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CORPORATE PARTICIPANTS

Joseph Israel *Par Pacific Holdings, Inc. - President and Chief Executive Officer of Par Petroleum, LLC*
Suneel Mandava *Par Pacific Holdings, Inc. - SVP of Finance*
William Monteleone *Par Pacific Holdings, Inc. - Chief Financial Officer*
William C. Pate *Par Pacific Holdings, Inc. - President, CEO & Director*

CONFERENCE CALL PARTICIPANTS

Jason Daniel Gabelman *Cowen and Company, LLC, Research Division - VP*
Matthew Robert Lovseth Blair *Tudor, Pickering, Holt & Co. Securities, Inc., Research Division - Executive Director of Refining and Chemicals Research*
Michael Joseph Harrison *Seaport Global Securities LLC, Research Division - MD & Senior Chemicals Analyst*
Nicholas Brown *Zazove Associates*

PRESENTATION

Operator

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

It is now my pleasure to introduce your host, Suneel Mandava, Senior Vice President of Finance for Par Pacific Holdings. Thank you, Mr. Mandava. You may begin.

Suneel Mandava ***Par Pacific Holdings, Inc. - SVP of Finance***

Thank you, operator. Good morning, everyone, and welcome to Par Pacific Holdings Third Quarter 2018 Earnings Conference Call.

Joining me today are William Pate, President and Chief Executive Officer; Will Monteleone, Chief Financial Officer; and Joseph Israel, President and Chief Executive Officer of Par Petroleum.

Before we begin, please note that some of our comments today may include forward-looking statements as that term is defined under Federal Securities laws. Such statements include, but are not limited to, those concerning plans, expectations, estimates and our outlook for the company. Any forward-looking statements are subject to change and are not guarantees of future performance or events. They are subject to risks and uncertainties, and actual results may differ materially from what is indicated in these forward-looking statements. Because of this, investors should not place undue reliance on forward-looking statements, and we disclaim any intention or obligation to update or revise any forward-looking statement.

I refer you to the latest Forms 10-K and 10-Q of Par Pacific Holdings filed with the SEC for a more detailed discussion of the major risk factors affecting our business. Further information regarding these as well as supplemental financial and operating information, including reconciliations of certain non-GAAP financial measures to the most comparable GAAP figures, may be found on our press release and our investor presentation on our website, www.parpacific.com, or in our filings with the SEC.

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

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

Thank you, Suneel, and good morning to all of our conference call participants. We're pleased to report solid financial results and a number of strategic accomplishments during our third quarter. Adjusted EBITDA was $27.1 million, and adjusted net income was $0.12 per share due largely to strong performance from both Wyoming and our retail business and steady contribution from our logistics unit.

Wyoming, like most inland refiners, is doing remarkably well as it sources local WTI-linked crudes and supplies an attractive niche market. We have excellent operational performance throughout the driving season, with throughput in excess of 17,000 barrels per day in the second and third quarters. The higher run rates, combined with favorable market conditions, permitted us to achieve both year-over-year and sequential profit growth in Wyoming.

In addition, improving crude differentials in the Rockies bode well for continued growth in Wyoming profitability. Our retail unit also contributed another outstanding quarter of financial results. Strong margins and good management allowed us to overcome the impact of rising prices, which increased $3 per barrel over the quarter. Rising crude oil prices negatively impact both sales volumes due to consumer demand destruction and margins as street prices struggle to keep up with rising feedstock cost. Overall, our same-store retail fuel volumes were down 4.8% due to increased street prices and a few competitive openings.

Our Logistics business continues to contribute consistent earnings with modest growth in the prior two quarters. Both our Logistics and Retail businesses provide a steady contribution to our earnings stream to mitigate the volatility inherent in our refining units.

While I noted the benefit we're beginning to realize in our Wyoming crude buying efforts, Hawaii continues to face the challenge of buying global crudes in a tight physical environment. Like Asian and European refiners, profitability is significantly more challenging in a Brent-based environment. Of course, this environment has also created opportunities for us. Notwithstanding the negative impact of crude oil differentials, we achieved record on-island sales of more than 75,000 barrels per day in Hawaii and continue to see attractive demand trends in diesel and jet.

The local distillate demand growth supports the diesel hydrotreater projects. That project continues to progress on-time and on-budget with the startup anticipated in the third quarter of 2019.

In addition to our financial and operational performance, we made significant progress on a number of strategic initiatives this quarter that positioned our business for future growth. Most importantly, we announced the purchase of the atmospheric and vacuum distillation units from Island Energy Services after IES announced the shutdown of their refinery. This transaction is expected to close late in the fourth quarter. We will also be supplying IES with the refined products that they require to fulfill their supply contracts with local Hawaii utilities. With that acquisition, we anticipate having consistent throughput in Hawaii in the range of 110,000 to 120,000 barrels per day.

We're also pleased to announce a new $44 million capital project to build a naphtha hydrotreater and an isomerization unit in our existing Hawaii operation. With the reduction in the state refining capacity, we expect local demand to exceed our existing gasoline production capability. These units will allow us to upgrade 6,500 barrels per day of currently exported products into gasoline and jet fuel. It will also position our enterprise to be fully compliant with Tier 3 sulfur and benzene limits for gasoline, eliminating the need for our previously discussed desulfurization project in Wyoming. We anticipate returns on this project will exceed 40%, well in excess of our refining capital investment threshold. Startup will likely occur in early 2021. Once we've completed this project and the acquisition of the IES crude unit, we'll have a more balanced operation in Hawaii, with reduced product export and import requirements that can flex to meet growing jet/diesel demand and easily address any declines in fuel oil demand due to changes in the state's power generation needs.

Finally, we're also pleased to announce that Laramie Energy redeemed a unitholders' approximate 15% ownership stake last month. As a result of this transaction, which required no additional capital from the remaining partners, our ownership interest increased from 39% to 46%. Laramie continues to demonstrate strong growth in production and profitability.

At this time, I'd like to turn the call over to Joseph to provide more details on our operations.

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

Thank you, Bill. As you may recall, Hurricane Lane threatened to be the first major hurricane to hit Hawaii since hurricane Iniki in 1992. In anticipation of Hurricane Lane, we followed our hurricane procedures and shut down the refinery on August 22. Three days later, on August 25, we began the start-up process, with the hydrocracker back online on September 2, approximately 10 days following the shutdown.

The need to import instead of producing jet fuel and ultra-low sulfur diesel resulted in estimated $7 million of missed opportunities, with approximately $2 million reflected in our third quarter results. In the third quarter, we executed our planned reformer catalyst regeneration on-time and on-budget, with approximately $2.8 million of estimated missed opportunities at gross margin level and $0.5 million impact on production cost.

Shifting gears to market conditions. Constructive oil demand in the Asian markets has resulted in low products inventory and a relatively high crack spread environment on Brent basis, especially for distillates and fuel oil. Asian refineries responded through utilization and higher demand for crude oil. On the oil supply front, the geopolitical dynamics, including the sanctions on Iran, the challenges in Venezuela oil production and the questionable ability of OPEC to replace those missing barrels have supported oil pricing in general, and specifically, for us, Pacific grade's pricing differentials. Our combined Mid Pacific Index in the third quarter was $8.59 per barrel compared to $10.27 per barrel during the third quarter of 2017.

Our Hawaii refinery throughput in the third quarter was 72,000 barrels per day with 50% distillate yield. We sold a total of 84,000 barrels per day in the quarter, including a record high 75,000 barrels per day of on-island sales.

Our adjusted gross margin was $3.66 per barrel, reflecting approximately $0.60 per barrel of missed opportunities associated with the hurricane and reformer regeneration. Fuel oil export timing negatively impacted our results by $0.30 per barrel.

And finally, during this time, we experienced headwinds impacting our capture rate, mainly driven by crude pricing and a backwardated market structure, which we estimate at approximately $1.00 per barrel.

Our production cost was $3.97 per barrel, reflecting the reformer regeneration cost and the relatively low throughput. As Bill mentioned, following the anticipated closing of the IES deal, we are planning to run over 110,000 barrels per day on a combined basis. Assuming a late December closing, our planned throughput for the fourth quarter is in the 78,000 to 79,000 barrels per day range.

In Hawaii, we continue to take advantage of our sulfur and hydrogen open capacity and build low-cost, high-return projects. In addition to the $27 million, 10,000 barrels per day diesel hydrotreater, which is planned to be online in the third quarter next year, we are commencing this base to build a 10,000 barrels per day naphtha hydrotreater with a 6,500 barrels per day Isom unit. This $44 million strategic project will allow us to convert naphtha exports into gasoline production, help us to balance our system's sulfur and benzene needs and provide us with more octane flexibility. This project has a first quarter 2021 completion target.

Moving on to our refinery in Newcastle, Wyoming. Another quarter of strong market conditions and execution. Our 3-2-1 index was $26.25 per barrel during the quarter. This is compared to $25.29 per barrel during the third quarter of 2017. In the third quarter, our refinery throughput averaged 17,100 barrels per day with 46% distillate yield. In the quarter, we sold 16,300 barrels per day.

In the third quarter, approximately 17% of our produced gasoline was premium high octane, after delivering over 20% in the second quarter, to meet seasonal gasoline demand. Our adjusted gross margin in the quarter was $17.95 per barrel compared to $18.67 per barrel in the third quarter of 2017. Production costs in the quarter were at record low, only $6.10 per barrel, driven by strong 99.8% operational flexibility and relatively high throughput. In October, we executed our planned 14 days turnaround in our Wyoming Refinery, which beyond improving catalyst in the diesel hydrotreater and naphtha hydrotreater, also included reliability and efficiency small projects. In conjunction with the turnaround, we are expecting a fourth quarter production cost impact of approximately $1.5 million and approximately $3 million of missed opportunities at the gross margin level. So far in the fourth quarter, our Wyoming 3-2-1 has averaged approximately $26 per barrel on WTI basis. In the local crude market, we continue to see improved crude differentials, driven by logistics constraints. Estimated throughput in the fourth quarter is approximately 16,000 to 16,500 barrels per day.

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

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

Thank you, Joseph. It was a relatively quiet quarter with minimal financial items worth calling out. Cash from operations totaled $21 million during the quarter, including funds from working capital of $6 million. Capital expenditures totaled $13 million.

I'd like to take a few minutes to discuss our Hawaii operations and provide some historical context regarding factors that have impacted our quarterly results over the last 3 quarters. As Joseph referenced, our capture rate was impacted by a few operational items this quarter. In addition, there are 4 major areas that I'd like to call out over the last 9 months by 4 major areas that have impacted our capture rate: one, a backwardated market structure for Q4 '17 through Q3 '18 versus a contango market structure from Q4 '16 through Q3 '17; two, increasing flat prices and increasing interest rates have increased our intermediation costs; three, increasing flat prices despite our hedge book have increased the per barrel manufacturing costs. Each of these items impact our cost of sales and are not reflected in our posted index.

To put some numbers around these buckets and comparing the third quarter of 2018 versus the third quarter of 2017, we estimate over $1.10 per barrel impact broken down as follows: one, approximately $0.75 to $0.80 per barrel impact from backwardation versus contango; two, an $0.18 to $0.20 per barrel impact from increased intermediation funding costs; and three, $0.15 to $0.20 per barrel from increased per barrel costs of fuel burn. These total costs are elements of our business that tend to follow market cycles and tend to move in tandem when the economy is strong. These factors have been large enough to more than offset the improvements the team has made with increased on-island sales, optimizing jet production and downstream unit throughput efficiencies.

Moving back to the consolidated financing position. Net debt-to-capitalization was 41%, and total liquidity was $185 million, compared to 41% and $163 million at the end of the second quarter. For the quarter, GAAP interest expense totaled $10.4 million, and DD&A totaled $13.2 million. We continue to expect our capital expenditures to be between $50 million and $55 million for the year as the spending on our Hawaii distillate hydrotreater project ramps up during the fourth quarter, and our Wyoming facility completes planned maintenance activities.

Moving to Laramie. Laramie generated approximately $29 million of adjusted EBITDAX and net income of $3.1 million, excluding the impact of $3.2 million unrealized losses on derivatives. Notably, Laramie adjusted EBITDAX exceeded capital expenditures during the quarter by approximately $4 million. Laramie's LTM adjusted EBITDAX now stands at $93 million, with further growth projected during the fourth quarter based on expected production increases from Laramie's drilling program and pricing improvement in both NYMEX and regional basis. During the quarter, Laramie spud 17 and completed 45 wells, finishing with 38 drilled but uncompleted wells. September exit production was 215 million cubic feet a day equivalent. Laramie is increasing the December exit production range to 215 million to 225 million cubic feet a day equivalent.

Price realizations improved across each of the commodity streams versus last quarter. During the quarter, liquids revenues represented approximately 27% of total revenues. Unhedged price realizations were as follows: natural gas, $2.51 per Mcf; natural gas liquids, $0.83 per gallon; and condensate of $60 per barrel. The ending revolver balance was $194 million, and debt to adjusted EBITDAX was approximately 2.1x. Laramie added hedges during the quarter for both liquids and natural gas. For the balance of 2018, hedges are in place for approximately 68% of projected natural gas and natural gas liquids production. For calendar 2019, hedges are in place for approximately 42% and 20% of projected natural gas and natural gas liquids production, respectively.

Recently drilled and completed well costs in the southern section of Laramie's acreage are averaging roughly $900,000 per well and completions on 2-column spacing support a 1.6 Bcfe-type curve. Full year capital expenditures are expected to remain between $120 million and $140 million, consistent with previously communicated plans while deleveraging to an approximately 2x debt-to-adjusted-EBITDAX ratio.

I would also like to briefly discuss Laramie's 2019 plans. Based on current market conditions, Laramie plans to continue running a 1-rig program, with a total capital expenditure planned for the year between $75 million and $85 million. We expect adjusted EBITDAX to range between $105 million and $120 million.

The shift to free cash flow for 2019 is also achieved in the context of a projected increase in the annual production of between 8% to 10% year-over-year. Laramie's hedge book is relatively balanced heading into the year. We anticipate discussions to ensue regarding capital allocation and shifting Laramie's business model towards a shareholder returns orientation over the next 12 months.

Lastly, as Bill mentioned, subsequent to quarter end, Laramie repurchased units totaling approximately 15% interest, using available credit capacity and cash on hand. As a result, Par Pacific's ownership interest has increased to appropriately 46%. We continue to be pleased with the performance of the Laramie business as reflected in its projected shift to free cash flow generation and the increasing net income contributions made to Par Pacific's bottom line.

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

QUESTIONS AND ANSWERS

Operator

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

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

I just want to walk through a few of the moving parts on the gasoline project you announced. So it sounds like this will be a reduction in exported naphtha, and then a corresponding increase in on-island gasoline sales. I guess, first, could you confirm that, that's the correct interpretation? And then also, will those gasoline barrels go into your retail system? Or will they be sold more on like a merchant basis on the island?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

So Matt, let me address. First of all, you're correct in terms of the naphtha export reduction and the increase in gasoline. In addition to that, with the increase in sales, it also justifies a small increase in throughput, so we also expect an incremental increase in jet production on the island. And in addition to that, this will reduce our Tier 3 and benzene requirements enterprise-wide, which will allow us to avoid a project that we were planning in Wyoming, which at the time we did the deal, we estimated to be about a $25 million project for 2019 and into 2020. We won't need to do that given the balance that we'll have with this project in Hawaii. With respect to the sale of gasoline in the state, gasoline is fungible. We'll be selling into the market. As I mentioned in my prepared comments, with the shutdown of the IES refinery, there will be more demand in the state than supply. And even with the increased production from this project, we expect the Island to still be importing gasoline for a substantial period of time. Joseph, you want to add anything to that?

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

Yes, let me just add, octane flexibility in our system, which will allow us to go West Coast or PNW with the premium gasoline when we choose. And second, we need to remember the fundamentals here that we are using the excess hydrogen and sulfur capacity in our refinery similar to the DHT project, and this is why we are able to keep the project cost relatively low. All of this is a reason we have to put together a 40%-plus return project.

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

Matthew, it's Will. The only thing I'd add to that is, I think the basic premise of this has to do with shifting exports to imports, and that really is under risk on the basis of avoiding freight, which has a much lower risk associated with the changes, in that it's not as volatile as trying to underwrite crack spreads and understand that position.

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

Sounds good. And then, Bill, you mentioned improving crude differentials in the Rockies. And at least on our numbers, it looks like Wyoming sweet is trading at approximately a $6 or $7 discount to WTI currently. The start of the year, that was closer to $3 a barrel. So my first question is, do you expect to realize that full benefit? Or do you anticipate any sort of offset in either product cracks or maybe an unusual timing lag? And then secondly, I believe polygraph has some pipeline expansions in the works for my Wyoming. Do you anticipate that, that will reduce the discounts on these Wyoming barrels, going forward?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

So in answer to the first part of your question, we do anticipate benefiting from, really, all of the diffs associated -- increase in the widening of the diffs in the market. I would point out that we actually have good access to the Bakken, in addition to the Powder River Basin. And so a lot of these markets work in tandem in the Wyoming sweet. Differentials widening out is as much a function of it moving in tandem with the Bakken as well as the pressure that the Canadian crudes are bringing into the region. So a lot of this is related to a broader regional issue, where you have inland crudes that are unable to access the main refining centers, and we're fortunate to be in a position to access, I think, 2 of the better basins in the area. So if Tallgrass may expand the takeaway, they may have some impact on Wyoming sweet, but we have the flexibility to just take barrels off the pipeline coming out of North Dakota. Needless to say, with widening diffs, I think you always have to anticipate that there could be some impact on cracks because everybody in the area is going to have access to these crudes, and like us, they're all going to be trying to maximize their operational reliability and run as strongly as possible with these inexpensive inland crudes.

Operator

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

Michael Joseph Harrison ***Seaport Global Securities LLC, Research Division - MD & Senior Chemicals Analyst***

Just looking at the production cost in Wyoming and kind of getting down toward to the $6 barrel level. Is that a sustainable rate? Or was there -- that was really just sort of the best that could be expected given the strong utilization you had in the quarter?

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

We mentioned the high reliability in Wyoming. So this production cost really happens when all the stars align, so with high throughput and high reliability percentage, we'll probably see similar production cost numbers in the future. But we expect, on average, to be slightly higher in the $6.50 range.

Michael Joseph Harrison ***Seaport Global Securities LLC, Research Division - MD & Senior Chemicals Analyst***

All right. And then in terms of the retail business and the strength that you had there, is that step-up in the EBITDA contribution sustainable? And just kind of wondering what drove that. Is it really the acquisition, or was it other factors?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

Well, certainly, the acquisition helped, and we continue to be pleased with that acquisition and remain confident. If you recall, we put out an indication of cash flow that we projected for the business. And if you annualize the last half of the year, we expect to be in that range. So the Spokane assets are doing well. But we're also seeing good performance from our Hawaii business as well. So overall, I think it is sustainable. I think it's a combination of the acquisitions as well as strong margins in Hawaii.

Michael Joseph Harrison ***Seaport Global Securities LLC, Research Division - MD & Senior Chemicals Analyst***

All right. And then you guys talked a little bit about kind of the strategic change going on in the way you're running Laramie. And you also had the unitholder redemption this quarter that increased your ownership. So just maybe update us on your longer-term plan. Do you want to continue increasing ownership? Is it something that the long -- in the portfolio long term?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

Well, Mike, our strategy hasn't changed at all. Nonetheless, when we're presented with an opportunity like we saw along with the other partners, we're going to buy somebody out at the valuation that we're able to achieve that value because we think it's in our interest to complete that redemption that was less than 3x enterprise value to EBITDA redemption. And the business continues to grow nicely. And as Will mentioned, with the change to free cash flow, we could start to think about other options in terms of shareholder returns in addition to a strategic activity. But we do continue to view this as an investment. And at the right time, I anticipate that we will monetize our stake in Laramie.

Michael Joseph Harrison ***Seaport Global Securities LLC, Research Division - MD & Senior Chemicals Analyst***

All right. And then the last question I had is just you've got a number of projects going on now, the DHT, the IES acquisition and the projects you announced today. As we get out and see all of these projects up and running in the 2021 time frame, can you maybe help us think about the earnings or cash flow contribution and maybe rank those 3 projects in terms of the earnings potential?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

Sure. I mean, as we've mentioned with each of these projects, they exceed the threshold that we assigned to putting capital to work in the refining sector. All of them are over 30%. If you're going to weigh the 3 projects together, they're probably close to a 40% return. We've noted that we're going to put $116 million in capital to work, and then there's an additional $10 million or so related to some integration work associated with the ability to move product back and forth between our existing refinery and the units we're acquiring at the old Chevron location. So in total, you can think of it as a $130 million investment with a projected 40% returns. So the lift from those 3 investments in the 2021 range is, on a free cash flow basis, probably in excess of $50 million. And I think that puts us in a position where our Hawaii refining complex is the low cost and, really, the premier supplier of fuels to the entire state.

Operator

Our next question comes from the line of Jason Gabelman with Cowen and Company.

Jason Daniel Gabelman ***Cowen and Company, LLC, Research Division - VP***

I appreciate the color on the naphtha and Isom unit project. If I could just ask a follow-up on it. Firstly, that 40% IRR you provide, does that include not having to invest in the Wyoming project you alluded to on the call? And I guess, to ask a slightly different way, is it possible to provide an EBITDA contribution from this Hawaii project?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

You want to handle it, Joseph?

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

Yes. This project, with over 40% return, we are expecting approximately $18 million to $20 million EBITDA contribution per year once it's up and running after first quarter of '21. And the return will include or includes the savings by Tier 3 credits that we won't need to buy as a result.

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

And yes, and to be clear, the way we're calculating that, Jason, is we're taking into account the avoided cost associated with what we would've been required to acquire in terms of Tier 3 credits and benzene credits, and that is on top of the $18 million to $19 million of EBITDA uplift or gross margin uplift associated with the capital.

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

And Jason, to be clear, it doesn't include an add back to our avoided cost of like $25 million, we've been calling that part of the return.

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

Yes.

Jason Daniel Gabelman ***Cowen and Company, LLC, Research Division - VP***

Sorry, what was that last part? Is that $25 million yes?

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

It does not include a return associated with avoided capital cost of $25 million.

Jason Daniel Gabelman ***Cowen and Company, LLC, Research Division - VP***

Got it. And then, I guess, if I could ask a question on the Laramie redemption. You mentioned that Laramie would redeem debt interest with cash on hand. So where does the net debt stand at Laramie following the redemption?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

You want to handle that, Will?

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

Sure. I mean, I think the quantity was redeemed at roughly $15 million, so, really, you can take the pro forma debt balance that I had at $194 million at quarter-end plus the $15 million. And then, again, I think as I indicated, we're expecting EBITDAX at Laramie to exceed CapEx in the fourth quarter by larger margin than what we just experienced in the third quarter.

Jason Daniel Gabelman ***Cowen and Company, LLC, Research Division - VP***

All right, great. If I could just ask one last question. Do you have any preliminary guidance on the 2019 CapEx? It sounds like it's going to be a bit higher, or at least an amount higher than this year just given all of the projects that you're pursuing.

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

Sure. Yes, I think, Jason, we'll come back probably in the fourth quarter call and provide guidance on '19. I think we want to see the timing of the way of some of the '18 projects that we've got underway shake out. As I indicated, I still think, for the full year, we're in the $50 million to $55 million range, which has got a pretty steep spending curve increase and a lot of that is for the project work, so we want to see how that comes in, and we'll provide refreshed 2019 CapEx guidance.

Operator

Our next question comes from the line of Nick Brown with Zazove Associates.

Nicholas Brown ***Zazove Associates***

Just one question on the Logistics business. I know that's a relatively small segment for you, and you described it as stable contributor. But it looked like, on a percentage basis at least, EBITDA was down considerably this quarter, and just sort of curious what drove that and whether there are prospects for rebound there.

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

Yes. I think there was a slight change in OpEx in Wyoming unit. If you compare it year-over-year, again, I think that was something that I don't think we expect to revert to. And then I think there is also some increased import jet activity that we had during the quarter has negligible contribution on a margin basis. So again, I think the historical run rate on an annual basis is still applicable for the way to think about this business.

Operator

(Operator Instructions) Our next question is a follow-up question from the line of Matthew Blair with Tudor, Pickering, Holt & Co.

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

Bill, I think you mentioned that same-store fuel volumes were down 4.8% in Q3. As crude's coming down in Q4, could you share how that metric is progressing so far this quarter?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

I don't have that information at this time. And I would tell you that it's probably more related to the price at the street level. And even with some declines in crude, that may help our margins a little bit. But I think the volume destruction associated with consumer demand is probably going to still be there in the fourth quarter. So -- and as I mentioned, we had a few competitive hits in Q3 that we are lapping, and that was part of the reason why we were down close to 5%. There were a couple of stores that opened on the Kona side of the Big Island that had an impact, and then we had probably the first new significant store on Oahu that opened about 6 months ago near the airport, and that had a pretty big impact on a couple of our stores. We've been seeing that for 2 quarters now.

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

Okay. And then with net debt-to-cap at 41%, could you talk about how comfortable you are with current debt levels? And should we pencil in any debt reduction in 2019?

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

Go ahead.

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

Yes. I think, Matthew, the target that we've stated for kind of our objectives are to be in the 30% to 35% range. And so, again, I think when you look at our total liquidity position plus the net debt, I think we feel comfortable with where we sit today, I mean, also taking into consideration almost half of our EBITDA contribution is coming from our retail and logistics business on an LTM basis. So again, I think we feel comfortable with that positioning. But target for us is probably a slightly lower net debt-to-cap than where sit we today.

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

Okay. And then one final one, I think, probably for Joseph. Could you just talk about what you've seen on the ANS differential front? It seems like still extremely expensive ANS pricing, even into the fall here. What's driving that, I guess, that premium relative to Brent?

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

So ANS is priced at parity with imports going to the West Coast and will follow the alternative volume in West Coast refineries. So everything we discussed regarding the third and second quarters was relevant for ANS as well. The strong economy numbers around the world, with industrial production hitting 5% growth. And everything was so bullish on the crude price and the diffs that allowed the ANS to price high. And then we have the seasonal impact. The third quarter is typically the low-supply, high-demand quarter for ANS, where producers in Alaska go to maintenance, and less cargoes in the market. So we expect ANS to continue to follow that trend. We'll continue to maintain our crude flexibility from a sourcing standpoint and take ANS when it's priced correctly.

Operator

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

William C. Pate ***Par Pacific Holdings, Inc. - President, CEO & Director***

Thank you, operator. Thank you for joining us this morning. I'm pleased with the organization's operational performance, especially in light of the numerous strategic opportunities that we're working on. We look forward to completing our recently announced expansion and internal capital projects in Hawaii, which will enhance our position as the low-cost provider of refined products in that market. That improvement, combined with the strong contributions from Wyoming and retail, bodes well for our future profit growth. Have a good day.

Operator

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