 36,980 |
| Stock-based compensation | 246 | 3 | 1,532 | — | — | 1,535 |
| Purchase of common stock for retirement | (44) | — | (734) | — | — | (734) |
| Net income | — | — | — | 61,092 | — | 61,092 |
| **Balance, March 31, 2019** | 49,550 | $ 496 | $ 655,692 | $ (47,659) | $ 2,673 | $ 611,202 |

## 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 three refineries with total throughput capacity of over 200 thousand barrels per day ("Mbpd"). Our co-located refinery in Kapolei, Hawaii, produces ultra-low sulfur diesel ("ULSD") , gasoline, jet fuel, marine fuel, low sulfur fuel oil ("LSFO"), and other associated refined products primarily for consumption in Hawaii. Our refinery in Newcastle, Wyoming , produces gasoline, ULSD , jet fuel, and other associated refined products that are primarily marketed in Wyoming and South Dakota. Our refinery in Tacoma, Washington, acquired in January 2019, produces distillate, gasoline, asphalt, and other associated refined products primarily marketed in the Pacific Northwest.

2) **Retail** - Our retail outlets in Hawaii sell gasoline, diesel, and retail merchandise throughout the islands of Oahu, Maui, Hawaii, and Kauai. Our Hawaii retail network includes Hele and " 76 " branded retail sites, company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations. During 2018, we completed the rebranding of 24 of our 34 company-operated convenience stores in Hawaii to "nomnom," a new proprietary brand. Our retail outlets in Washington and Idaho sell gasoline, diesel, and retail merchandise and operate under the " Cenex® " and "Zip Trip®" brand names.

3) **Logistics** - We operate an extensive multi-modal logistics network spanning the Pacific, the Northwest, and the Rockies. We own and operate terminals, pipelines, a single-point mooring ("SPM"), and trucking operations to distribute refined products throughout the islands of Oahu, Maui, Hawaii, Molokai, and Kauai. We own and operate a crude oil pipeline gathering system, a refined products pipeline, storage facilities, and loading racks in Wyoming and a jet fuel storage facility and pipeline that serve the Ellsworth Air Force Base in South Dakota. Beginning in January 2019, we own and operate logistics assets in Washington, including a marine terminal, a unit train-capable rail loading terminal, storage facilities, a truck rack, and a proprietary pipeline that serves McChord Air Force Base.

As of March 31, 2019 , 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, 2018 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, 2018 .

### Use of Estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. Actual amounts could differ from these estimates.

**Inventories**

Commodity inventories, excluding commodity inventories at the Washington refinery, are stated at the lower of cost or net realizable value using the first-in, first-out accounting method ("FIFO"). Commodity inventories at the Washington refinery are stated at the lower of cost or net realizable value using the last-in, first-out ("LIFO") inventory accounting method. We value merchandise along with spare parts, materials, and supplies at average cost. Our LIFO reserve was $8.1 million as of March 31, 2019 .

All of the crude oil utilized at the Hawaii refinery is financed by J. Aron & Company ("J.Aron") under the Supply and Offtake Agreements as described in Note 8—Inventory Financing Agreements . The crude oil remains in the legal title of J. Aron and is stored in our storage tanks governed by a storage agreement. Legal title to the crude oil passes to us at the tank outlet. After processing, J. Aron takes title to the refined products stored in our storage tanks until they are sold to our retail locations or to third parties. We record the inventory owned by J. Aron on our behalf as inventory with a corresponding obligation on our balance sheet because we maintain the risk of loss until the refined products are sold to third parties and we are obligated to repurchase the inventory.

In connection with the consummation of the Washington Acquisition (as defined in Note 4—Acquisitions), we became a party to an intermediation arrangement (the " Washington Refinery Intermediation Agreement ") with Merrill Lynch Commodities, Inc. (" MLC ") as described in Note 8—Inventory Financing Agreements . Under this arrangement, U.S. Oil (as defined in Note 4 —Acquisitions) purchases crude oil supplied from third-party suppliers and MLC provides credit support for such crude oil purchases. MLC 's credit support can consist of either providing a payment guaranty, causing the issuance of a letter of credit from a third party issuing bank, or purchasing crude oil directly from third-parties on our behalf. U.S. Oil holds title to all crude oil and refined products inventories at all times and pledges such inventories, together with all receivables arising from the sales of same, exclusively to MLC .

**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 expense excluded from each line item in our condensed consolidated statements of operations (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| Cost of revenues | $ 3,839 | $ 1,607 |
| Operating expense | 12,585 | 6,904 |
| General and administrative expense | 672 | 1,147 |

**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, 2018 .

**Accounting Principles Adopted**

On January 1, 2019, we adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* , as amended by other ASUs issued since February 2019 ("ASU 2016-02" or "ASC 842"), using the modified retrospective transition method. Under this optional transition method, information presented prior to January 1, 2019 has not been restated and continues to be reported under the accounting standards in effect for the period. There was no adjustment to our opening retained earnings as a result of the adoption of this ASU.

ASU 2016-02 requires lessees to recognize a right-of-use asset ("ROU asset") or lease liability on the balance sheet for all rights and obligations created by leases. The new standard provided a number of optional practical expedients. We have elected:

- the package of practical expedients, permitting us to carryforward our conclusions regarding lease identification, classification, and initial direct costs for contracts that commenced prior to the effective date;
- the practical expedient pertaining to land easements, allowing us to account for existing land easements under our previous accounting policy;
- the short-term lease exemption, which states that leases that are 12 months or less are exempt from balance sheet reporting; and
- the practical expedient that allows us to combine lease and non-lease components.

ASC 842 had a material impact on our consolidated balance sheet but did not materially impact our consolidated statement of operations or statement of cash flows. As a result of the adoption of ASC 842, we recorded ROU assets and lease liabilities related to operating leases of $347 million and $349 million , respectively. Our accounting for finance leases remained substantially unchanged. Additionally, we acquired operating lease assets and lease liabilities of $62 million in connection with the Washington Acquisition (as defined in Note 4—Acquisitions). Please read Note 12—Leases for further disclosures and information.

On January 1, 2019, we adopted ASU No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ( " ASU 2018-02") and elected not to reclassify to retained earnings the stranded effects in Accumulated Other Comprehensive Income related to the changes in the statutory tax rate that were charged to income from continuing operations under the requirements of Financial Accounting Standards Board ("FASB") ASC Topic 740, "Income Taxes." The adoption of ASU 2018-02 did not have a material impact on our financial condition, results of operations, and cash flows.

**Note 3 — Investment in Laramie Energy, LLC**

As of March 31, 2019 , 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.

Laramie Energy has a $400 million revolving credit facility with a borrowing base currently set at $240 million that is secured by a lien on its natural gas and crude oil properties and related assets. As of March 31, 2019 , the balance outstanding on the revolving credit facility was approximately $192.8 million . We are guarantors of Laramie Energy 's credit facility, with recourse limited to the pledge of our equity interest of our wholly owned subsidiary, Par Piceance Energy Equity, LLC. Under the terms of its credit facility, Laramie Energy is generally prohibited from making future cash distributions to its owners, including us.

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

| | Three Months Ended March 31, 2019 | |
|---|---|---|
| Beginning balance | $ | 136,656 |
| Equity earnings from Laramie Energy | | (1,372) |
| Accretion of basis difference | | 1,673 |
| Ending balance | $ | 136,957 |

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

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| Current assets | $ 23,886 | $ 28,569 |
| Non-current assets | 771,958 | 788,515 |
| Current liabilities | 40,016 | 41,681 |
| Non-current liabilities | 276,420 | 293,084 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| Natural gas and oil revenues | $ 67,924 | $ 46,681 |
| Income from operations | 13,743 | 6,044 |
| Net (loss) income | (2,983) | 7,290 |

Laramie Energy ’s net loss for the three months ended March 31, 2019 includes $21.4 million of depreciation, depletion, and amortization (“DD&A”) and $2.7 million of unrealized gains on derivative instruments. Laramie Energy ’s net income for the three months ended March 31, 2018 includes $14.9 million of DD&A and $4.6 million of unrealized gains on derivative instruments.

At March 31, 2019 and December 31, 2018 , our equity in the underlying net assets of Laramie Energy exceeded the carrying value of our investment by approximately $83.6 million and $85.2 million , respectively. This difference arose primarily due to lack of control and marketability discounts and an other-than-temporary impairment of our equity investment in Laramie Energy . We attributed this difference to natural gas and crude oil properties and are amortizing the difference over 15 years based on the estimated timing of production of proved reserves.

**Note 4 — Acquisitions**

**Washington Acquisition**

On November 26, 2018 , we entered into a Purchase and Sale Agreement to acquire U.S. Oil & Refining Co. and certain affiliated entities (collectively, “ U.S. Oil ”), a privately-held downstream business, for $358 million plus net working capital (the “ Washington Acquisition ”). The Washington Acquisition includes a 42 Mbpd refinery, a marine terminal, a unit train-capable rail loading terminal, and 2.9 MMbbls of refined product and crude oil storage. The refinery and associated logistics system are strategically located in Tacoma, Washington, and currently serve the Pacific Northwest market. On January 11, 2019 , we completed the Washington Acquisition for a total purchase price of $326.4 million , including acquired working capital, consisting of cash consideration of $289.5 million and approximately 2.4 million shares of Par’s common stock with a fair value of $37.0 million issued to the seller of U.S. Oil. The cash consideration was funded in part through cash on hand, proceeds from borrowings under a new term loan facility entered into with Goldman Sachs Bank USA, as administrative agent, of $250.0 million (the “ Term Loan B ”) and proceeds from borrowings under a term loan from the Bank of Hawaii of $45.0 million (the “ Par Pacific Term Loan ”). Please read Note 9—Debt for further information on the Term Loan B and Par Pacific Term Loan . In January 2019, we incurred $5.4 million of commitment fees associated with the funding of the Washington Acquisition . Such commitment fees are presented as Debt extinguishment and commitment costs on our condensed consolidated statements of operations for the three months ended March 31, 2019 .

In connection with the consummation of the Washington Acquisition , we assumed the Washington Refinery Intermediation Agreement with MLC that provides a structured financing arrangement based on U.S. Oil ’s crude oil and refined products inventories and associated accounts receivable. Please read Note 8—Inventory Financing Agreements for further information on the Washington Refinery Intermediation Agreement .

We accounted for the Washington Acquisition as a business combination whereby the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values on the date of the acquisition. Goodwill recognized in the transaction was attributable to opportunities expected to arise from combining our operations with those of the Washington refinery and the utilization of our net operating loss carryforwards, as well as other intangible assets that do not qualify for separate recognition. Goodwill recognized as a result of the Washington Acquisition is not expected to be deductible for income tax reporting purposes.

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

| | | |
|---|---|---|
| Cash | $ | 16,146 |
| Accounts receivable | | 34,954 |
| Inventories | | 96,936 |
| Prepaid and other assets | | 5,320 |
| Property, plant, and equipment | | 410,624 |
| Operating lease assets | | 62,337 |
| Goodwill (1) | | 46,528 |
| Total assets | | 672,845 |
| Accounts payable | | (13,445) |
| Current operating lease obligations | | (21,571) |
| Other current liabilities | | (58,626) |
| Obligations under inventory financing agreements | | (115,367) |
| Long-term operating lease obligations | | (40,766) |
| Deferred tax liability | | (95,824) |
| Other non-current liabilities | | (804) |
| Total liabilities | | (346,403) |
| Total | $ | 326,442 |

(1) We allocated $33.5 million and $13.0 million of total assets to our refining and logistics segments, respectively.

We have recorded a preliminary estimate of the fair value of the assets acquired and liabilities assumed and expect to finalize the purchase price allocation during the remainder of 2019. The primary areas of the purchase price allocation that are not yet finalized relate to property, plant, and equipment, goodwill, and income taxes. We incurred $2.2 million of acquisition costs related to the Washington Acquisition for the three months ended March 31, 2019 . These costs are included in Acquisition and integration costs on our condensed consolidated statement of operations.

The results of operations of U.S. Oil were included in our results beginning on January 11, 2019 . For the three months ended March 31, 2019 , our results of operations included revenues of $245.8 million and net loss of $3.1 million related to U.S. Oil . The following unaudited pro forma financial information presents our consolidated revenues and net income (loss) as if the Washington Acquisition had been completed on January 1, 2018 (in thousands):

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| Revenues | $ | 1,219,243 | $ | 1,054,156 |
| Net income | | 65,568 | | 1,858 |
| | | | | |
| Income per share | | | | |
| Basic | $ | 1.35 | $ | 0.04 |
| Diluted | $ | 1.24 | $ | 0.04 |

**Hawaii Refinery Expansion**

On August 29, 2018 , following the announcement by IES Downstream, LLC (“ IES ”) that it was ceasing refining operations in Hawaii, we entered into a Topping Unit Purchase Agreement with IES to purchase certain of IES ’s refining units and related assets in addition to certain hydrocarbon and non-hydrocarbon inventory (collectively, the “ Hawaii Refinery Expansion ”). On December 19, 2018 , we completed the asset purchase for total consideration of approximately $66.9 million , net of a $4.3 million receivable related to net working capital adjustments. The purchase price consisted of $47.6 million in cash and approximately 1.1 million shares of our common stock with a fair value of $19.3 million .

We accounted for the Hawaii Refinery Expansion as an asset acquisition whereby the purchase price was allocated entirely to the assets acquired. Of the total purchase price of $66.9 million , $45.2 million was allocated to property, plant, and equipment, $4.3 million to non-hydrocarbon inventory, and $17.4 million to hydrocarbon inventory. With the completion of the Hawaii Refinery Expansion , the Hawaii refinery operations now have two facility locations which are approximately two miles from one another: Par East, our legacy refinery assets, and Par West, the recently-acquired assets.

**Northwest Retail Acquisition**

On January 9, 2018 , we entered into an Asset Purchase Agreement with CHS, Inc. to acquire twenty-one (21) owned retail gasoline, convenience store facilities and twelve (12) leased retail gasoline, convenience store facilities, all at various locations in Washington and Idaho (collectively, " Northwest Retail "). On March 23, 2018 , we completed the acquisition for cash consideration of approximately $74.5 million (the " Northwest Retail Acquisition ").

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

We accounted for the acquisition of Northwest Retail as a business combination whereby the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. Goodwill recognized in the transaction was attributable to opportunities expected to arise from combining our operations with Northwest Retail and utilization of our net operating loss carryforwards, as well as intangible assets that do not qualify for separate recognition. Goodwill recognized as a result of the Northwest Retail Acquisition is expected to be deductible for income tax reporting purposes.

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

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

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

As of December 31, 2018, we finalized the Northwest Retail Acquisition purchase price allocation. We incurred $0.6 million of acquisition costs related to the Northwest Retail Acquisition during the three months ended March 31, 2018. These costs were included in Acquisition and integration costs on our March 31, 2018 condensed consolidated statement of operations.

**Note 5 — Revenue Recognition**

As of March 31, 2019 and December 31, 2018 , receivables from contracts with customers were $248.6 million and $148.4 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 $5.8 million and $6.7 million as of March 31, 2019 and December 31, 2018 , respectively.

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

| Three Months Ended March 31, 2019 | Refining | Logistics | Retail |
|---|---|---|---|
| Product or service: | | | |
| Gasoline | $ 288,200 | $ — | $ 69,763 |
| Distillates (1) | 555,892 | — | 9,009 |
| Other refined products (2) | 301,446 | — | — |
| Merchandise | — | — | 20,609 |
| Transportation and terminalling services | — | 45,209 | — |
| Other revenue | 526 | — | 450 |
| Total segment revenues (3) | $ 1,146,064 | $ 45,209 | $ 99,831 |

| Three Months Ended March 31, 2018 | Refining | Logistics | Retail |
|---|---|---|---|
| Product or service: | | | |
| Gasoline | $ 239,261 | $ — | $ 58,202 |
| Distillates (1) | 398,529 | — | 6,996 |
| Other refined products (2) | 102,473 | — | — |
| Merchandise | — | — | 13,394 |
| Transportation and terminalling services | — | 33,067 | — |
| Total segment revenues (3) | $ 740,263 | $ 33,067 | $ 78,592 |

(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 6 — Inventories**

Inventories at March 31, 2019 consisted of the following (in thousands):

| | Titled Inventory | Supply and Offtake Agreements (1) | Total |
|---|---|---|---|
| Crude oil and feedstocks | $ 83,849 | $ 114,057 | $ 197,906 |
| Refined products and blendstock | 113,471 | 140,683 | 254,154 |
| Warehouse stock and other (2) | 47,459 | — | 47,459 |
| Total | $ 244,779 | $ 254,740 | $ 499,519 |

Inventories at December 31, 2018 consisted of the following (in thousands):

| | Titled Inventory | Supply and Offtake Agreements (1) | Total |
|---|---|---|---|
| Crude oil and feedstocks | $ 7,000 | $ 117,877 | $ 124,877 |
| Refined products and blendstock | 62,401 | 100,175 | 162,576 |
| Warehouse stock and other (2) | 34,612 | — | 34,612 |
| Total | $ 104,013 | $ 218,052 | $ 322,065 |

(1) Please read Note 8—Inventory Financing Agreements for further information.
(2) Includes $3.8 million and $5.0 million of RINs and environmental credits as of March 31, 2019 and December 31, 2018 , respectively.

As of March 31, 2019 , there was no reserve for the lower of cost or net realizable value of inventory. As of December 31, 2018 , there was a $3.8 million reserve for the lower of cost or net realizable value of inventory. Our LIFO inventory reserve was $8.1 million as of March 31, 2019 .

**Note 7 — Prepaid and Other Current Assets**

Prepaid and other current assets at March 31, 2019 and December 31, 2018 consisted of the following (in thousands):

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| Advances to suppliers for crude oil purchases | $ 67,808 | $ — |
| Collateral posted with broker for derivative instruments (1) | 1,321 | 2,759 |
| Prepaid insurance | 7,240 | 7,727 |
| Deferred financing costs | 470 | — |
| Derivative assets | 1,483 | 5,164 |
| Other | 5,348 | 12,720 |
| Total | $ 83,670 | $ 28,370 |

(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 8 — Inventory Financing Agreements**

**Supply and Offtake Agreements**

On June 1, 2015, we entered into several agreements with J. Aron to support the operations of our Hawaii refinery (the "Supply and Offtake Agreements"). The Supply and Offtake Agreements mature on May 31, 2021 and have a one -year extension option upon mutual agreement of the parties. Under the Supply and Offtake Agreements, J. Aron may enter into agreements with third parties whereby J. Aron will remit payments to these third parties for refinery procurement contracts for which we will become immediately obligated to reimburse J. Aron. As of March 31, 2019 , we had no obligations due to J. Aron under this contractual undertakings agreement. On December 5, 2018 , we amended the Supply and Offtake Agreements to account for additional processing capacity expected to be provided through the Hawaii Refinery Expansion . The December 5, 2018 amendment to the Supply and Offtake Agreements also (i) requires us to increase our margin requirements by an aggregate of $2.5 million by making certain additional margin payments on December 19, 2018 , March 1, 2019 , and June 3, 2019 , and (ii) only allows dividends, payments, or other distributions with respect to any equity interests in Par Hawaii Refining, LLC ("PHR") in limited and restricted circumstances.

During the term of the Supply and Offtake Agreements, J. Aron and we will identify mutually acceptable contracts for the purchase of crude oil from third parties. Per the Supply and Offtake Agreements, J. Aron will provide up to 150 Mbpd per day of crude oil to our Hawaii refinery. Additionally, we agreed to sell and J. Aron agreed to buy, at market prices, refined products produced at our Hawaii refinery. We will then repurchase the refined products from J. Aron prior to selling the refined products to our retail operations or to third parties. The agreements also provide for the lease of crude oil and certain refined product storage facilities to J. Aron. Following the expiration or termination of the Supply and Offtake Agreements, we are obligated to purchase the crude oil and refined product inventories then owned by J. Aron and located at the leased storage facilities at then-current market prices.

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

For the three months ended March 31, 2019 , we incurred approximately $5.4 million in handling fees related to the Supply and Offtake Agreements, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. For the three months ended March 31, 2018 , we incurred approximately $4.8 million in handling fees related to the Supply and Offtake Agreements. For the three months ended March 31, 2019 , Interest expense and financing costs, net on our condensed consolidated statements of operations includes approximately $1.7 million of expenses related to the Supply and Offtake Agreements. For the three months ended March 31, 2018 , Interest expense and financing costs, net on our condensed consolidated statements of operations includes approximately $0.7 million of expenses related to the Supply and Offtake Agreements.

The Supply and Offtake Agreements also include a deferred payment arrangement ("Deferred Payment Arrangement") whereby we can defer payments owed under the agreements up to the lesser of $165 million or 85% of the eligible accounts receivable and inventory. Upon execution of the Supply and Offtake Agreements, we paid J. Aron a deferral arrangement fee of $1.3 million . The deferred amounts under the Deferred Payment Arrangement bear interest at a rate equal to three -month LIBOR plus 3.50% per annum. We also agreed to pay a deferred payment availability fee equal to 0.75% of the unused capacity under the Deferred Payment Arrangement. Amounts outstanding under the Deferred Payment Arrangement are included in Obligations under inventory financing agreements on our condensed consolidated balance sheets. Changes in the amount outstanding under the Deferred Payment Arrangement are included within Cash flows from financing activities on the condensed consolidated statements of cash flows. As of March 31, 2019 and December 31, 2018 , the capacity of the Deferred Payment Arrangement was $142.1 million and $77.4 million , respectively. As of March 31, 2019 and December 31, 2018 , we had $128.5 million and $68.4 million outstanding, respectively, under the Deferred Payment Arrangements.

Under the Supply and Offtake Agreements, we pay or receive certain fees from J. Aron based on changes in market prices over time. In February 2016, we fixed the market fee for the period from December 1, 2016 through May 31, 2018 for $14.6 million to be settled in eighteen equal monthly payments. In 2017, we fixed the market fee for the period from June 1, 2018 through May 2021 for an additional $2.2 million . The receivable from J. Aron was recorded as a reduction to our Obligations under inventory financing agreements pursuant to our Master Netting Agreement. As of March 31, 2019 and December 31, 2018 , the receivable was $2.8 million and $2.5 million , respectively.

**Washington Refinery Intermediation Agreement**

In connection with the consummation of the Washington Acquisition , we became a party to the Washington Refinery Intermediation Agreement with MLC that provides a structured financing arrangement based on U.S. Oil 's crude oil and refined products inventories and associated accounts receivable. Under this arrangement, U.S. Oil purchases crude oil supplied from third-party suppliers and MLC provides credit support for such crude oil purchases. MLC 's credit support can consist of either providing a payment guaranty, causing the issuance of a letter of credit from a third party issuing bank, or purchasing crude oil directly from third-parties on our behalf. U.S. Oil holds title to all crude oil and refined products inventories at all times and pledges such inventories, together with all receivables arising from the sales of same, exclusively to MLC . The Washington Refinery Intermediation Agreement expires on December 31, 2019 .

During the remaining term of the Washington Refinery Intermediation Agreement , MLC will make receivable advances to U.S. Oil based on an advance rate of 95% of eligible receivables, up to a total receivables advance maximum of $90.0 million (the " MLC receivable advances "), and additional advances based on crude oil and products inventories. Changes in the amount outstanding under the MLC receivable advances are included within Cash flows from financing activities on the condensed consolidated statements of cash flows. The MLC receivable advances bear interest at a rate equal to three -month LIBOR plus 3.25% per annum. We also agreed to pay a an availability fee equal to 1.50% of the unused capacity under the MLC receivable advances . As of March 31, 2019 , our outstanding balance under MLC receivable advances was equal to our borrowing base of $46.4 million . Additionally, as of March 31, 2019 , we had approximately $62.7 million in letters of credit outstanding through MLC 's credit support.

For the three months ended March 31, 2019 , we incurred approximately $0.8 million in handling fees related to the Washington Refinery Intermediation Agreement , which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. For the three months ended March 31, 2019 , Interest expense and financing costs, net on our condensed consolidated statements of operations includes approximately $1.2 million of expenses related to the Washington Refinery Intermediation Agreement .

The Supply and Offtake Agreements 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 9 — Debt

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

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| 5.00% Convertible Senior Notes due 2021 | $ 115,000 | $ 115,000 |
| 7.75% Senior Secured Notes due 2025 | 300,000 | 300,000 |
| ABL Credit Facility | — | — |
| Mid Pac Term Loan | 1,457 | 1,466 |
| Term Loan B | 250,000 | — |
| Retail Property Term Loan | 45,000 | — |
| Principal amount of long-term debt | 711,457 | 416,466 |
| Less: unamortized discount and deferred financing costs | (34,628) | (23,826) |
| Total debt, net of unamortized discount and deferred financing costs | 676,829 | 392,640 |
| Less: current maturities | (12,441) | (33) |
| Long-term debt, net of current maturities | $ 664,388 | $ 392,607 |

Additionally, as of March 31, 2019 and December 31, 2018 , we had approximately $0.1 million and $13.5 million in letters of credit outstanding under the ABL Credit Facility , respectively. As of March 31, 2019 , we also had $3.7 million in cash-collateralized letters of credit and surety bonds outstanding.

Our debt is subject to various affirmative and negative covenants. As of March 31, 2019 , we were in compliance with all debt covenants. Under the ABL Credit Facility , the indenture governing the 7.75% 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.

### 7.75% Senior Secured Notes Due 2025

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

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

### ABL Credit Facility

On December 21, 2017 , in connection with the issuance of the 7.75% Senior Secured Notes , Par Petroleum, LLC , Par Hawaii Inc., Mid Pac Petroleum, LLC ("Mid Pac"), HIE Retail, LLC, Hermes Consolidated, LLC, and Wyoming Pipeline Company (collectively, the " ABL Borrowers "), entered into a Loan and Security Agreement dated as of December 21, 2017 (the " ABL Credit Facility ") with certain lenders and Bank of America, N.A., as administrative agent and collateral agent. The ABL Credit Facility provides for a revolving credit facility that provides for revolving loans and for the issuance of letters of credit (the " ABL Revolver "). On July 24, 2018 , we amended the ABL Credit Facility to increase the maximum principal amount at any time outstanding of the ABL Revolver by $10 million to $85 million , subject to a borrowing base. As of March 31, 2019 , the ABL Revolver had no outstanding balance and a borrowing base of approximately $52.4 million and the ABL Credit Facility had $0.1 million in letters of credit outstanding.

### 5.00% Convertible Senior Notes Due 2021

As of March 31, 2019 , the outstanding principal amount of the 5.00% Convertible Senior Notes was $115.0 million , the unamortized discount and deferred financing cost was $13.3 million , and the carrying amount of the liability component was $101.7 million .

### Mid Pac Term Loan

On September 27, 2018 , Mid Pac, our wholly owned subsidiary, entered into the Mid Pac Term Loan with American Savings Bank, FSB, which provided a term loan of up to $1.5 million , the proceeds of which were received and used for the October 18, 2018 purchase of retail property. The Mid Pac Term Loan is scheduled to mature on October 18, 2028 .

The Mid Pac Term Loan is payable monthly, bears interest an annual rate of 4.375% , is 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 is guaranteed by Par Petroleum, LLC .

**Term Loan B Facility**

On January 11, 2019 , Par Petroleum, LLC and Par Petroleum Finance Corp. entered into a new term loan facility with Goldman Sachs Bank USA, as administrative agent, and the lenders party thereto from time to time (the " Term Loan B Facility "). Pursuant to the Term Loan B Facility , the lenders made a term loan to the borrowers in the amount of $250.0 million (" Term Loan B ") on the closing date. The net proceeds from Term Loan B totaled $228.9 million after deducting the original issue discount, deferred financing costs, and commitment and other fees.

Loans under Term Loan B bear interest at a rate per annum equal to Adjusted LIBOR (as defined in the Term Loan B Facility ) plus an applicable margin of 6.75% or at a rate per annum equal to Alternate Base Rate (as defined in the Term Loan B Facility ) plus an applicable margin of 5.75% . In addition to the quarterly interest payments, Term Loan B requires quarterly principal payments of $3.1 million . Term Loan B matures on January 11, 2026 .

The obligations of the borrowers under the Term Loan B Facility are guaranteed by Par Petroleum, LLC 's, and Par Petroleum Finance Corp. 's existing and future direct or indirect domestic subsidiaries and by the Company, with respect to principal and interest only. The Term Loan B Facility and the 7.75% Senior Secured Notes are secured on a pari passu basis by first priority liens (subject to the relative priority of permitted liens) on substantially all of the property and assets of Par Petroleum, LLC , Par Petroleum Finance Corp. , and their subsidiary guarantors, but excluding certain property which is collateral under the ABL Credit Facility , the Supply and Offtake Agreements, and the Washington Refinery Intermediation Agreement .

**Par Pacific Term Loan Agreement**

On January 9, 2019 , we entered into a loan agreement (the " Par Pacific Term Loan Agreement ") with Bank of Hawaii ("BOH"). Pursuant to the Par Pacific Term Loan Agreement , BOH made a loan to the Company in the amount of $45.0 million (the " Par Pacific Term Loan ").

During the term of the Par Pacific Term Loan , the interest payments were due monthly and were based on the outstanding principal balance multiplied by a floating rate equal to 3.50% above the applicable LIBOR rate (as defined in the Par Pacific Term Loan Agreement ) subject to an increased default interest rate in the event of a default. The Par Pacific Term Loan Agreement was scheduled to mature on July 9, 2019 . We terminated and repaid all amounts outstanding under the Par Pacific Term Loan Agreement on March 29, 2019 using the proceeds of the Retail Property Term Loan (as defined below). We recognized approximately $0.1 million of debt extinguishment costs related to the unamortized deferred financing costs associated with the Par Pacific Term Loan Agreement in the three months ended March 31, 2019 .

**Retail Property Term Loan**

On March 29, 2019 , Par Pacific Hawaii Property Company, LLC , our wholly owned subsidiary, entered into a term loan agreement (the " Retail Property Term Loan ") with 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 Par Pacific Term Loan Agreement .

The Retail Property Term Loan is guaranteed by Par and secured by a lien on substantially all of the assets of the borrower, including a mortgage lien on 21 retail properties in Hawaii (the " Portfolio Properties "). Certain covenants require us to maintain a loan-to-appraisal value of the Portfolio Properties ratio of not greater than 75% and an annual debt yield of at least 9% . Par is also subject to a minimum liquidity covenant measured on the last day of each fiscal quarter.

The Retail Property Term Loan bears interest based on a floating rate equal to the applicable LIBOR for a one-month interest period plus 1.5% . Principal and interest payments are payable monthly based on a 20 -year amortization schedule, principal prepayments are allowed subject to applicable prepayment penalties, and the remaining unpaid principal, plus any unpaid interest or other charges, is due on April 1, 2024 , the maturity date of the Retail Property Term Loan .

**Cross Default Provisions**

Included within each of our debt agreements are customary cross default provisions that require the repayment of amounts outstanding on demand unless the triggering payment default or acceleration is remedied, rescinded, or waived. As of March 31, 2019 , we were in compliance with all of our debt agreements.

**Guarantors**

In connection with our shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission ("SEC") on 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**

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

We are obligated to repurchase the crude oil and refined products from J. Aron at the termination of the Supply and Offtake Agreements. Our Washington Refinery Intermediation Agreement contains forward purchase obligations for certain volumes of crude and refined products that are required to be settled at market prices on a monthly basis. We have determined that these obligations under the Supply and Offtake Agreements and Washington Refinery Intermediation Agreement contain embedded derivatives. As such, we have accounted for these embedded derivatives at fair value with changes in the fair value recorded in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. We are required under the Supply and Offtake Agreements to hedge the time spread between the period of crude oil cargo pricing and the month of delivery for certain crude oil purchases. We utilize OTC swaps to accomplish this.

We have entered into forward purchase contracts for crude oil and forward purchases and sales contracts of refined products. We elect the normal purchases normal sales ("NPNS") exception for all forward contracts that meet the definition of a derivative and are not expected to net settle. Any gains and losses with respect to these forward contracts designated as NPNS are not reflected in earnings until the delivery occurs. Our open futures and OTC swaps expire at various dates through September 2019 .

We elect to offset fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. Our condensed consolidated balance sheets present derivative assets and liabilities on a net basis. Please read Note 11—Fair Value Measurements for the gross fair value and net carrying value of our derivative instruments. Our cash margin that is required as collateral deposits cannot be offset against the fair value of open contracts except in the event of default.

At March 31, 2019 , our open commodity derivative contracts represented (in thousands of barrels):

| Contract type | Purchases | Sales | Net |
|---|---|---|---|
| Futures | 381 | (253) | 128 |
| Swaps | 6,660 | (7,000) | (340) |
| Total | 7,041 | (7,253) | (212) |

**Interest Rate Derivatives**

We are exposed to interest rate volatility in our ABL Revolver , Term Loan B Facility, Retail Property Term Loan , Supply and Offtake Agreements, and Washington Refinery Intermediation Agreement .We may utilize interest rate swaps to manage our interest rate risk.

Our 5.00% Convertible Senior Notes include a redemption option and a related make-whole premium which represent an embedded derivative that is not clearly and closely related to the 5.00% Convertible Senior Notes . As such, we have accounted for this embedded derivative at fair value with changes in the fair value recorded in Interest expense and financing costs, net , on our condensed consolidated statements of operations. As of March 31, 2019 , this embedded derivative was deemed to have a *de minimis* fair value.

The following table provides information on the fair value amounts (in thousands) of these derivatives as of March 31, 2019 and December 31, 2018 and their placement within our condensed consolidated balance sheets.

| | Balance Sheet Location | March 31, 2019 | December 31, 2018 |
|---|---|---|---|
| | | *Asset (Liability)* | |
| Commodity derivatives (1) | Prepaid and other current assets | $ 1,407 | $ 4,973 |
| Commodity derivatives | Other accrued liabilities | (2,274) | (700) |
| J. Aron repurchase obligation derivative | Obligations under inventory financing agreements | (13,222) | 4,085 |
| MLC repurchase obligation derivative | Obligations under inventory financing agreements | (7,230) | — |
| Interest rate derivatives | Prepaid and other current assets | — | 191 |

(1) Does not include cash collateral of $1.3 million and $2.7 million recorded in Prepaid and other current assets and $8.8 million and $8.3 million in Other long-term assets as of March 31, 2019 and December 31, 2018 , respectively.

The following table summarizes the pre-tax gains (losses) recognized 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 March 31, | |
|---|---|---|---|
| | Statement of Operations Location | 2019 | 2018 |
| Commodity derivatives | Cost of revenues (excluding depreciation) | $ (504) | $ 4,932 |
| J. Aron repurchase obligation derivative | Cost of revenues (excluding depreciation) | (17,307) | 6,342 |
| MLC repurchase obligation derivative | Cost of revenues (excluding depreciation) | (12,942) | — |
| Interest rate derivatives | Interest expense and financing costs, net | 1 | 1,236 |

## Note 11 — Fair Value Measurements

### Assets and Liabilities Measured at Fair Value on a Recurring Basis

#### *Common Stock Warrants*

As of March 31, 2019 and December 31, 2018 , we had 354,350 common stock warrants outstanding. We estimate the fair value of our outstanding common stock warrants using the difference between the strike price of the warrant and the market price of our common stock, which is a Level 3 fair value measurement. As of March 31, 2019 and December 31, 2018 , the warrants had a weighted-average exercise price of $0.09 and $0.09 and a remaining term of 3.42 years and 3.67 years , respectively.

The estimated fair value of the common stock warrants was $17.75 and $14.13 per share as of March 31, 2019 and December 31, 2018 , respectively.

#### *Derivative Instruments*

We utilize crude oil commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil, future purchases and sales of refined products, and cost of crude oil consumed in the refining process. We 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 commodity derivatives are valued using market quotations from independent price reporting agencies and commodity exchange price curves that are corroborated with market data. Level 3 instruments are valued using significant unobservable inputs that are not supported by sufficient market activity. The valuation of our J. Aron and MLC repurchase obligation embedded derivatives requires that we make estimates of the prices and differentials assuming settlement at the end of the reporting period; therefore, they are classified as Level 3 instruments. We do not have other commodity derivatives classified as Level 3 at March 31, 2019 or December 31, 2018 . Please read Note 10—Derivatives for further information on derivatives.

**Financial Statement Impact**

Fair value amounts by hierarchy level as of March 31, 2019 and December 31, 2018 are presented gross in the tables below (in thousands):

| | March 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Gross Fair Value | Effect of Counter-Party Netting | Net Carrying Value on Balance Sheet (1) |
| **Assets** | | | | | | |
| Commodity derivatives | $ 238 | $ 19,776 | $ — | $ 20,014 | $ (18,607) | $ 1,407 |
| **Liabilities** | | | | | | |
| Common stock warrants | $ — | $ — | $ (6,289) | $ (6,289) | $ — | $ (6,289) |
| Commodity derivatives | (153) | (20,728) | — | (20,881) | 18,607 | (2,274) |
| J. Aron repurchase obligation derivative | — | — | (13,222) | (13,222) | — | (13,222) |
| MLC repurchase obligation derivative | — | — | (7,230) | (7,230) | — | (7,230) |
| Total | $ (153) | $ (20,728) | $ (26,741) | $ (47,622) | $ 18,607 | $ (29,015) |

| | December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Gross Fair Value | Effect of Counter-Party Netting | Net Carrying Value on Balance Sheet (1) |
| **Assets** | | | | | | |
| Commodity derivatives | $ 170 | $ 5,234 | $ — | $ 5,404 | $ (431) | $ 4,973 |
| Interest rate derivatives | — | 191 | — | 191 | — | 191 |
| Total | $ 170 | $ 5,425 | $ — | $ 5,595 | $ (431) | $ 5,164 |
| **Liabilities** | | | | | | |
| Common stock warrants | $ — | $ — | $ (5,007) | $ (5,007) | $ — | $ (5,007) |
| Commodity derivatives | (870) | (261) | — | (1,131) | 431 | (700) |
| J. Aron repurchase obligation derivative | — | — | 4,085 | 4,085 | — | 4,085 |
| Total | $ (870) | $ (261) | $ (922) | $ (2,053) | $ 431 | $ (1,622) |

(1) Does not include cash collateral of $10.1 million and $10.9 million as of March 31, 2019 and December 31, 2018 , respectively, included within Prepaid and other current assets and Other long-term assets on our condensed consolidated balance sheets.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| Balance, at beginning of period | $ (922) | $ (26,372) |
| Settlements | — | — |
| Acquired | (8,654) | — |
| Total unrealized income (loss) included in earnings | (17,165) | 7,087 |
| Balance, at end of period | $ (26,741) | $ (19,285) |

The carrying value and fair value of long-term debt and other financial instruments as of March 31, 2019 and December 31, 2018 are as follows (in thousands):

| | March 31, 2019 | |
|---|---|---|
| | Carrying Value | Fair Value |
| 5.00% Convertible Senior Notes due 2021 (1) (3) | $ 101,729 | $ 133,955 |
| 7.75% Senior Secured Notes due 2025 (1) | 291,074 | 278,625 |
| Mid Pac Term Loan (2) | 1,457 | 1,457 |
| Term Loan B Facility (1) | 238,649 | 250,000 |
| Retail Property Term Loan (2) | 43,920 | 43,920 |
| Common stock warrants (2) | 6,289 | 6,289 |

| | December 31, 2018 | |
|---|---|---|
| | Carrying Value | Fair Value |
| 5.00% Convertible Senior Notes due 2021 (1) (3) | $ 100,411 | $ 121,488 |
| 7.75% Senior Secured Notes due 2025 (1) | 290,763 | 270,000 |
| Mid Pac Term Loan (2) | 1,466 | 1,466 |
| Common stock warrants (2) | 5,007 | 5,007 |

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

(2) The fair value of the common stock warrants, Mid Pac Term Loan , and Retail Property 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 March 31, 2019 . The fair value of the 5.00% Convertible Senior Notes is considered a Level 2 measurement in the fair value hierarchy.

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

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

**Note 12 — Leases**

We have cancelable and non-cancelable finance and operating lease obligations 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 have options and can extend the terms from one to 40 years. There are no material lease arrangements where we are the lessor.

We determine whether a contract is or contains a lease when we have the right to control the use of the identified asset in exchange for consideration. Lease liabilities and ROU assets are recognized at the commencement date based on the present value of lease payments over the lease term. We use our incremental borrowing rate in the calculation of present value unless the implicit rate can be readily determined. Certain leases include provisions for variable payments based upon percentage of sales and/or other operating metrics; escalation provisions to adjust rental payments to reflect changes in price indices and fair market rents; and provisions for the renewal, termination, and/or purchase the leased asset. We only consider fixed payments and those options that are reasonably certain to be exercised in the determination of the lease term and the initial measurement of lease liabilities and ROU assets. Expense for operating lease payments is recognized as lease expense on a straight-line basis over the lease term. Expense for finance leases is recognized as amortization expense on a straight-line basis and interest expense on an effective rate basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

We do not separate lease and nonlease components of a contract. There are 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 leased assets and liabilities as of March 31, 2019 and their placement within our condensed consolidated balance sheets:

| Lease type | Balance Sheet Location | March 31, 2019 |
|---|---|---|
| **Assets** | | |
| Finance | Property, plant, and equipment | $ 10,649 |
| Finance | Accumulated amortization | (2,919) |
| Finance | Property and equipment, net | $ 7,730 |
| Operating | Operating lease assets | 405,942 |
| Total leased assets | | $ 413,672 |
| | | |
| **Liabilities** | | |
| Current | | |
| Finance | Other accrued liabilities | $ 2,056 |
| Operating | Operating lease liabilities | 64,868 |
| Long-term | | |
| Finance | Finance lease liabilities | 6,366 |
| Operating | Operating lease liabilities | 344,620 |
| Total lease liabilities | | $ 417,910 |
| | | |
| **Weighted-average remaining lease term (in years)** | | |
| Finance | | 6.37 |
| Operating | | 11.39 |
| **Weighted-average discount rate** | | |
| Finance | | 6.60% |
| Operating | | 7.88% |

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

| Lease cost type | Three Months Ended March 31, 2019 |
|---|---|
| Finance lease cost | |
| Amortization of finance lease assets | $ 499 |
| Interest on lease liabilities | 156 |
| Operating lease cost | 23,412 |
| Variable lease cost | 1,630 |
| Short-term lease cost | 253 |
| Net lease cost | $ 25,950 |

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

| Lease type | Three Months Ended March 31, 2019 |
|---|---|
| Cash paid for amounts included in the measurement of liabilities | |
| Financing cash flows from finance leases | $ 342 |
| Operating cash flows from finance leases | 156 |
| Operating cash flows from operating leases | 21,045 |
| Non-cash supplemental amounts | |
| ROU assets obtained in exchange for new operating lease obligations | 14,130 |

The table below includes the estimated future undiscounted cash flows for finance and operating leases as of March 31, 2019 (in thousands):

| For the year ending December 31, | Finance leases | Operating leases | Total |
|---|---|---|---|
| 2019 (1) | $ 2,035 | $ 72,302 | $ 74,337 |
| 2020 | 2,151 | 79,713 | 81,864 |
| 2021 | 1,444 | 51,584 | 53,028 |
| 2022 | 1,238 | 49,454 | 50,692 |
| 2023 | 1,156 | 48,396 | 49,552 |
| 2024 | 751 | 40,211 | 40,962 |
| Thereafter | 1,098 | 198,494 | 199,592 |
| Total lease payments | 9,873 | 540,154 | 550,027 |
| Less amount representing interest | (1,451) | (130,666) | (132,117) |
| Present value of lease liabilities | $ 8,422 | $ 409,488 | $ 417,910 |

(1) Represents period from April 1, 2019 to December 31, 2019 .

Additionally, the Company has $5.9 million in future undiscounted cash flows for an operating lease of a retail facility that has not yet commenced. This lease is expected to commence when the lessor has made the location available to the Company to construct the store location.

At December 31, 2018 , the estimated minimum lease payments for capital and operating leases with initial or remaining non-cancelable lease terms in excess of one year were as follows (in thousands):

| | Capital leases | Operating leases |
|---|---|---|
| 2019 | $ 2,723 | $ 62,589 |
| 2020 | 2,264 | 62,132 |
| 2021 | 1,757 | 39,821 |
| 2022 | 1,512 | 38,402 |
| 2023 | 1,148 | 38,827 |
| Thereafter | 2,600 | 191,717 |
| Total minimum rental payments | $ 12,004 | $ 433,488 |
| Less amount representing interest | 1,865 | |
| Present value of minimum rental payments | $ 10,139 | |

**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.

**Tesoro Earn-out Dispute**

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

**United Steelworkers Union Dispute**

A portion of our employees at the Hawaii refinery are represented by the United Steelworkers Union (“USW”). On March 23, 2015, the union ratified a four -year extension of the collective bargaining agreement. On January 13, 2016, the USW filed a claim against PHR before the United States National Labor Relations Board (the “NLRB”) alleging a refusal to bargain collectively and in good faith. On March 29, 2016, the NLRB deferred final determination on the USW charge to the grievance/arbitration process under the extant collective bargaining agreement. Arbitration was commenced and concluded on October 1, 2018, with the arbitrator taking the matter under advisement thereafter. In a decision dated November 27, 2018, the arbitrator denied the grievance without prejudice to USW's NLRB claim regarding retiree medical and short term disability benefits. PHR denies the USW’s allegations and intends to vigorously defend itself in connection with such claim in the grievance/arbitration process and any subsequent proceeding before the NLRB.

**Environmental Matters**

Like other petroleum refiners and exploration and production companies, our operations are subject to extensive and periodically-changing federal and state environmental regulations governing air emissions, wastewater discharges, and solid and hazardous waste management activities. Many of these regulations are becoming increasingly stringent and the cost of compliance can be expected to increase over time.

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

***Wyoming Refinery***

Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the U.S. Environmental Protection Agency (" 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 March 31, 2019 , we have accrued $17.1 million for the well-understood components of these efforts based on current information, approximately one-third of which we expect to incur in the next five years and the remainder to be incurred over approximately 30 years .

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

Finally, among the various historic consent decrees, orders, and settlement agreements into which Hermes Consolidated LLC, and its wholly owned subsidiary, Wyoming Pipeline Company (collectively, "WRC" or "Wyoming Refining") have entered, there are several penalty orders associated with exceedances of permitted limits by the Wyoming refinery's wastewater discharges. Although the frequency of these exceedances has declined over time, Wyoming Refining may become subject to new penalty enforcement action in the next several years, which could involve penalties in excess of $100,000 .

***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.

On September 29, 2015, the EPA announced a final rule updating standards that control toxic air emissions from petroleum refineries, addressing, among other things, flaring operations, fenceline air quality monitoring, and additional emission reductions from storage tanks and delayed coking units. Compliance with this rule has not had a material impact on our financial condition, results of operations, or cash flows to date.

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

***Fuel Standards***

In 2007, the U.S. Congress passed the Energy Independence and Security Act of 2007 (the "EISA") 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 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. The agencies have not yet issued a final rule, but they are expected to do so in 2019. Although the revised fuel economy standards are expected to be less stringent than the initial standards for model years 2021-2025, it is uncertain whether the revised standards will increase year over year. 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. 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 generate our own RINs for which we have the option of retaining these self-generated RINs for current or future RFS compliance or selling those RINs on the open market. 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.

The eastern location of our co-located Hawaii refinery and our Wyoming refinery were each granted a one-year small refinery exemption for the year 2017 from the U.S. Environmental Protection Agency (“EPA”).

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 January 2011, the EPA issued a second waiver for the use of E15 in vehicles model years 2001-2006. In 2019, EPA is expected to conduct a rulemaking to allow year-round sales of E15. 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 have until January 1, 2020 to meet the standard. The eastern location of our co-located Hawaii refinery was required to comply with Tier 3 gasoline standards within 30 months of June 21, 2016, the date our Hawaii refinery was disqualified from small volume refinery status, and is currently compliant. On March 19, 2015, the EPA confirmed the small refinery status of our Wyoming refinery. The Par East facility of our Hawaii refinery, our Wyoming refinery, and our Washington refinery, acquired in January 2019, were all granted small refinery status by the EPA for 2017. The EPA is expected to make small refinery status determinations for 2018 in the second quarter of 2019.

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

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”). Like the rest of the refining industry, we are focused on meeting these standards and may incur costs in producing lower-sulfur fuels.

There will be compliance costs and uncertainties regarding how we will comply with the various requirements contained in the EISA, RFS, IMO 2020, and other fuel-related regulations. We may experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

**Environmental Agreement**

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

***Consent Decree***

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

Tesoro is responsible under the Environmental Agreement for directly paying, or reimbursing PHR, for all reasonable third-party capital expenditures incurred pursuant to the Consent Decree to the extent related to acts or omissions prior to the date of the closing of the PHR acquisition. Tesoro is obligated to pay all applicable fines and penalties related to the Consent Decree. Through March 31, 2019 , Tesoro has reimbursed us for $12.2 million of our total capital expenditures incurred in connection with the Consent Decree. As of March 31, 2019 , all reimbursable capital expenditures incurred pursuant to the Consent Decree were collected. Net capital expenditures and reimbursements related to the Consent Decree for the three months ended March 31, 2019 and 2018 are presented within Capital expenditures on our condensed consolidated statement of cash flows for the related periods.

***Indemnification***

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

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

**Recovery Trusts**

We emerged from the reorganization of Delta Petroleum Corporation ("Delta") on August 31, 2012 ("Emergence Date"), when the plan of reorganization ("Plan") was consummated. On the Emergence Date, we formed the Delta Petroleum General Recovery Trust ("General Trust"). The General Trust was formed to pursue certain litigation against third parties, including preference actions, fraudulent transfer and conveyance actions, rights of setoff and other claims, or causes of action under the U.S. Bankruptcy Code and other claims and potential claims that Delta and its subsidiaries (collectively, "Debtors") hold against third parties. On February 27, 2018, the Bankruptcy Court entered its final decree closing the Chapter 11 bankruptcy cases of Delta and the other Debtors, discharging the trustee for the General Trust, and finding that all assets of the General Trust were resolved, abandoned, or liquidated and have been distributed in accordance with the requirements of the Plan. In addition, the final decree required the Company or the General Trust, as applicable, to maintain the current accruals owed on account of the remaining claims of the U.S. Government and Noble Energy, Inc.

As of March 31, 2019 , two related claims totaling approximately $22.4 million remained to be resolved and we have accrued approximately $0.5 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end.

One of the two remaining claims was filed by the U.S. Government for approximately $22.4 million relating to ongoing litigation concerning a plugging and abandonment obligation in Pacific Outer Continental Shelf Lease OCS-P 0320, comprising part of the Sword Unit in the Santa Barbara Channel, California. The second unliquidated claim, which is related to the same plugging and abandonment obligation, was filed by Noble Energy Inc., the operator and majority interest owner of the Sword Unit. We believe the probability of issuing stock to satisfy the full claim amount is remote, as the obligations upon which such proof of claim is asserted are joint and several among all working interest owners and Delta, our predecessor, only owned an approximate 3.4% aggregate working interest in the unit.

The settlement of claims is subject to ongoing litigation and we are unable to predict with certainty how many shares will be required to satisfy all claims. Pursuant to the Plan, allowed claims were settled at a ratio of 54.4 shares per $1,000 of claim.

**Note 14 — Stockholders' Equity**

**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 March 31, | |
|---|---|---|
| | **2019** | **2018** |
| Restricted Stock Awards | $ 946 | $ 843 |
| Restricted Stock Units | 254 | 150 |
| Stock Option Awards | 335 | 446 |

During the three months ended March 31, 2019 , we granted 247 thousand shares of restricted stock and restricted stock units with a fair value of approximately $4.2 million . As of March 31, 2019 , there were approximately $9.0 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 3.0 years .

During the three months ended March 31, 2019 , we granted 300 thousand stock option awards with a weighted-average exercise price of $17.00 per share. As of March 31, 2019 , there were approximately $5.1 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 1.7 years .

During the three months ended March 31, 2019 , we granted 48 thousand performance restricted stock units to executive officers. These performance restricted stock units had a fair value of approximately $0.8 million and are subject to certain annual performance targets as defined by our Board of Directors. As of March 31, 2019 , there were approximately $1.5 million of total unrecognized compensation costs related to the performance restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.3 years .

**Note 15 — Income (Loss) per Share**

Basic income (loss) per share is computed by dividing net income (loss) by the sum of the weighted-average number of common shares outstanding and the weighted-average number of shares issuable under the common stock warrants, representing 354 thousand shares during each of the three months ended March 31, 2019 and March 31, 2018 . The common stock warrants are included in the calculation of basic income (loss) per share because they are issuable for minimal consideration. The following table sets forth the computation of basic and diluted income (loss) per share (in thousands, except per share amounts):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| Net income | $ 61,092 | $ 15,185 |
| Less: Undistributed income allocated to participating securities (1) | 693 | 192 |
| Net income attributable to common stockholders | 60,399 | 14,993 |
| Plus: Net income effect of convertible securities | 2,756 | — |
| Numerator for diluted income per common share | $ 63,155 | $ 14,993 |
| | | |
| Basic weighted-average common stock shares outstanding | 49,127 | 45,634 |
| Plus: dilutive effects of common stock equivalents | 6,423 | 43 |
| Diluted weighted-average common stock shares outstanding | 55,550 | 45,677 |
| | | |
| Basic income per common share | $ 1.23 | $ 0.33 |
| Diluted income per common share | $ 1.14 | $ 0.33 |

(1) Participating securities include restricted stock that has been issued but has not yet vested.

For the three months ended March 31, 2019 , our calculation of diluted shares outstanding excluded 359 thousand shares of unvested restricted stock and 1.9 million stock options. For the three months ended March 31, 2018 , our calculation of diluted shares outstanding excluded 46 thousand shares of unvested restricted stock and 1.3 million stock options.

As discussed in Note 9—Debt , we have the option of settling the 5.00% Convertible Senior Notes in cash or shares of common stock, or any combination thereof, upon conversion. For the three months ended March 31, 2019 and March 31, 2018 , diluted income (loss) per share was determined using the if-converted method. Our calculation of diluted shares outstanding for the three months ended March 31, 2018 excluded 6.4 million common stock equivalents, as the effect would be anti-dilutive.

**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 considers the scheduled reversal of deferred tax liabilities, projected future results of operations, and tax planning strategies in making this assessment. For the three months ended March 31, 2019 , we recorded an income tax benefit of $64.8 million primarily due to the release of valuation allowance in connection with the recognition of deferred tax liabilities acquired as part of the Washington Acquisition . The remaining net deferred tax assets were evaluated based upon the level of historical taxable income, significant book losses during recent prior periods, and projections for future results of operations over the periods in which the deferred tax assets are deductible, among other factors. Management continues to conclude that we did not meet the “more likely than not” requirement in order to recognize deferred tax assets on the remaining amounts and a valuation allowance has been recorded for substantially all of our net deferred tax assets at March 31, 2019 .

During the three months ended March 31, 2019 and 2018 , no adjustments were recognized for uncertain tax positions.

As of December 31, 2018 , we had approximately $1.5 billion in net operating loss carryforwards (“NOL carryforwards”); however, we currently have a valuation allowance against this and substantially all of our other deferred taxed assets. We will continue to assess the realizability of our deferred tax assets based on consideration of actual and projected operating results and tax planning strategies. If sufficient positive evidence of improving actual operating results becomes available, the amount of the deferred tax asset considered more likely than not to be recognized would be increased with a corresponding reduction in income tax expense in the period recorded.

Our net taxable income must be apportioned to various states based upon the income tax laws of the states in which we derive our revenue. Our NOL carryforwards will not always be available to offset taxable income apportioned to the various states. The states from which our refining, retail, and logistics revenues are derived are not the same states in which our NOLs were incurred; therefore, we expect to incur state tax liabilities on the net income of our refining, retail, and logistics operations.

**Note 17 — Segment Information**

We report the results for the following four business segments: (i) Refining , (ii) Retail , (iii) Logistics , and (iv) Corporate and Other. Commencing January 11, 2019 , the results of operations of the Washington Acquisition are included in our refining and logistics segments.

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

| Three Months Ended March 31, 2019 | Refining | Logistics | Retail | Corporate, Eliminations and Other (1) | Total |
|---|---|---|---|---|---|
| Revenues | $ 1,146,064 | $ 45,209 | $ 99,831 | $ (99,769) | $ 1,191,335 |
| Cost of revenues (excluding depreciation) | 1,062,568 | 26,530 | 71,338 | (99,704) | 1,060,732 |
| Operating expense (excluding depreciation) | 55,255 | 2,364 | 16,055 | — | 73,674 |
| Depreciation, depletion, and amortization | 13,878 | 3,896 | 2,374 | 809 | 20,957 |
| General and administrative expense (excluding depreciation) | — | — | — | 11,665 | 11,665 |
| Acquisition and integration costs | — | — | — | 2,884 | 2,884 |
| **Operating income (loss)** | $ 14,363 | $ 12,419 | $ 10,064 | $ (15,423) | $ 21,423 |
| Interest expense and financing costs, net | | | | | (18,710) |
| Debt extinguishment and commitment costs | | | | | (5,496) |
| Other income, net | | | | | 87 |
| Change in value of common stock warrants | | | | | (1,282) |
| Equity earnings from Laramie Energy, LLC | | | | | 301 |
| Loss before income taxes | | | | | (3,677) |
| Income tax benefit | | | | | 64,769 |
| **Net income** | | | | | $ 61,092 |
| | | | | | |
| Capital expenditures | $ 9,446 | $ 5,513 | $ 2,479 | $ 426 | $ 17,864 |

| **Three Months Ended March 31, 2018** | **Refining** | **Logistics** | **Retail** | **Corporate, Eliminations and Other (1)** | **Total** |
|---|---|---|---|---|---|
| Revenues | $ 740,263 | $ 33,067 | $ 78,592 | $ (86,483) | $ 765,439 |
| Cost of revenues (excluding depreciation) | 668,479 | 20,810 | 59,147 | (86,537) | 661,899 |
| Operating expense (excluding depreciation) | 37,349 | 1,822 | 11,839 | — | 51,010 |
| Depreciation, depletion, and amortization | 8,362 | 1,642 | 1,868 | 1,165 | 13,037 |
| General and administrative expense (excluding depreciation) | — | — | — | 11,205 | 11,205 |
| Acquisition and integration costs | — | — | — | 632 | 632 |
| **Operating income (loss)** | $ 26,073 | $ 8,793 | $ 5,738 | $ (12,948) | $ 27,656 |
| Interest expense and financing costs, net | | | | | (8,377) |
| Other income, net | | | | | 119 |
| Change in value of common stock warrants | | | | | 745 |
| Change in value of contingent consideration | | | | | (10,500) |
| Equity earnings from Laramie Energy, LLC | | | | | 5,576 |
| Income before income taxes | | | | | 15,219 |
| Income tax expense | | | | | (34) |
| **Net income** | | | | | $ 15,185 |
| | | | | | |
| Capital expenditures | $ 4,974 | $ 2,683 | $ 701 | $ 1,254 | $ 9,612 |

(1) Includes eliminations of intersegment revenues and cost of revenues of $99.8 million and $85.9 million for the three months ended March 31, 2019 and 2018 , 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 months ended March 31, 2019 or 2018 .

## 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 operating segments:

1) **Refining** - We own and operate three refineries with total throughput capacity of over 200 Mbpd. Our co-located refinery in Kapolei, Hawaii, produces ultra-low sulfur diesel ("ULSD"), gasoline, jet fuel, marine fuel, low sulfur fuel oil ("LSFO"), and other associated refined products primarily for consumption in Hawaii. Our refinery in Newcastle, Wyoming , produces gasoline, ULSD, jet fuel, and other associated refined products that are primarily marketed in Wyoming and South Dakota. Our refinery in Tacoma, Washington, acquired in January 2019, produces distillate, gasoline, asphalt, and other associated refined products primarily marketed in the Pacific Northwest.

2) **Retail** - Our retail outlets in Hawaii sell gasoline, diesel, and retail merchandise throughout the islands of Oahu, Maui, Hawaii, and Kauai. Our Hawaii retail network includes Hele and "76" branded retail sites, company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock locations. During 2018, we completed the rebranding of 24 of our 34 company-operated convenience stores in Hawaii to "nomnom," a new proprietary brand. Our retail outlets in Washington and Idaho sell gasoline, diesel, and retail merchandise and operate under the " Cenex® " and "Zip Trip®" brand names.

3) **Logistics** - We operate an extensive multi-modal logistics network spanning the Pacific, the Northwest, and the Rockies. We own and operate terminals, pipelines, an SPM, and trucking operations to distribute refined products throughout the islands of Oahu, Maui, Hawaii, Molokai, and Kauai. We own and operate a crude oil pipeline gathering system, a refined products pipeline, storage facilities, and loading racks in Wyoming and a jet fuel storage facility and pipeline that serve the Ellsworth Air Force Base in South Dakota. Beginning in January 2019, we own and operate logistics assets in Washington, including a marine terminal, a unit train-capable rail loading terminal, storage facilities, a truck rack, and a proprietary pipeline that serves McChord Air Force Base.

As of March 31, 2019 , 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. Commencing January 11, 2019 , the results of operations of the Washington Acquisition are included in our refining and logistics segments. 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.

### Results of Operations

***Three months ended March 31, 2019 compared to the three months ended March 31, 2018***

***Net Income .*** During 2019 , our results were primarily driven by a $65.4 million income tax benefit associated with a partial release of our valuation allowance in connection with the Washington Acquisition . Our net income increased from $15.2 million for the three months ended March 31, 2018 to $61.1 million for the three months ended March 31, 2019 . Other factors impacting our results period over period include a $10.5 million charge related to the Tesoro earn-out settlement in 2018, increase d interest expense and financing fees related to the Term Loan B Facility and Par Pacific Term Loan , debt commitment costs incurred in connection with the Washington Acquisition , a decrease in our Equity earnings from Laramie Energy, and RINs waivers received in 2018.

***Adjusted EBITDA and Adjusted Net Income (Loss).*** For the three months ended March 31, 2019 , Adjusted EBITDA was $47.6 million compared to $26.1 million for the three months ended March 31, 2018 . The change was primarily related to improved margins in our Retail operations and the Washington Acquisition .

For the three months ended March 31, 2019 , Adjusted Net Income was approximately $6.4 million compared to $8.2 million for the three months ended March 31, 2018 . The decrease was primarily related to the same factors described above for the increase in Adjusted EBITDA, offset by a decrease in our Equity earnings from Laramie Energy, excluding our share of unrealized gains or losses on derivatives, DD&A associated with assets acquired in connection with the Washington Acquisition , and increase d interest expense and financing fees related to the Term Loan B Facility and Par Pacific Term Loan .

The following tables summarize our consolidated results of operations for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report.

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2019 | 2018 | $ Change | % Change [1] |
| Revenues | $ 1,191,335 | $ 765,439 | $ 425,896 | 56 % |
| Cost of revenues (excluding depreciation) | 1,060,732 | 661,899 | 398,833 | 60 % |
| Operating expense (excluding depreciation) | 73,674 | 51,010 | 22,664 | 44 % |
| Depreciation, depletion, and amortization | 20,957 | 13,037 | 7,920 | 61 % |
| General and administrative expense (excluding depreciation) | 11,665 | 11,205 | 460 | 4 % |
| Acquisition and integration costs | 2,884 | 632 | 2,252 | 356 % |
| Total operating expenses | 1,169,912 | 737,783 | | |
| Operating income | 21,423 | 27,656 | | |
| **Other income (expense)** | | | | |
| Interest expense and financing costs, net | (18,710) | (8,377) | (10,333) | (123)% |
| Debt extinguishment and commitment costs | (5,496) | — | (5,496) | NM |
| Other income, net | 87 | 119 | (32) | (27)% |
| Change in value of common stock warrants | (1,282) | 745 | (2,027) | (272)% |
| Change in value of contingent consideration | — | (10,500) | 10,500 | 100 % |
| Equity earnings from Laramie Energy, LLC | 301 | 5,576 | (5,275) | (95)% |
| Total other income (expense), net | (25,100) | (12,437) | | |
| Income (loss) before income taxes | (3,677) | 15,219 | | |
| Income tax benefit (expense) | 64,769 | (34) | 64,803 | NM |
| **Net income** | $ 61,092 | $ 15,185 | | |

[1] NM - Not meaningful

The following tables summarize our operating income (loss) by segment for the three months ended March 31, 2019 and 2018 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report.

| **Three months ended March 31, 2019** | **Refining** | **Logistics** | **Retail** | **Corporate, Eliminations and Other (1)** | **Total** |
|---|---|---|---|---|---|
| Revenues | $ 1,146,064 | $ 45,209 | $ 99,831 | $ (99,769) | $ 1,191,335 |
| Cost of revenues (excluding depreciation) | 1,062,568 | 26,530 | 71,338 | (99,704) | 1,060,732 |
| Operating expense (excluding depreciation) | 55,255 | 2,364 | 16,055 | — | 73,674 |
| Depreciation, depletion, and amortization | 13,878 | 3,896 | 2,374 | 809 | 20,957 |
| General and administrative expense (excluding depreciation) | — | — | — | 11,665 | 11,665 |
| Acquisition and integration costs | — | — | — | 2,884 | 2,884 |
| **Operating income (loss)** | $ 14,363 | $ 12,419 | $ 10,064 | $ (15,423) | $ 21,423 |

| **Three months ended March 31, 2018** | **Refining** | **Logistics** | **Retail** | **Corporate, Eliminations and Other (1)** | **Total** |
|---|---|---|---|---|---|
| Revenues | $ 740,263 | $ 33,067 | $ 78,592 | $ (86,483) | $ 765,439 |
| Cost of revenues (excluding depreciation) | 668,479 | 20,810 | 59,147 | (86,537) | 661,899 |
| Operating expense (excluding depreciation) | 37,349 | 1,822 | 11,839 | — | 51,010 |
| Depreciation, depletion, and amortization | 8,362 | 1,642 | 1,868 | 1,165 | 13,037 |
| General and administrative expense (excluding depreciation) | — | — | — | 11,205 | 11,205 |
| Acquisition and integration costs | — | — | — | 632 | 632 |
| **Operating income (loss)** | $ 26,073 | $ 8,793 | $ 5,738 | $ (12,948) | $ 27,656 |

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of $99.8 million and $85.9 million for the three months ended March 31, 2019 and 2018 , respectively.

Below is a summary of key operating statistics for the refining segment for the three months ended March 31, 2019 and 2018 :

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 (1) | 2018 (1) |
| **Total Refining Segment** | | |
| Feedstocks Throughput (Mbpd) (2) | 162.3 | 92.7 |
| Refined product sales volume (Mbpd) (2) | 166.0 | 102.3 |
| | | |
| **Hawaii Refinery** | | |
| Feedstocks Throughput (Mbpd) | 113.0 | 76.2 |
| Source of Crude Oil: | | |
| North America | 35.0% | 39.7% |
| Latin America | 10.3% | —% |
| Africa | 34.1% | 39.9% |
| Asia | 20.6% | 6.7% |
| Middle East | —% | 13.7% |
| Total | 100.0% | 100.0% |
| | | |
| Yield (% of total throughput) | | |
| Gasoline and gasoline blendstocks | 22.8% | 28.2% |
| Distillate | 42.5% | 47.2% |
| Fuel oils | 29.0% | 16.3% |
| Other products | 2.1% | 5.2% |
| Total yield | 96.4% | 96.9% |
| | | |
| Refined product sales volume (Mbpd) | | |
| On-island sales volume | 106.9 | 69.4 |
| Exports sale volume | 5.7 | 14.6 |
| Total refined product sales volume | 112.6 | 84.0 |
| | | |
| Adjusted Gross Margin per bbl ($/throughput bbl) (3) | $ 3.74 | $ 5.20 |
| Production costs per bbl ($/throughput bbl) (4) | 2.81 | 3.64 |
| DD&A per bbl ($/throughput bbl) | 0.44 | 0.71 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 (1) | 2018 (1) |
| **Washington Refinery** | | |
| Feedstocks Throughput (Mbpd) (2) | 37.2 | — |
| Yield (% of total throughput) | | |
| Gasoline and gasoline blendstocks | 24.2% | —% |
| Distillate | 36.5% | —% |
| Asphalt | 16.2% | —% |
| Other products | 20.7% | —% |
| Total yield | 97.6% | —% |
| | | |
| Refined product sales volume (Mbpd) (2) | 41.0 | — |
| | | |
| Adjusted Gross Margin per bbl ($/throughput bbl) (3) | $ 8.88 | $ — |
| Production costs per bbl ($/throughput bbl) (4) | 4.87 | — |
| DD&A per bbl ($/throughput bbl) | 1.88 | — |
| | | |
| **Wyoming Refinery** | | |
| Feedstocks Throughput (Mbpd) | 16.2 | 16.5 |
| Yield (% of total throughput) | | |
| Gasoline and gasoline blendstocks | 52.8% | 49.9% |
| Distillate | 41.9% | 44.8% |
| Fuel oils | 1.5% | 2.5% |
| Other products | 0.8% | 0.4% |
| Total yield | 97.0% | 97.6% |
| | | |
| Refined product sales volume (Mbpd) | 17.0 | 18.3 |
| | | |
| Adjusted Gross Margin per bbl ($/throughput bbl) (3) | $ 14.55 | $ 13.96 |
| Production costs per bbl ($/throughput bbl) (4) | 7.69 | 7.74 |
| DD&A per bbl ($/throughput bbl) | 2.65 | 2.33 |
| | | |
| **Market Indices ($ per barrel)** | | |
| 4-1-2-1 Singapore Crack Spread (5) | $ 6.88 | $ 6.38 |
| Pacific Northwest 5-2-2-1 Index (6) | 11.09 | — |
| Wyoming 3-2-1 Index (7) | 15.09 | 15.65 |
| | | |
| **Crude Prices ($ per barrel)** | | |
| Brent | $ 63.83 | $ 67.19 |
| WTI | 54.90 | 62.89 |
| ANS | 64.09 | 67.29 |
| Bakken Clearbrook | 54.84 | 62.06 |
| WCS Hardisty | 44.26 | 36.73 |
| Brent M1-M3 | 0.07 | 0.71 |

(1) Previously reported logistics pipeline throughput volumes have been removed from the Operating Statistics table post-closing of the Washington Acquisition as we have determined that pipeline throughput is no longer a relevant indicator of logistics

segment profitability given the low weighting of pipeline movements at the Washington refinery. Operating income (loss) per barrel has also been removed from the table because we do not believe it to be an indicative measure of our refineries' profitability.

(2) Feedstocks throughput and sales volumes per day for the Washington refinery for the three months ended March 31, 2019 are calculated based on the 80 -day period for which we owned the Washington refinery in 2019. As such, the amounts for the total refining segment represent the sum of the Hawaii and Wyoming refineries' throughput or sales volumes averaged over the three months ended March 31, 2019 plus the Washington refinery's throughput or sales volumes averaged over the period from January 11, 2019 to March 31, 2019 . The 2018 amounts for the total refining segment represent the sum of the Hawaii and Wyoming refineries' throughput or sales volumes averaged over the three months ended March 31, 2018 .

(3) Please see discussion of Adjusted Gross Margin below. We calculate Adjusted Gross Margin per barrel by dividing Adjusted Gross Margin by total refining throughput. 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 under the first-in, first-out ("FIFO") inventory costing method.

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

(5) The profitability of our Hawaii business is heavily influenced by crack spreads in the Singapore market. This market reflects the closest liquid market alternative to source refined products for Hawaii. We believe the 4-1-2-1 Singapore crack spread (or four barrels of Brent crude oil converted into one barrel of gasoline, two barrels of distillate (diesel and jet fuel) and one barrel of fuel oil) best reflects a market indicator for our Hawaii operations.

(6) We believe the Pacific Northwest 5-2-2-1 Index is the best 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 (ULSD and jet fuel), and one part fuel oil as created from five barrels of Alaskan North Slope crude. The 2019 price represents the price averaged over the period from January 11, 2019 to March 31, 2019 .

(7) The profitability of our Wyoming refinery is heavily influenced by crack spreads in nearby markets. We believe the Wyoming 3-2-1 Index is the best market indicator for our operations in Wyoming. The Wyoming 3-2-1 Index is computed by taking two parts gasoline and one part distillate (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 months ended March 31, 2019 and 2018 :

| | Three Months Ended March 31, | |
|---|---|---|
| | **2019** | **2018** |
| **Retail Segment** | | |
| Retail sales volumes (thousands of gallons) (1) | 29,734 | 22,190 |

(1) Retail sales volumes for the three months ended March 31, 2018 include the nine days of retail sales volumes from Northwest Retail since its acquisition on March 23, 2018 . The 2019 amounts represent the sum of the Hawaii and Northwest Retail sales volumes for the three months ended March 31, 2019 .

***Non-GAAP Performance Measures***

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

***Adjusted Gross Margin***

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

Beginning in the fourth quarter of 2018, Adjusted Net Income (loss) excludes RINs losses (gains) recorded in excess of our net RINs obligation (“RINs loss (gain) in excess of net obligation”). Our RINs obligations to comply with the Renewable Fuel Standard (“RFS”) are recorded as liabilities and measured at fair value as of the end of the reporting period. Our RINs assets, which include RINs purchased on the open market and RINs generated by blending biofuels as part of our refining process, are stated at the lower of cost or net realizable value (“NRV”) as of the end of the reporting period. During periods of rising RINs market prices, we recognize unrealized losses associated with the increase in the fair value of our RINs liabilities. Under GAAP, we do not adjust the carrying value of our RINs assets because such assets are stated at the lower of cost or NRV. This adjustment represents the income statement effect of reflecting our RINs liability on a net basis, as the settlement of any open obligation would first be offset by RINs assets rather than purchasing such RINs obligations at market prices. We have recast the non-GAAP information for the three months ended March 31, 2018 to conform to the current period presentation.

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

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

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

| **Three months ended March 31, 2019** | **Refining** | **Logistics** | **Retail** |
|---|---|---|---|
| **Operating income** | $ 14,363 | $ 12,419 | $ 10,064 |
| Operating expense (excluding depreciation) | 55,255 | 2,364 | 16,055 |
| Depreciation, depletion, and amortization | 13,878 | 3,896 | 2,374 |
| Inventory valuation adjustment | 385 | — | — |
| RINs loss (gain) in excess of net obligation | (4,512) | — | — |
| Unrealized loss on derivatives | 6,298 | — | — |
| **Adjusted Gross Margin (1)** | $ 85,667 | $ 18,679 | $ 28,493 |

| Three months ended March 31, 2018 | Refining | Logistics | Retail |
|---|---|---|---|
| **Operating income** | $ 26,073 | $ 8,793 | $ 5,738 |
| Operating expense (excluding depreciation) | 37,349 | 1,822 | 11,839 |
| Depreciation, depletion, and amortization | 8,362 | 1,642 | 1,868 |
| Inventory valuation adjustment | (11,887) | — | — |
| RINs loss (gain) in excess of net obligation | — | — | — |
| Unrealized gain on derivatives | (3,505) | — | — |
| **Adjusted Gross Margin (1)** | $ 56,392 | $ 12,257 | $ 19,445 |

(1) For the three months ended March 31, 2019 and 2018 , there was no impairment expense.

***Adjusted Net Income and Adjusted EBITDA***

Adjusted Net Income (Loss) is defined as Net income excluding changes in the value of contingent consideration and common stock warrants, acquisition and integration costs, unrealized (gains) losses on derivatives, debt extinguishment and commitment costs, release of tax valuation allowance, inventory valuation adjustment, severance costs, impairment expense, (gain) loss on sale of assets, and Par's share of Laramie Energy's unrealized loss (gain) on derivatives. Beginning in the fourth quarter of 2018, Adjusted Net Income (Loss) also excludes RINs loss (gain) in excess of net obligation (as defined in the Adjusted Gross Margin section above).

Adjusted EBITDA is Adjusted Net Income (Loss) excluding interest expense and financing costs, taxes, DD&A, and, equity losses (earnings) from Laramie Energy, excluding Par's share of unrealized loss (gain) on derivatives.

We believe Adjusted Net Income 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 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 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 and Adjusted EBITDA to the most directly comparable GAAP financial measure, Net income , on a historical basis for the periods indicated (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| **Net income** | $ 61,092 | $ 15,185 |
| Inventory valuation adjustment | 385 | (11,887) |
| RINs loss (gain) in excess of net obligation | (4,512) | — |
| Unrealized loss (gain) on derivatives | 6,342 | (3,505) |
| Acquisition and integration costs | 2,884 | 632 |
| Debt extinguishment and commitment costs | 5,496 | — |
| Release of tax valuation allowance (1) | (65,351) | — |
| Change in value of common stock warrants | 1,282 | (745) |
| Change in value of contingent consideration | — | 10,500 |
| Par's share of Laramie Energy's unrealized loss (gain) on derivatives (2) | (1,231) | (1,988) |
| **Adjusted Net Income (3)** | 6,387 | 8,192 |
| Depreciation, depletion, and amortization | 20,957 | 13,037 |
| Interest expense and financing costs, net | 18,710 | 8,377 |
| Equity losses (earnings) from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives | 930 | (3,588) |
| Income tax expense | 582 | 34 |
| **Adjusted EBITDA** | $ 47,566 | $ 26,052 |

(1) Included in Income tax benefit (expense) on our condensed consolidated statements of operations.

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

(3) For the three months ended March 31, 2019 and 2018 , there was no severance costs, impairment expense, or (gain) loss on sale of assets.

***Three months ended March 31, 2019 compared to the three months ended March 31, 2018***

***Refining.*** Operating income for our refining segment was $14.4 million for the three months ended March 31, 2019 , a decrease of $11.7 million compared to operating income of $26.1 million for the three months ended March 31, 2018 . The decrease in profitability was primarily driven by RINs waivers received in 2018, partially offset by favorable feedstock and inventory costs at our Wyoming refinery and an increase in crack spreads in Hawaii. The Singapore crack spread increased 8% from $6.38 per barrel for the three months ended March 31, 2018 to $6.88 per barrel for the three months ended March 31, 2019 . The Washington refinery assets contributed an operating loss of approximately $5.3 million to the refining segment for the period from January 11, 2019 to March 31, 2019 .

***Logistics.*** Operating income for our logistics segment was $12.4 million for the three months ended March 31, 2019 , an increase of $3.6 million compared to operating income of $8.8 million for the three months ended March 31, 2018 . The increase is primarily due to a contribution of approximately $3.5 million from the logistics assets acquired in connection with the Washington Acquisition for the period from January 11, 2019 to March 31, 2019 .

***Retail.*** Operating income for our retail segment was $10.1 million for the three months ended March 31, 2019 , an increase of $4.4 million compared to operating income of $5.7 million for the three months ended March 31, 2018 . The increase in profitability is primarily due to improved margins in Hawaii and an increase in sales volumes of 34% primarily due to the contribution of Northwest Retail for a full quarter during 2019 compared to a nine day period of ownership during the first quarter of 2018.

**Adjusted Gross Margin**

*Three months ended March 31, 2019 compared to the three months ended March 31, 2018*

***Refining.*** For the three months ended March 31, 2019 , our refining Adjusted Gross Margin was approximately $85.7 million , an increase of $29.3 million compared to $56.4 million for the three months ended March 31, 2018 . The increase in profitability was primarily driven by the contribution of the Washington refinery, favorable feedstock and inventory costs at our Wyoming refinery, and an increase in crack spreads in Hawaii, partially offset by RINs waivers received in 2018 that have not been received in 2019. The Singapore crack spread increased 8% from $6.38 per barrel for the three months ended March 31, 2018 to $6.88 per barrel for the three months ended March 31, 2019 . The Washington refinery contributed Adjusted Gross Margin of approximately $26.4 million to the refining segment for the period from January 11, 2019 to March 31, 2019 .

***Logistics.*** For the three months ended March 31, 2019 , our logistics Adjusted Gross Margin was approximately $18.7 million , an increase of $6.4 million compared to $12.3 million for the three months ended March 31, 2018 . The increase was primarily driven by the contribution of the Washington assets and higher revenue per throughput barrel in Wyoming. The Washington assets contributed Adjusted Gross Margin of approximately $5.6 million to the logistics segment for the period from January 11, 2019 to March 31, 2019 .

***Retail.*** For the three months ended March 31, 2019 , our retail Adjusted Gross Margin was approximately $28.5 million , an increase of $9.1 million when compared to approximately $19.4 million for the three months ended March 31, 2018 . The increase was primarily due to higher margins in Hawaii and an increase in sales volumes of 34% , primarily due to the contribution of Northwest Retail for a full quarter during 2019 compared to a nine day period of ownership during the first quarter of 2018.

**Discussion of Consolidated Results**

*Three months ended March 31, 2019 compared to the three months ended March 31, 2018*

***Revenues.*** For the three months ended March 31, 2019 , revenues were $1.2 billion , a $0.4 billion increase compared to $0.8 billion for the three months ended March 31, 2018 . The increase was primarily due to an increase of $406.8 million in third-party revenues at our refining segment primarily as a result of the Washington Acquisition and record on-island sales in Hawaii, partially offset by a 5% decrease in Brent prices. The Washington Acquisition contributed third-party revenues of approximately $245.8 million for the period from January 11, 2019 to March 31, 2019 . Average Brent prices decreased from $67.19 per barrel in the three months ended March 31, 2018 to $63.83 per barrel in the three months ended March 31, 2019 . Refined product sales volumes in Hawaii increased 34.0% from 84.0 Mbpd in the three months ended March 31, 2018 to 112.6 Mbpd in the three months ended March 31, 2019 . Revenues in our retail segment increased $21.2 million primarily due to the acquisition of Northwest Retail, offset by 7% lower fuel sales prices.

***Cost of Revenues (Excluding Depreciation).*** For the three months ended March 31, 2019 , cost of revenues (excluding depreciation) was $1.1 billion , a $0.4 billion increase compared to $0.7 billion for the three months ended March 31, 2018 . The increase was primarily due to the Washington Acquisition and record on-island sales in Hawaii. The Washington Acquisition contributed cost of revenues of approximately $237.8 million for the period from January 11, 2019 to March 31, 2019 .

***Operating Expense (Excluding Depreciation).*** For the three months ended March 31, 2019 , operating expense (excluding depreciation) was approximately $73.7 million , an increase of $22.7 million compared to $51.0 million for the three months ended March 31, 2018 . The increase was primarily due to the Washington Acquisition , Hawaii Refinery Expansion , and Northwest Retail. The Washington Acquisition contributed operating expenses of approximately $14.5 million for the period from January 11, 2019 to March 31, 2019 . The Hawaii Refinery Expansion contributed operating expenses of approximately $4.8 million for the three months ended March 31, 2019 . Northwest Retail contributed operating expenses of approximately $4.7 million for the three months ended March 31, 2019 as compared to $0.6 million for the nine day period of ownership from March 23, 2018 to March 31, 2018.

***Depreciation, Depletion, and Amortization .*** For the three months ended March 31, 2019 , DD&A was approximately $21.0 million , an increase of $8.0 million when compared to $13.0 million for the three months ended March 31, 2018 . The increase was primarily due to DD&A on assets acquired as part of the Washington Acquisition and DD&A incurred by Northwest Retail for the full three-month period ended March 31, 2019 compared to a nine -day period of ownership during the first quarter of 2018.

***General and Administrative Expense (Excluding Depreciation).*** For the three months ended March 31, 2019 , general and administrative expense (excluding depreciation) was approximately $11.7 million , which is relatively consistent with $11.2 million for the three months ended March 31, 2018 .

***Acquisition and Integration Costs.*** For the three months ended March 31, 2019 , we incurred approximately $2.9 million of acquisition and integration costs primarily related to the Washington Acquisition and the Hawaii Refinery Expansion . For the three months ended March 31, 2018 , we incurred approximately $0.6 million of acquisition and integration costs related to the Northwest Retail Acquisition .

***Interest Expense and Financing Costs, Net .*** For the three months ended March 31, 2019 , our interest expense and financing costs were approximately $18.7 million , an increase of $10.3 million when compared to $8.4 million for the three months ended March 31, 2018 . The increase was primarily due to interest expense and financing costs of $5.6 million related to the new Term Loan B Facility entered into on January 11, 2019 , interest expense of $1.4 million on the Washington Refinery Intermediation Agreement , increased interest and financing costs of $1.0 million associated with J. Aron deferred payments, a net decrease on gains on interest rate derivatives of $1.2 million, and interest expense and financing costs of $0.7 million related to the Par Pacific Term Loan entered into on January 9, 2019 . Please read Note 9—Debt to our condensed consolidated financial statements for further discussion on our indebtedness.

***Change in Value of Common Stock Warrants .*** For the three months ended March 31, 2019 , the change in value of common stock warrants resulted in a loss of approximately $1.3 million , a change of $2.0 million when compared to a gain of $0.7 million for the three months ended March 31, 2018 . For the three months ended March 31, 2019 , our stock price increased from $14.18 per share as of December 31, 2018 to $17.81 per share as of March 31, 2019 , which resulted in an increase in the fair value of the common stock warrants. During the three months ended March 31, 2018 , our stock price decreased from $19.28 per share on December 31, 2017 to $17.17 per share on March 31, 2018 , which resulted in a decrease in the value of the common stock warrants.

***Change in Value of Contingent Consideration .*** For the three months ended March 31, 2018 , the change in the value of our contingent consideration liability resulted in a loss of $10.5 million as a result of the settlement agreement reached with Tesoro. As of December 31, 2018 and for the three months ended March 31, 2019 , there was no contingent consideration liability. Please read Note 13—Commitments and Contingencies for more information.

***Debt Extinguishment and Commitment Costs.*** For the three months ended March 31, 2019 , our debt extinguishment and commitment costs were approximately $5.5 million and represent the commitment and other fees associated with the financing of the Washington Acquisition . No such costs were incurred for the three months ended March 31, 2018 .

***Equity Earnings from Laramie Energy, LLC .*** For the three months ended March 31, 2019 , equity earnings from Laramie Energy were approximately $0.3 million , a decrease of $5.3 million compared to $5.6 million for the three months ended March 31, 2018 . The change was primarily due to Laramie Energy's gain on derivative instruments of $4.5 million for the three months ended March 31, 2018 , compared to a loss on derivative instruments of $12.3 million for the same period in 2019, partially offset by higher operating profits driven by a 40% increase in sales volumes.

***Income Taxes.*** For the three months ended March 31, 2019 , we recorded an income tax benefit of $64.8 million primarily driven by a $65.4 million benefit associated with a partial release of our valuation allowance in connection with the Washington Acquisition . For the three months ended March 31, 2018 , we recorded income tax expense of $34.0 thousand primarily due to deferred federal income taxes.

***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 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 "). The 7.75% Senior Secured Notes and the Term Loan B 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 and Term Loan B are guaranteed on a senior unsecured basis only as to payment of principal and interest by Par Pacific Holdings, Inc. (the "Parent") and are guaranteed on a senior secured basis by all of the subsidiaries of Par Petroleum, LLC (other than Par Petroleum Finance Corp.).

The following supplemental condensed consolidating financial information reflects (i) the Parent's separate accounts, (ii) Par Petroleum, LLC and its consolidated subsidiaries' accounts, (iii) the accounts of subsidiaries of the Parent that are not guarantors of the 7.75% Senior Secured Notes or Term Loan B 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).

| | Parent Guarantor | Issuer and Subsidiaries | Non-Guarantor Subsidiaries and Eliminations | Par Pacific Holdings, Inc. and Subsidiaries |
|---|---|---|---|---|
| | As of March 31, 2019 | | | |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 20,176 | $ 40,039 | $ 82 | $ 60,297 |
| Restricted cash | 743 | — | — | 743 |
| Trade accounts receivable | — | 264,199 | 203 | 264,402 |
| Inventories | — | 499,519 | — | 499,519 |
| Prepaid and other current assets | 7,722 | 75,657 | 291 | 83,670 |
| Due from related parties | 83,869 | — | (83,869) | — |
| **Total current assets** | 112,510 | 879,414 | (83,293) | 908,631 |
| **Property and equipment** | | | | |
| Property, plant, and equipment | 19,579 | 1,063,721 | — | 1,083,300 |
| Less accumulated depreciation, amortization, and depletion | (9,788) | (117,171) | — | (126,959) |
| **Property and equipment, net** | 9,791 | 946,550 | — | 956,341 |
| **Long-term assets** | | | | |
| Operating lease assets | 3,484 | 402,458 | — | 405,942 |
| Investment in Laramie Energy, LLC | — | — | 136,957 | 136,957 |
| Investment in subsidiaries | 663,808 | — | (663,808) | — |
| Intangible assets, net | — | 23,282 | — | 23,282 |
| Goodwill | — | 197,327 | 2,598 | 199,925 |
| Other long-term assets | 2,655 | 14,371 | — | 17,026 |
| **Total assets** | $ 792,248 | $ 2,463,402 | $ (607,546) | $ 2,648,104 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| **Current liabilities** | | | | |
| Current maturities of long-term debt | $ — | $ 10,963 | $ 1,478 | $ 12,441 |
| Obligations under inventory financing agreements | — | 629,086 | — | 629,086 |
| Accounts payable | 2,778 | 84,980 | 1,477 | 89,235 |
| Advances from customers | — | 5,827 | — | 5,827 |
| Accrued taxes | — | 25,391 | 62 | 25,453 |
| Operating lease liabilities | 78 | 64,790 | — | 64,868 |
| Other accrued liabilities | 8,451 | 115,824 | (3,113) | 121,162 |
| Due to related parties | 55,525 | 55,626 | (111,151) | — |
| **Total current liabilities** | 66,832 | 992,487 | (111,247) | 948,072 |
| **Long-term liabilities** | | | | |
| Long-term debt, net of current maturities | 101,729 | 520,217 | 42,442 | 664,388 |
| Due to related parties (1) | — | 71,682 | (71,682) | — |
| Common stock warrants | 6,289 | — | — | 6,289 |
| Long-term financing lease obligations | 361 | 6,005 | — | 6,366 |
| Long-term operating lease obligations | 5,218 | 339,402 | — | 344,620 |
| Other liabilities | 617 | 136,773 | (70,223) | 67,167 |
| **Total liabilities** | 181,046 | 2,066,566 | (210,710) | 2,036,902 |
| **Commitments and contingencies** | | | | |
| **Stockholders' equity** | | | | |
| Preferred stock, $0.01 par value: 3,000,000 shares authorized, none issued | — | — | — | — |
| Common stock, $0.01 par value; 500,000,000 shares authorized and 49,550,274 shares issued | 496 | — | — | 496 |
| Additional paid-in capital | 655,692 | 309,645 | (309,645) | 655,692 |
| Accumulated earnings (deficit) | (47,659) | 83,688 | (83,688) | (47,659) |
| Accumulated other comprehensive income | 2,673 | 3,503 | (3,503) | 2,673 |
| **Total stockholders' equity** | 611,202 | 396,836 | (396,836) | 611,202 |
| **Total liabilities and stockholders' equity** | $ 792,248 | $ 2,463,402 | $ (607,546) | $ 2,648,104 |

(1) The Issuer and Subsidiaries column includes a $71.7 million long-term payable due to Par Pacific Hawaii Property Company, LLC related to an intercompany sale-

leaseback transaction.

| | As of December 31, 2018 | | | |
|---|---|---|---|---|
| | Parent Guarantor | Issuer and Subsidiaries | Non-Guarantor Subsidiaries and Eliminations | Par Pacific Holdings, Inc. and Subsidiaries |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 28,701 | $ 46,062 | $ 313 | $ 75,076 |
| Restricted cash | 743 | — | — | 743 |
| Trade accounts receivable | — | 159,630 | 708 | 160,338 |
| Inventories | — | 322,065 | — | 322,065 |
| Prepaid and other current assets | 11,711 | 17,048 | (389) | 28,370 |
| Due from related parties | 43,928 | — | (43,928) | — |
| **Total current assets** | 85,083 | 544,805 | (43,296) | 586,592 |
| **Property and equipment** | | | | |
| Property, plant, and equipment | 18,939 | 630,429 | 400 | 649,768 |
| Less accumulated depreciation and depletion | (9,034) | (102,180) | (293) | (111,507) |
| **Property and equipment, net** | 9,905 | 528,249 | 107 | 538,261 |
| **Long-term assets** | | | | |
| Investment in Laramie Energy, LLC | — | — | 136,656 | 136,656 |
| Investment in subsidiaries | 638,975 | — | (638,975) | — |
| Intangible assets, net | — | 23,947 | — | 23,947 |
| Goodwill | — | 150,799 | 2,598 | 153,397 |
| Other long-term assets | 3,334 | 18,547 | — | 21,881 |
| **Total assets** | $ 737,297 | $ 1,266,347 | $ (542,910) | $ 1,460,734 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| **Current liabilities** | | | | |
| Current maturities of long-term debt | $ — | $ 33 | $ — | $ 33 |
| Obligations under inventory financing agreements | — | 373,882 | — | 373,882 |
| Accounts payable | 8,312 | 44,997 | 1,478 | 54,787 |
| Advances from customers | — | 6,681 | — | 6,681 |
| Accrued taxes | — | 17,206 | 50 | 17,256 |
| Other accrued liabilities | 12,349 | 43,773 | (1,560) | 54,562 |
| Due to related parties | 96,963 | 9,848 | (106,811) | — |
| **Total current liabilities** | 117,624 | 496,420 | (106,843) | 507,201 |
| **Long-term liabilities** | | | | |
| Long-term debt, net of current maturities | 100,411 | 292,196 | — | 392,607 |
| Common stock warrants | 5,007 | — | — | 5,007 |
| Long-term capital lease obligations | 475 | 5,648 | — | 6,123 |
| Other liabilities | 1,451 | 41,040 | (5,024) | 37,467 |
| **Total liabilities** | 224,968 | 835,304 | (111,867) | 948,405 |
| **Commitments and contingencies** | | | | |
| **Stockholders' equity** | | | | |
| Preferred stock, $0.01 par value: 3,000,000 shares authorized, none issued | — | — | — | — |
| Common stock, $0.01 par value; 500,000,000 shares authorized and 46,983,924 shares issued | 470 | — | — | 470 |
| Additional paid-in capital | 617,937 | 345,825 | (345,825) | 617,937 |
| Accumulated earnings (deficit) | (108,751) | 81,715 | (81,715) | (108,751) |
| Accumulated other comprehensive income | 2,673 | 3,503 | (3,503) | 2,673 |
| **Total stockholders' equity** | 512,329 | 431,043 | (431,043) | 512,329 |
| **Total liabilities and stockholders' equity** | $ 737,297 | $ 1,266,347 | $ (542,910) | $ 1,460,734 |

| | Three Months Ended March 31, 2019 | | | |
|---|---|---|---|---|
| | **Parent Guarantor** | **Issuer and Subsidiaries** | **Non-Guarantor Subsidiaries and Eliminations** | **Par Pacific Holdings, Inc. and Subsidiaries** |
| **Revenues** | $ — | $ 1,191,326 | $ 9 | $ 1,191,335 |
| | | | | |
| **Operating expenses** | | | | |
| Cost of revenues (excluding depreciation) | — | 1,060,732 | — | 1,060,732 |
| Operating expense (excluding depreciation) | — | 73,674 | — | 73,674 |
| Depreciation, depletion, and amortization | 752 | 20,199 | 6 | 20,957 |
| General and administrative expense (excluding depreciation) | 4,994 | 6,682 | (11) | 11,665 |
| Acquisition and integration costs | 2 | 2,882 | — | 2,884 |
| **Total operating expenses** | 5,748 | 1,164,169 | (5) | 1,169,912 |
| | | | | |
| **Operating income (loss)** | (5,748) | 27,157 | 14 | 21,423 |
| | | | | |
| **Other income (expense)** | | | | |
| Interest expense and financing costs, net | (382) | (18,328) | — | (18,710) |
| Debt extinguishment and commitment costs | (142) | (5,354) | — | (5,496) |
| Other income (expense), net | 107 | (20) | — | 87 |
| Change in value of common stock warrants | (1,282) | — | — | (1,282) |
| Equity earnings (losses) from subsidiaries | 68,689 | — | (68,689) | — |
| Equity earnings from Laramie Energy, LLC | — | — | 301 | 301 |
| **Total other income (expense), net** | 66,990 | (23,702) | (68,388) | (25,100) |
| | | | | |
| **Income (loss) before income taxes** | 61,242 | 3,455 | (68,374) | (3,677) |
| Income tax benefit (expense) | (150) | (1,482) | 66,401 | 64,769 |
| **Net income (loss)** | $ 61,092 | $ 1,973 | $ (1,973) | $ 61,092 |
| | | | | |
| **Adjusted EBITDA** | $ (4,887) | $ 52,433 | $ 20 | $ 47,566 |

| | Three Months Ended March 31, 2018 | | | |
|---|---|---|---|---|
| | Parent Guarantor | Issuer and Subsidiaries | Non-Guarantor Subsidiaries and Eliminations | Par Pacific Holdings, Inc. and Subsidiaries |
| **Revenues** | $ — | $ 764,927 | $ 512 | $ 765,439 |
| | | | | |
| **Operating expenses** | | | | |
| Cost of revenues (excluding depreciation) | — | 661,579 | 320 | 661,899 |
| Operating expense (excluding depreciation) | — | 51,010 | — | 51,010 |
| Depreciation, depletion, and amortization | 1,113 | 11,919 | 5 | 13,037 |
| General and administrative expense (excluding depreciation) | 5,225 | 5,905 | 75 | 11,205 |
| Acquisition and integration costs | 431 | 201 | — | 632 |
| **Total operating expenses** | 6,769 | 730,614 | 400 | 737,783 |
| | | | | |
| **Operating income (loss)** | (6,769) | 34,313 | 112 | 27,656 |
| | | | | |
| **Other income (expense)** | | | | |
| Interest expense and financing costs, net | (2,654) | (5,723) | — | (8,377) |
| Other income (expense), net | 155 | (30) | (6) | 119 |
| Change in value of common stock warrants | 745 | — | — | 745 |
| Change in value of contingent consideration | — | (10,500) | — | (10,500) |
| Equity earnings (losses) from subsidiaries | 23,708 | — | (23,708) | — |
| Equity earnings from Laramie Energy, LLC | — | — | 5,576 | 5,576 |
| **Total other income (expense), net** | 21,954 | (16,253) | (18,138) | (12,437) |
| | | | | |
| **Income (loss) before income taxes** | 15,185 | 18,060 | (18,026) | 15,219 |
| Income tax benefit (expense) | — | (5,753) | 5,719 | (34) |
| **Net income (loss)** | $ 15,185 | $ 12,307 | $ (12,307) | $ 15,185 |
| | | | | |
| **Adjusted EBITDA** | $ (5,070) | $ 31,011 | $ 111 | $ 26,052 |

*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 March 31, 2019 | | | |
|---|---|---|---|---|
| | **Parent Guarantor** | **Issuer and Subsidiaries** | **Non-Guarantor Subsidiaries and Eliminations** | **Par Pacific Holdings, Inc. and Subsidiaries** |
| **Net income (loss)** | $ 61,092 | $ 1,973 | $ (1,973) | $ 61,092 |
| Inventory valuation adjustment | — | 385 | — | 385 |
| RINs loss (gain) in excess of net obligation | — | (4,512) | — | (4,512) |
| Unrealized loss (gain) on derivatives | — | 6,342 | — | 6,342 |
| Acquisition and integration costs | 2 | 2,882 | — | 2,884 |
| Debt extinguishment and commitment costs | 142 | 5,354 | — | 5,496 |
| Increase in (release of) tax valuation allowance (1) | — | — | (65,351) | (65,351) |
| Change in value of common stock warrants | 1,282 | — | — | 1,282 |
| Par's share of Laramie Energy's unrealized loss (gain) on derivatives (2) | — | — | (1,231) | (1,231) |
| Depreciation, depletion, and amortization | 752 | 20,199 | 6 | 20,957 |
| Interest expense and financing costs, net | 382 | 18,328 | — | 18,710 |
| Equity losses from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives | — | — | 930 | 930 |
| Equity losses (income) from subsidiaries | (68,689) | — | 68,689 | — |
| Income tax expense (benefit) | 150 | 1,482 | (1,050) | 582 |
| **Adjusted EBITDA (3)** | $ (4,887) | $ 52,433 | $ 20 | $ 47,566 |

| | Three Months Ended March 31, 2018 | | | |
|---|---|---|---|---|
| | Parent Guarantor | Issuer and Subsidiaries | Non-Guarantor Subsidiaries and Eliminations | Par Pacific Holdings, Inc. and Subsidiaries |
| **Net income (loss)** | $ 15,185 | $ 12,307 | $ (12,307) | $ 15,185 |
| Inventory valuation adjustment | — | (11,887) | — | (11,887) |
| RINs loss (gain) in excess of net obligation | — | — | — | — |
| Unrealized loss (gain) on derivatives | — | (3,505) | — | (3,505) |
| Acquisition and integration costs | 431 | 201 | — | 632 |
| Change in value of common stock warrants | (745) | — | — | (745) |
| Change in value of contingent consideration | — | 10,500 | — | 10,500 |
| Par ’ s share of Laramie Energy ’ s unrealized loss (gain) on derivatives (2) | — | — | (1,988) | (1,988) |
| Depreciation, depletion, and amortization | 1,113 | 11,919 | 5 | 13,037 |
| Interest expense and financing costs, net | 2,654 | 5,723 | — | 8,377 |
| Equity (earnings) from Laramie Energy, LLC, excluding Par ’ s share of unrealized loss (gain) on derivatives | — | — | (3,588) | (3,588) |
| Equity losses (income) from subsidiaries | (23,708) | — | 23,708 | — |
| Income tax expense (benefit) | — | 5,753 | (5,719) | 34 |
| **Adjusted EBITDA (3)** | $ (5,070) | $ 31,011 | $ 111 | $ 26,052 |

(1) Included in Income tax benefit (expense) on our condensed consolidated statements of operations.

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

(3) For the three months ended March 31, 2019 and 2018 , there was no severance costs, impairment expense, or (gain) loss on sale of assets.

**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, 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 March 31, 2019 was $126.4 million and consisted of $106.1 million at Par Petroleum, LLC and subsidiaries, $20.2 million at Par Pacific Holdings, and $0.1 million at all our other subsidiaries.

As of March 31, 2019 , we had access to the J. Aron Deferred Payment Arrangement, the ABL Credit Facility , and cash on hand of $60.3 million . In addition, we have the Supply and Offtake Agreements 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.

We believe our cash flows from operations and available capital resources will be sufficient to meet our current capital expenditures, working capital, and debt service requirements for the next 12 months. We may seek to raise additional debt or equity capital to fund any other significant changes to our business or to refinance existing debt. We cannot offer any assurances that such capital will be available in sufficient amounts or at an acceptable cost.

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

### *Cash Flows*

The following table summarizes cash activities for the three months ended March 31, 2019 and 2018 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| Net cash provided by (used in) operating activities | $ (56,758) | $ 12,641 |
| Net cash used in investing activities | (288,741) | (84,292) |
| Net cash provided by financing activities | 330,720 | 18,274 |

Net cash used in operating activities was approximately $56.8 million for the three months ended March 31, 2019 , which resulted from net income of approximately $61.1 million , offset by non-cash earnings from operations of approximately $28.3 million and net cash used for changes in operating assets and liabilities of approximately $89.5 million . The change in our operating assets and liabilities for the three months ended March 31, 2019 was primarily due to advances to suppliers for crude oil purchases and an increase in trade receivables related to higher sales volumes in Hawaii. Net cash provided by operating activities was approximately $12.6 million for the three months ended March 31, 2018 , which resulted from net income of approximately $15.2 million and non-cash charges to operations of approximately $9.2 million , offset by net cash used for changes in operating assets and liabilities of approximately $11.7 million .

For the three months ended March 31, 2019 , net cash used in investing activities was approximately $288.7 million and primarily related to $274.3 million net cash consideration paid for the Washington Acquisition and additions to property and equipment totaling approximately $17.9 million . Net cash used in investing activities was approximately $84.3 million for the three months ended March 31, 2018 and primarily related to $74.7 million paid for the Northwest Retail Acquisition and additions to property and equipment totaling approximately $9.6 million .

Net cash provided by financing activities for the three months ended March 31, 2019 was approximately $330.7 million , which consisted primarily of net debt borrowings of approximately $294.0 million , and net borrowings associated with the J. Aron deferred payment and MLC receivable advances of approximately $57.0 million , offset by the payments of $13.3 million in deferred loan costs and $6.2 million in commitment and other fees related to the funding for the Washington Acquisition . Net cash provided by financing activities for the three months ended March 31, 2018 was approximately $18.3 million , which consisted primarily of net borrowings of approximately $21.5 million associated with the J. Aron deferred payment arrangement.

### *Capital Expenditures*

Our capital expenditures for the three months ended March 31, 2019 totaled approximately $17.9 million and were primarily related to the second phase of our diesel hydrotreater construction at our Hawaii refinery, the first phase of a project to allow for processing and storage of renewable fuels at our Washington refinery, and scheduled maintenance. Our capital expenditure budget for 2019 ranges from $100 million to $110 million and primarily relates to the second phase of our diesel hydrotreater project to increase ultra-low sulfur distillate production capacity in our Hawaii refinery, the first phase of a project to allow for processing and storage of renewable fuels at our Washington refinery, equipment purchases and pre-engineering work in preparation for the 2020 turnarounds at our refineries, construction of the tie-in connecting our SPM to the IES crude oil pipeline for Hawaii logistics, and scheduled maintenance and other expansion projects.

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

### *Commitments and Contingencies*

***Supply and Offtake Agreements.*** On June 1, 2015, we entered into the Supply and Offtake Agreements with J. Aron to support the operations of our Hawaii refinery. On May 8, 2017, we and J. Aron amended the Supply and Offtake Agreements and extended the term through May 31, 2021 with a one -year extension option upon mutual agreement of the parties. On June 27, 2018, we and J. Aron amended the Supply and Offtake Agreements to increase the amount that we may defer under the deferred payment arrangement. On December 5, 2018 , we amended the Supply and Offtake Agreements to account for additional processing capacity expected to be provided through the Hawaii Refinery Expansion . Please read Note 8—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. The Washington Refinery Intermediation Agreement expires on December 31, 2019 . Please read Note 8—Inventory Financing Agreements for more information.

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

Tesoro is responsible under the Environmental Agreement for directly paying, or reimbursing PHR, for all reasonable third-party capital expenditures incurred pursuant to the Consent Decree to the extent related to acts or omissions prior to the date of the closing of the PHR acquisition. Tesoro is obligated to pay all applicable fines and penalties related to the Consent Decree. Please read Note 13—Commitments and Contingencies for more information.

***Wyoming refinery.*** Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and/or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. Please read Note 13—Commitments and Contingencies for more information.

## Critical Accounting Policies and Estimates

Except as described below, there have been no material changes to critical accounting policies disclosed in our Annual Report on Form 10-K.

### *Inventory*

Commodity inventories, excluding commodity inventories at the refinery located in Tacoma, Washington, are stated at the lower of cost or net realizable value using the first-in, first-out accounting method ("FIFO"). Cost of crude and refined products inventory at the Washington refinery is determined using the last-in, first-out ("LIFO") inventory valuation method and inventory is stated at the lower of LIFO cost or net realizable value. We value merchandise along with spare parts, materials, and supplies at average cost.

Estimating the net realizable value of our inventory requires management to make assumptions about the timing of sales and the expected proceeds that will be realized for the sales.

## Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 ("PSLRA"), or in releases made by the SEC, all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties, and other important factors including, without limitation, our beliefs with regard to available capital resources, our beliefs regarding the likelihood or impact of any potential fines or penalties and of the fair value of certain assets, and our expectations with respect to laws and regulations, including environmental regulations and related compliance costs and any fines or penalties related thereto, including potential fines and penalties related to Wyoming Refining; our expectations regarding the sufficiency of our cash flows and liquidity; our expectations regarding anticipated capital improvements and the timing and cost of work that remains to be completed related to the Consent Decree; our expectations regarding the impact of the adoption of certain accounting standards; our beliefs as to the impact of changes to inputs regarding the valuation of our stock warrants, as well as our estimates regarding the fair value of such warrants and certain indebtedness; estimated costs to settle claims from the Delta bankruptcy; the estimated value of, and our ability to settle, legal claims remaining to be settled against third parties; our expectations regarding the synergies or other benefits of the Hawaii Refinery Expansion or the Washington Acquisition; our expectations regarding certain tax liabilities and debt obligations; our expectations and estimates regarding our Supply and Offtake Agreements and the Washington Refinery Intermediation Agreement ; management's assumptions about future events; our ability to raise additional debt or equity capital; our ability to make strategic investments in business opportunities; and the estimates, assumptions and projections regarding future financial condition, results of operations, liquidity, and cash flows. These and other forward-looking statements could cause the actual results, performance, or achievements of Par and its subsidiaries to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks," or "scheduled to," or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act, and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control, including those set out in our most recent Annual Report on Form 10-K and this Quarterly Report on Form 10-Q under "Risk Factors."

In addition, management's assumptions about future events may prove to be inaccurate. All readers are cautioned that the forward-looking statements contained in this Quarterly Report on Form 10-Q are not guarantees of future performance; and we cannot assure any reader that such statements will be realized or that the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors described above and under Critical Accounting Policies and Risk Factors included in our most recent Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. All forward-looking statements speak only as of the date they are made. We do not intend to update or revise any forward-looking statements as a result of new information, future events, or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

## Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Commodity Price Risk

Our earnings, cash flow, and liquidity are significantly affected by commodity price volatility. Our Revenues fluctuate with refined product prices and our Cost of revenues (excluding depreciation) fluctuates with movements in crude oil and feedstock prices. Assuming all other factors remain constant, a $1 per barrel change in average gross refining margins, based on our throughput for the three months ended March 31, 2019 of 162 thousand barrels per day, would change annualized operating income by approximately $58.4 million . This analysis may differ from actual results.

In order to manage commodity price risks, we utilize exchange-traded futures, options, and OTC swaps to manage commodity price risks associated with:

- the price for which we sell our refined products;
- the price we pay for crude oil and other feedstocks;
- our crude oil and refined products inventory; and
- our fuel requirements for our refineries.

We are required under the Supply and Offtake Agreements with J. Aron and the Washington Refinery Intermediation Agreement with MLC to hedge the time spread between the period of crude oil cargo pricing and the month of delivery for certain crude oil purchases. We manage this exposure by entering into swaps. Please read Note 8—Inventory Financing Agreements for more information.

All of our futures and OTC swaps are executed to economically hedge our physical commodity purchases, sales, and inventory. Our open futures and OTC swaps expire at various dates through September 2019 . At March 31, 2019 , these open commodity derivative contracts represent (in thousands of barrels):

| Contract type | Purchases | Sales | Net |
|---|---|---|---|
| Futures | 381 | (253) | 128 |
| Swaps | 6,660 | (7,000) | (340) |
| Total | 7,041 | (7,253) | (212) |

Based on our net open positions at March 31, 2019 , a $1 change in the price of crude oil, assuming all other factors remain constant, would result in a change of approximately $212 thousand to the fair value of these derivative instruments and Cost of revenues (excluding depreciation) .

Our predominant variable operating cost is the cost of fuel consumed in the refining process, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. Assuming normal operating conditions, we consume approximately 162 thousand barrels per day of crude oil during the refining process at our Hawaii, Washington, and Wyoming refineries. We internally consume approximately 3% of this throughput in the refining process, which is accounted for as a fuel cost.

### 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. 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 the price of these instruments is deemed favorable. Some of these contracts are derivative instruments, however, we elect the normal purchases normal sales exception and do not record these contracts at their fair values.

### Interest Rate Risk

As of March 31, 2019 , we had $295.0 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 Agreements and the 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 $3.1 million and $4.5 million per year, respectively. As of March 31, 2019 , we have not hedged our interest rate risk.

**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 March 31, 2019 , 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 March 31, 2019 .

**Changes in Internal Control over Financial Reporting**

On January 1, 2019, we adopted Accounting Standards Update No. 2016-02, Leases (ASC 842). During the quarter ended March 31, 2019, we implemented additional internal controls over financial reporting in response to the adoption of ASC 842.

Except for the change described above, there were no changes during the quarter ended March 31, 2019 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financing reporting.

**PART II – OTHER INFORMATION**

**Item 1. LEGAL PROCEEDINGS**

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of our business. Please read Note 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, 2018 . There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K.

**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 indenture governing the 7.75% 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 March 31, 2019 :

| 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 |
|---|---|---|---|---|
| January 1 - January 31, 2019 | 2,063 | $ 15.18 | — | — |
| February 1 - February 28, 2019 | 36,874 | 17.01 | — | — |
| March 1 - March 31, 2019 | 4,974 | 17.12 | — | — |
| **Total** | 43,911 | $ 16.94 | — | — |

(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 | Purchase and Sale Agreement dated as of December 31, 2012, by and among the Company, SEACOR Energy Holdings Inc., SEACOR Holdings Inc., and Gateway Terminals LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 3, 2013. @ |
| 2.4 | Membership Interest Purchase Agreement dated as of June 17, 2013, by and among Tesoro Corporation, Tesoro Hawaii, LLC, and Hawaii Pacific Energy, LLC Incorporated by reference to Exhibit 2.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, filed on August 14, 2013. @ |
| 2.5 | Agreement and Plan of Merger dated as of June 2, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 2.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed on August 11, 2014. @ |
| 2.6 | Amendment of Agreement and Plan of Merger dated as of September 9, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 10, 2014. @ |
| 2.7 | Second Amendment of Agreement and Plan of Merger dated as of December 31, 2014, by and among Par Petroleum Corporation, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholder's Representative. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 7, 2015. @ |
| 2.8 | Third Amendment to Agreement and Plan of Merger dated as of March 31, 2015, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 2.4 to the Company's Current Report on Form 8-K filed on April 2, 2015. @ |
| 2.9 | Unit Purchase Agreement, dated as of June 13, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 15, 2016. @ |
| 2.10 | First Amendment to Unit Purchase Agreement dated as of July 14, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on July 15, 2016. @ |
| 2.11 | 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. @# |
| 2.12 | 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 | Warrant Issuance Agreement dated as of August 31, 2012, by and among the Company and WB Delta, Ltd., Waterstone Offshore ER Fund, Ltd., Prime Capital Master SPC, Waterstone Market Neutral MAC51, Ltd., Waterstone Market Neutral Master Fund, Ltd., Waterstone MF Fund, Ltd., Nomura Waterstone Market Neutral Fund, ZCOF Par Petroleum Holdings, L.L.C., and Highbridge International, LLC. Incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 7, 2012. |
| 4.7 | Form of Common Stock Purchase Warrant dated as of June 4, 2012. Incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 7, 2012. |
| 4.8 | Indenture, dated June 21, 2016, between Par Pacific Holdings, Inc. and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 22, 2016. |
| 4.9 | Registration Rights Agreement, dated June 21, 2016, between Par Pacific Holdings, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 22, 2016. |
| 4.10 | 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. |
| 4.11 | 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. |
| 4.12 | 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. |
| 4.13 | 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. |
| 4.14 | 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. |
| 4.15 | 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. |
| 4.16 | 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. |
| 4.17 | 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. |
| 4.18 | 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. |
| 4.19 | 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. |
| 10.1 | Term Loan and Guaranty Agreement, dated as of January 11, 2019, among Par Petroleum, LLC, Par Petroleum Finance Corp., the guarantors party thereto, Par Pacific Holdings, Inc. solely for the limited purposes set forth therein, the lenders party thereto, and Goldman Sachs Bank USA, as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 14, 2019. |

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|---|---|
| 10.2 | Collateral Trust and Intercreditor Agreement, dated as of December 21, 2017, among Par Petroleum, LLC, Par Petroleum Finance Corp., the guarantors from time to time party thereto, Wilmington Trust, National Association, as indenture trustee and as collateral trustee, J. Aron & Company LLC, and Goldman Sachs Bank USA. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 14, 2019. |
| 10.3 | Fourth Amendment to Loan and Security Agreement, dated as of January 11, 2019, among Par Petroleum, LLC, Par Hawaii, Inc., Mid Pac Petroleum, LLC, HIE Retail, LLC, Hermes Consolidated, LLC, Wyoming Pipeline Company LLC, the guarantors party thereto, the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent and collateral agent for the lenders. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 14, 2019. |
| 10.4 | Conformed Copy of First Lien ISDA Master Agreement dated as of January 11, 2019, between Merrill Lynch Commodities, Inc. and U.S. Oil & Refining Co. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on January 14, 2019. |
| 10.5 | Amendment to Amended and Restated Pledge and Security Agreement dated January 11, 2019, among Par Hawaii Refining, LLC and J. Aron & Company LLC. Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on January 14, 2019. |
| 10.6 | Loan Agreement, dated January 9, 2019, between Par Pacific Holdings, Inc. and Bank of Hawaii. Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on January 14, 2019. |
| 10.7 | Note made by Par Pacific Holdings, Inc. to Bank of Hawaii, dated as of January 9, 2019. Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on January 14, 2019. |
| 10.8 | Note made by Par Pacific Holdings, Inc. to Bank of Hawaii, dated as of March 29, 2019. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 2, 2019. |
| 10.9 | Promissory Note dated as of March 29, 2019 made by Par Pacific Hawaii Property Company, LLC, and payable to the order of Bank of Hawaii. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 2, 2019. |
| 10.10 | Guaranty Agreement dated as of March 29, 2019 executed by Par Pacific Holdings, Inc. in favor of Bank of Hawaii. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 4, 2019. |
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. * |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. * |
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350. * |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. * |
| 101.INS | XBRL Instance Document.** |
| 101.SCH | XBRL Taxonomy Extension Schema Documents.** |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document.** |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document.** |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document.** |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document.** |

* Filed herewith.

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

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

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

## SIGNATURES

Pursuant to the requirements of the Securities Exchange of Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAR PACIFIC HOLDINGS, INC.
(Registrant)

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

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

Date: May 10, 2019

**Exhibit 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, William Pate, certify that:

1. I have reviewed this annual report on Form 10-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: May 10, 2019

/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 annual 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: May 10, 2019

/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 Annual Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2019 (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

May 10, 2019

**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 Annual Report of Par Pacific Holdings, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2019 (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

May 10, 2019