UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

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

For the transition period from to

Commission File No. 001-36550

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

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

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

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

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

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act. ☐

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

60,317,690 shares of Common Stock, $0.01 par value, were outstanding as of October 28, 2022.

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)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 409,090	$ 112,221
Restricted cash	4,001	4,000
Total cash, cash equivalents, and restricted cash	413,091	116,221
Trade accounts receivable, net of allowances of $0.3 million and $0.4 million at September 30, 2022 and December 31, 2021, respectively	287,722	195,108
Inventories	914,622	790,317
Prepaid and other current assets	123,129	28,525
Total current assets	1,738,564	1,130,171
Property, plant, and equipment		
Property, plant, and equipment	1,207,051	1,180,397
Less accumulated depreciation and amortization	(375,107)	(323,892)
Property, plant, and equipment, net	831,944	856,505
Long-term assets		
Operating lease right-of-use assets	321,868	383,824
Intangible assets, net	14,240	16,234
Goodwill	127,205	127,262
Other long-term assets	73,283	56,255
Total assets	$ 3,107,104	$ 2,570,251
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 10,918	$ 10,841
Obligations under inventory financing agreements	864,051	737,704
Accounts payable	200,647	154,543
Accrued taxes	36,333	28,641
Operating lease liabilities	47,906	53,640
Other accrued liabilities	561,822	370,424
Total current liabilities	1,721,677	1,355,793
Long-term liabilities		
Long-term debt, net of current maturities	496,870	553,717
Finance lease liabilities	6,772	7,691
Operating lease liabilities	281,656	335,094
Other liabilities	53,237	52,256
Total liabilities	2,560,212	2,304,551
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, $0.01 par value: 3,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value; 500,000,000 shares authorized at September 30, 2022 and December 31, 2021, 60,157,574 shares and 60,161,955 shares issued at September 30, 2022 and December 31, 2021, respectively	601	602
Additional paid-in capital	829,195	821,713
Accumulated deficit	(285,406)	(559,117)
Accumulated other comprehensive income	2,502	2,502
Total stockholders' equity	546,892	265,700
Total liabilities and stockholders' equity	$ 3,107,104	$ 2,570,251

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Revenues	$ 2,056,285	$ 1,310,368	$ 5,512,910	$ 3,416,573
Operating expenses				
Cost of revenues (excluding depreciation)	1,642,626	1,098,422	4,801,800	3,184,583
Operating expense (excluding depreciation)	88,329	78,059	252,075	221,068
Depreciation and amortization	25,125	23,618	74,488	70,046
Loss (gain) on sale of assets, net	(185)	2	(170)	(64,400)
General and administrative expense (excluding depreciation)	16,219	12,473	47,550	36,559
Acquisition and integration costs	—	1	63	87
Total operating expenses	1,772,114	1,212,575	5,175,806	3,447,943
Operating income (loss)	284,171	97,793	337,104	(31,370)
Other income (expense)				
Interest expense and financing costs, net	(16,852)	(15,374)	(51,400)	(50,711)
Debt extinguishment and commitment costs	343	(9)	(5,329)	(8,144)
Gain on curtailment of pension obligation	—	—	—	2,032
Other income (loss), net	(198)	(22)	(149)	3
Total other expense, net	(16,707)	(15,405)	(56,878)	(56,820)
Income (loss) before income taxes	267,464	82,388	280,226	(88,190)
Income tax expense	(68)	(586)	(756)	(1,193)
Net income (loss)	$ 267,396	$ 81,802	$ 279,470	$ (89,383)
Income (loss) per share				
Basic	$ 4.49	$ 1.38	$ 4.70	$ (1.55)
Diluted	$ 4.47	$ 1.37	$ 4.68	$ (1.55)
Weighted-average number of shares outstanding				
Basic	59,535	59,437	59,481	57,713
Diluted	59,831	59,761	59,710	57,713

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net income (loss)	$ 267,396	$ 81,802	$ 279,470	$ (89,383)
Other comprehensive income (loss):				
Other post-retirement benefits income, net of tax	—	—	—	3,996
Total other comprehensive income, net of tax	—	—	—	3,996
Comprehensive income (loss)	$ 267,396	$ 81,802	$ 279,470	$ (85,387)

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Net Income (Loss)	$ 279,470	$ (89,383)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	74,488	70,046
Debt extinguishment and commitment costs	5,329	8,144
Non-cash interest expense	3,170	4,646
Non-cash lower of cost and net realizable value adjustment	(463)	(10,595)
Deferred taxes	682	9
Gain on sale of assets, net	(170)	(64,400)
Stock-based compensation	7,382	6,095
Unrealized (gain) loss on derivative contracts	(10,151)	4,710
Net changes in operating assets and liabilities:		
Trade accounts receivable	(91,413)	(83,528)
Prepaid and other assets	(83,483)	5,092
Inventories	(124,405)	(195,121)
Deferred turnaround expenditures	(29,595)	(6,300)
Obligations under inventory financing agreements	78,136	178,568
Accounts payable, other accrued liabilities, and operating lease ROU assets and liabilities	260,076	226,611
Net cash provided by operating activities	369,053	54,594
Cash flows from investing activities:		
Capital expenditures	(38,058)	(21,015)
Proceeds from sale of assets	397	103,371
Net cash provided by (used in) investing activities	(37,661)	82,356
Cash flows from financing activities:		
Proceeds from sale of common stock, net of offering costs	—	87,193
Proceeds from borrowings	369,163	126,409
Repayments of borrowings	(441,434)	(275,108)
Net borrowings on deferred payment arrangements, discretionary draw facilities, and receivable advances	48,211	66,175
Purchase of common stock for retirement	(7,330)	(1,338)
Payments for debt extinguishment and commitment costs	(3,483)	(5,618)
Other financing activities, net	351	333
Net cash used in financing activities	(34,522)	(1,954)
Net increase in cash, cash equivalents, and restricted cash	296,870	134,996
Cash, cash equivalents, and restricted cash at beginning of period	116,221	70,309
Cash, cash equivalents, and restricted cash at end of period	$ 413,091	$ 205,305
Supplemental cash flow information:		
Net cash paid for:		
Interest	$ (43,161)	$ (47,653)
Taxes	(9)	(760)
Non-cash investing and financing activities:		
Accrued capital expenditures	$ 6,280	$ 2,203
ROU assets obtained in exchange for new finance lease liabilities	594	2,658
ROU assets obtained in exchange for new operating lease liabilities	19,014	95,229
ROU assets terminated in exchange for release from operating lease liabilities	32,902	800

See accompanying notes to the condensed consolidated financial statements.

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

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
	Shares	Amount				
Balance, December 31, 2021	60,162	$ 602	$ 821,713	$ (559,117)	$ 2,502	$ 265,700
Stock-based compensation	412	3	3,655	—	—	3,658
Purchase of common stock for retirement	(462)	(4)	(1,431)	(4,955)	—	(6,390)
Net loss	—	—	—	(137,051)	—	(137,051)
Balance, March 31, 2022	60,112	601	823,937	(701,123)	2,502	125,917
Issuance of common stock for employee stock purchase plan	41	—	632	—	—	632
Purchase of common stock for retirement	(1)	—	(94)	—	—	(94)
Stock-based compensation	3	—	2,017	—	—	2,017
Exercise of stock options	65	1	1,131	—	—	1,132
Net income	—	—	—	149,125	—	149,125
Balance, June 30, 2022	60,220	602	827,623	(551,998)	2,502	278,729
Stock-based compensation	(2)	—	1,613	—	—	1,613
Purchase of common stock for retirement	(60)	(1)	(41)	(804)	—	(846)
Net income	—	—	—	267,396	—	267,396
Balance, September 30, 2022	60,158	$ 601	$ 829,195	$ (285,406)	$ 2,502	$ 546,892

See accompanying notes to the condensed consolidated financial statements.

Note 1—Overview

Par Pacific Holdings, Inc. and its wholly owned subsidiaries ("Par" or the "Company") own and operate market-leading energy and infrastructure businesses. Our strategy is to acquire and develop businesses in logistically complex, niche markets. Currently, we operate in three primary business segments:

1) **Refining** - We own and operate three refineries in Hawaii, Wyoming, and Washington.

2) **Retail** - Our retail outlets in Hawaii, Washington, and Idaho sell gasoline, diesel, and retail merchandise through Hele and "76" branded sites, "nomnom" branded company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations.

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

As of September 30, 2022, 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, 2021 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, 2021.

Use of Estimates

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

The continued worldwide spread and severity of the COVID-19 coronavirus, along with a number of recent global events including the conflict between Russia and Ukraine and certain developments in the global crude oil markets, have impacted our businesses, people, and operations. We are continuing to actively respond to these ongoing matters and many uncertainties remain. Due to the rapid development and fluidity of these ongoing matters, the full magnitude of these events' impacts on our estimates and assumptions, financial condition, future results of operations, and future cash flows and liquidity is uncertain and has been and may continue to be material.

Allowance for Credit Losses

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

through discussions between the customer and the Company. We establish provisions for losses on trade receivables based on the estimated credit loss we expect to incur over the life of the receivable. We did not have a material change in our allowances on trade receivables during the three and nine months ended September 30, 2022 or 2021.

Cost Classifications

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of revenues	$ 5,023	$ 5,511	$ 15,250	$ 16,071
Operating expense	12,813	13,121	38,893	39,003
General and administrative expense	637	673	2,056	2,268

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, 2021, except for the following:

On September 30, 2022, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. This ASU defines supplier finance programs and establishes new disclosure requirements for such programs. For programs meeting that definition, this ASU requires annual disclosures of key terms, obligations, and certain information related to these programs. Interim disclosure of the amount of outstanding obligations is also required. ASU 2022-04 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. This ASU will expand our disclosures for qualified supplier finance programs.

Note 3—Investment in Laramie Energy, LLC

As of September 30, 2022, 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. The balance of our investment in Laramie Energy was zero as of September 30, 2022 and December 31, 2021.

Laramie Energy has a term loan agreement which provides a term loan secured by a lien on its natural gas and crude oil properties and related assets. As of September 30, 2022, the term loan had an outstanding balance of $85.1 million. Under the terms of the term loan, Laramie Energy is generally prohibited from making future cash distributions to its owners, including us, except for certain permitted tax distributions. Laramie Energy's term loan matures on July 1, 2025.

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

	September 30, 2022	December 31, 2021
Current assets	$ 61,845	$ 68,779
Non-current assets	336,991	328,571
Current liabilities	76,594	107,976
Non-current liabilities	248,088	177,503

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Natural gas and oil revenues	$ 63,621	$ 46,329	$ 172,355	$ 166,293
Income from operations	32,056	20,807	86,124	73,957
Net loss	(5,187)	(41,892)	(37,704)	(1,308)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Depreciation, depletion, and amortization	$ 6,754	$ 6,134	$ 18,018	$ 21,890
Unrealized loss on derivative instruments	17,367	54,857	70,756	55,039

Note 4—Revenue Recognition

As of September 30, 2022 and December 31, 2021, receivables from contracts with customers were $267.1 million and $189.9 million, respectively. Our refining segment recognizes deferred revenues when cash payments are received in advance of delivery of products to the customer. Deferred revenue was $26.4 million and $10.1 million as of September 30, 2022 and December 31, 2021, respectively. We have elected to apply a practical expedient not to disclose the value of unsatisfied performance obligations for (i) contracts with an original expected duration of less than one year and (ii) contracts where the variable consideration has been allocated entirely to our unsatisfied performance obligation.

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

Three Months Ended September 30, 2022	Refining	Logistics	Retail
Product or service:			
Gasoline	$ 532,864	$ —	$ 118,320
Distillates (1)	861,298	—	13,296
Other refined products (2)	577,665	—	—
Merchandise	—	—	24,800
Transportation and terminalling services	—	54,635	—
Other revenue	2,874	—	969
Total segment revenues (3)	$ 1,974,701	$ 54,635	$ 157,385

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

Nine Months Ended September 30, 2022	**Refining**	**Logistics**	**Retail**
Product or service:			
Gasoline	$ 1,548,915	$ —	$ 320,326
Distillates (1)	2,345,982	—	33,030
Other refined products (2)	1,408,126	—	—
Merchandise	—	—	68,522
Transportation and terminalling services	—	147,729	—
Other revenue	15,356	—	2,627
Total segment revenues (3)	$ 5,318,379	$ 147,729	$ 424,505

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

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

Note 5—Inventories

Inventories at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreement (1)	Total
September 30, 2022			
Crude oil and feedstocks	$ 98,449	$ 224,419	$ 322,868
Refined products and blendstock	170,197	176,714	346,911
Warehouse stock and other (2)	244,843	—	244,843
Total	$ 513,489	$ 401,133	$ 914,622
December 31, 2021			
Crude oil and feedstocks	$ 102,085	$ 199,282	$ 301,367
Refined products and blendstock	179,737	142,872	322,609
Warehouse stock and other (2)	166,341	—	166,341
Total	$ 448,163	$ 342,154	$ 790,317

(1) Please read Note 7—Inventory Financing Agreements for further information.
(2) Includes $194.0 million and $120.1 million of RINs and environmental credits, reported at the lower of cost or net realizable value, as of September 30, 2022 and December 31, 2021, respectively. RINs and environmental credit obligations of $489.6 million and $311.0 million, reported at market value, are included in Other accrued liabilities on our condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021, respectively.

As of September 30, 2022, we had no reserve for the lower of cost or net realizable value of inventory. As of December 31, 2021, there was a $0.5 million reserve for the lower of cost or net realizable value of inventory. As of September 30, 2022 and December 31, 2021, the excess of current replacement cost over the last-in, first-out ("LIFO") inventory carrying value at the Washington refinery was approximately $71.5 million and $46.0 million, respectively.

Note 6—Prepaid and Other Current Assets

Prepaid and other current assets at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Advances to suppliers for crude purchases	$ 71,227	$ —
Collateral posted with broker for derivative instruments (1)	23,302	6,053
Prepaid insurance	—	14,110
Derivative assets	17,064	1,260
Deferred inventory financing charges	—	4,073
Other	11,536	3,029
Total	$ 123,129	$ 28,525

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

Note 7—Inventory Financing Agreements

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

	September 30, 2022	December 31, 2021
Supply and Offtake Agreement	$ 652,733	$ 569,158
Washington Refinery Intermediation Agreement	211,318	168,546
Obligations under inventory financing agreements	$ 864,051	$ 737,704

Supply and Offtake Agreement

Under the Second Amended and Restated Supply and Offtake Agreement (as amended, the "Supply and Offtake Agreement"), J. Aron & Company LLC ("J. Aron") finances the majority of the crude oil utilized at the Hawaii refinery, holds legal title to the crude oil stored in our storage tanks before processing until title passes to us at the tank outlet, and buys refined products produced at our Hawaii refinery, after which we repurchase the refined products prior to selling them to our retail locations or third parties. Under the Supply and Offtake Agreement, J. Aron may enter into agreements with third parties whereby J. Aron remits payments to these third parties for refinery procurement contracts for which we will become immediately obligated to reimburse J. Aron. As of September 30, 2022, we had no obligations due to J. Aron under this contractual undertakings agreement. The Supply and Offtake Agreement expires May 31, 2024 (as extended, the "Expiration Date"), subject to a one-year extension at the mutual agreement of the parties at least 120 days prior to the Expiration Date.

The Supply and Offtake Agreement also makes available a discretionary draw facility (the "Discretionary Draw Facility") to Par Hawaii Refining, LLC ("PHR"). As of September 30, 2022 and December 31, 2021, our outstanding balance under the Discretionary Draw Facility was equal to our borrowing base of $147.1 million and $126.2 million, respectively.

On April 25, 2022, we entered into an Amendment (the "S&O Amendment") to the Supply and Offtake Agreement which, among other things, amended the maximum commitment amount under the Discretionary Draw Facility from $165 million to $215 million. The S&O Amendment further increased the limit in the borrowing base for eligible hydrocarbon inventory from $82.5 million to $107.5 million. The S&O Amendment further requires a $5.0 million reserve against the borrowing base at any time more than $165 million is outstanding in discretionary draw advances made to PHR; the reserve may be reduced by the posting of cash collateral by PHR in accordance with the terms of the S&O Amendment.

Under the Supply and Offtake Agreement, we pay or receive certain fees from J. Aron based on changes in market prices over time. In 2021, we entered into multiple contracts to fix certain market fees for the period from May 2021 through May 2022 for $18.2 million. In 2022, we entered into additional contracts to fix certain fees for the month of March 2022 for $4.5 million. The amount due to or from J. Aron is recorded as an adjustment to our Obligations under inventory financing agreements as allowed under the Supply and Offtake Agreement. We had no fixed market fees due to or from J. Aron as of September 30, 2022. As of December 31, 2021, we had a payable of $6.2 million. We did not recognize any fixed market fees for the three months ended September 30, 2022. We recognized fixed market fees of $8.8 million for the nine months ended September 30, 2022, and $6.0 million and $7.7 million for the three and nine months ended September 30, 2021, respectively, which were included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations.

Washington Refinery Intermediation Agreement

The Washington Refinery Intermediation Agreement with Merrill Lynch Commodities, Inc. ("MLC") provides a structured financing arrangement based on U.S. Oil & Refining Co. and certain affiliated entities' crude oil and refined products inventories and associated accounts receivable. On March 9, 2022, we and MLC amended the Washington Refinery Intermediation Agreement to advance the term expiry date from December 21, 2022 to March 31, 2023. On May 9, 2022, we and MLC amended the Washington Refinery Intermediation Agreement to increase the maximum borrowing capacity under the MLC receivable advances from $90 million to $115 million. On August 11, 2022, we and MLC entered into an amendment to the Washington Refinery Intermediation Agreement to establish the adjusted three-month term Secured Overnight Financing Rate ("SOFR") as the benchmark rate in replacement of the London Interbank Offered Rate ("LIBOR") and revise certain other terms and conditions.

As of September 30, 2022 and December 31, 2021, our outstanding balance under the MLC receivable advances was equal to our borrowing base of $81.9 million and $54.5 million, respectively. Additionally, as of September 30, 2022, and December 31, 2021, we had approximately $194.2 million and $167.0 million in letters of credit outstanding through MLC's credit support, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net fees and expenses:				
Supply and Offtake Agreement				
Inventory intermediation fees (1)	$ 40,112	$ 4,988	$ 79,557	$ 14,038
Interest expense and financing costs, net	1,453	754	4,555	2,078
Washington Refinery Intermediation Agreement				
Inventory intermediation fees	$ 750	$ 750	$ 2,250	$ 2,486
Interest expense and financing costs, net	2,636	1,276	7,533	3,387

(1) Inventory intermediation fees under the Supply and Offtake Agreement include market structure fees of $30.2 million and $0.8 million for the three months ended September 30, 2022 and 2021, and $54.1 million and $1.9 million for the nine months ended September 30, 2022 and 2021, respectively.

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

Note 8—Other Accrued Liabilities

Other accrued liabilities at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Accrued payroll and other employee benefits	$ 24,058	$ 19,710
Gross environmental credit obligations (1)	489,613	311,014
Other	48,151	39,700
Total	$ 561,822	$ 370,424

(1) Gross environmental credit obligations are stated at market as of September 30, 2022 and December 31, 2021. Please read Note 11—Fair Value Measurements for further information. A portion of these obligations are expected to be settled with our RINs assets and other environmental credits, which are presented as Inventories on our condensed consolidated balance sheet and are stated at the lower of cost and net realizable value. The carrying costs of these assets were $194.0 million and $120.1 million as of September 30, 2022 and December 31, 2021, respectively.

Note 9—Debt

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

	September 30, 2022	December 31, 2021
ABL Credit Facility due 2025	$ —	$ —
7.75% Senior Secured Notes due 2025	281,000	296,000
Term Loan B due 2026	206,250	215,625
12.875% Senior Secured Notes due 2026	31,314	68,250
Principal amount of long-term debt	518,564	579,875
Less: unamortized discount and deferred financing costs	(10,776)	(15,317)
Total debt, net of unamortized discount and deferred financing costs	507,788	564,558
Less: current maturities, net of unamortized discount and deferred financing costs	(10,918)	(10,841)
Long-term debt, net of current maturities	$ 496,870	$ 553,717

As of September 30, 2022 and December 31, 2021, we had $30.9 million and $18.5 million, respectively, in letters of credit outstanding under the loan and security agreements with certain lenders and Bank of America, N.A., as administrative agent and collateral agent (the "ABL Credit Facility"). We had $5.9 million in cash-collateralized letters of credit and surety bonds outstanding as of September 30, 2022 and December 31, 2021 under agreements with MLC and under certain other facilities.

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

ABL Credit Facility

Under the ABL Credit Facility, we have a revolving credit facility that provides for revolving loans and for the issuance of letters of credit (the "ABL Revolver"). On February 2, 2022, Par Petroleum, LLC, Par Hawaii, LLC ("PHL", formerly known as Par Hawaii, Inc. and includes the assets of the dissolved entity formerly known as Mid Pac Petroleum, LLC), Hermes Consolidated, LLC, and Wyoming Pipeline Company, LLC (collectively, the "ABL Borrowers"), entered into the Amended and Restated Loan and Security Agreement (as amended from time to time, the "ABL Loan Agreement") dated as of February 2, 2022, with certain lenders and Bank of America, N.A., as administrative agent and collateral agent, which amended and restated the Loan and Security Agreement dated as of December 21, 2017, in its entirety. The ABL Loan Agreement increased the maximum principal amount of the ABL Revolver at any time outstanding from $85 million to $105 million, subject to a borrowing base, including a sublimit of $15 million for swingline loans and a sublimit of $65 million for the issuance of standby or commercial letters of credit, extended the maturity date of the ABL Revolver to February 2, 2025, and modified the ABL Revolver interest rate definitions to be based on the secured overnight financing rate ("SOFR") as administered by the Federal Reserve Bank of New York, among other modifications. The ABL Loan Agreement also included an accordion feature that would allow the ABL Borrowers to increase the size of the facility by up to $50 million in the aggregate, subject to certain limitations and conditions.

On March 30, 2022, the parties to the ABL Loan Agreement and the incremental lender party thereto amended the ABL Loan Agreement to exercise the accordion feature of the ABL Loan Agreement. Under the amendment, the aggregate revolving commitments under the ABL Loan Agreement increased from $105 million to $142.5 million and the available increase under the accordion feature decreased to $12.5 million, subject to certain limitations and conditions.

As of September 30, 2022, the ABL Revolver had no outstanding revolving loans, $30.9 million in letters of credit outstanding, and a borrowing base of approximately $116.4 million.

7.75% Senior Secured Notes due 2025

Our 7.75% Senior Secured Notes bear interest at a rate of 7.750% per year (payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2018) and will mature on December 15, 2025. On May 24, 2022, and July 14, 2022, we repurchased and cancelled $5.0 million and $10.0 million in aggregate principal amounts of the 7.75% Senior Secured Notes at repurchase prices of 97.500% and 95.000%, respectively, of the aggregate principal amount of notes repurchased. We recognized aggregate discounts of $0.6 million and incurred aggregate debt extinguishment costs of $0.2 million for these repurchases, which were recorded in Debt extinguishment and commitment costs on our condensed consolidated statement of operations for the nine months ended September 30, 2022. As of September 30, 2022, the 7.75% Senior Secured Notes had an outstanding principal balance of $281.0 million.

12.875% Senior Secured Notes due 2026

The 12.875% Senior Secured Notes bear interest at an annual rate of 12.875% per year (payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2021) and will mature on January 15, 2026. We repurchased and cancelled $13.9 million and $21.7 million in aggregate principal amount of 12.875% Senior Secured Notes on May 16, 2022 and May 27, 2022, respectively, at a repurchase price of 111.125% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest as of the repurchase date. On June 13, 2022, we repurchased an additional $1.3 million in aggregate principal amount of the notes at a repurchase price of 111.000% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest as of the repurchase date. We paid premiums of approximately $4.1 million upon repurchases of the 12.875% Senior Secured Notes during the nine months ended September 30, 2022. We incurred aggregate debt extinguishment costs of $1.6 million for these repurchases, which were recorded in Debt extinguishment and commitment costs on our condensed consolidated statement of operations for the nine months ended September 30, 2022. As of September 30, 2022, $31.3 million in aggregate principal amount of the 12.875% Senior Secured Notes remained outstanding.

Cross Default Provisions

Included within each of our debt agreements are affirmative and negative covenants, and customary cross default provisions, that require the repayment of amounts outstanding on demand unless the triggering payment default or acceleration is remedied, rescinded, or waived. As of September 30, 2022, we were in compliance with all of our debt instruments.

Guarantors

In connection with our shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission ("SEC") and became automatically effective on February 14, 2022 ("Registration Statement"), we may sell non-convertible debt securities and other securities in one or more offerings with an aggregate initial offering price of up to $750.0 million. Any non-convertible debt securities issued under the Registration Statement may be fully and unconditionally guaranteed (except for customary release provisions), on a joint and several basis, by some or all of our subsidiaries, other than subsidiaries that are "minor" within the meaning of Rule 3-10 of Regulation S-X (the "Guarantor Subsidiaries"). We have no "independent assets or operations" within the meaning of Rule 3-10 of Regulation S-X and certain of the Guarantor Subsidiaries may be subject to restrictions on their ability to distribute funds to us, whether by cash dividends, loans, or advances.

Note 10—Derivatives

Commodity Derivatives

Our condensed consolidated balance sheets present derivative assets and liabilities on a net basis. Please read Note 11—Fair Value Measurements for the gross fair value and net carrying value of our derivative instruments. Our cash margin that is required as collateral deposits cannot be offset against the fair value of open contracts except in the event of default.

Our open futures and over-the-counter ("OTC") swaps at September 30, 2022, will settle by October 2023. At September 30, 2022, our open commodity derivative contracts represented (in thousands of barrels):

Contract type	Purchases	Sales	Net
Futures	36,086	(35,126)	960
Swaps	1,025	(1,025)	—
Total	37,111	(36,151)	960

At September 30, 2022, we also had option collars that economically hedge a portion of our internally consumed fuel at our refineries. The following table provides information on these option collars at our refineries as of September 30, 2022:

	2022	2023
Average barrels per month	85,000	40,000
Weighted-average strike price - floor (in dollars)	$ 61.12	$ 64.78
Weighted-average strike price - ceiling (in dollars)	$ 86.55	$ 102.96
Earliest commencement date	October 2022	January 2023
Furthest expiry date	December 2022	June 2023

Interest Rate Derivatives

We are exposed to interest rate volatility in our ABL Revolver, Term Loan B Facility, Supply and Offtake Agreement, and Washington Refinery Intermediation Agreement. We may utilize interest rate swaps to manage our interest rate risk. In May 2019, we entered into an interest rate swap at an average fixed rate of 3.91% in exchange for the floating interest rate on the notional amounts due under the term loan agreement entered into by Par Pacific Hawaii Property Company, LLC, our wholly owned subsidiary, and Bank of Hawaii on March 29, 2019 (the "Retail Property Term Loan"). This swap was set to expire on April 1, 2024, the maturity date of the Retail Property Term Loan. On February 23, 2021, we terminated and repaid all amounts outstanding under the Retail Property Term Loan and the related interest rate swap. At September 30, 2022, and December 31, 2021, we did not hold any interest rate derivative instruments.

The following table provides information on the fair value amounts (in thousands) of these derivatives as of September 30, 2022, and December 31, 2021, and their placement within our condensed consolidated balance sheets.

	Balance Sheet Location	September 30, 2022	December 31, 2021
		Asset (Liability)	
Commodity derivatives (1)	Prepaid and other current assets	$ 17,064	$ 1,260
Commodity derivatives	Other accrued liabilities	(356)	(1,431)
J. Aron repurchase obligation derivative	Obligations under inventory financing agreements	13,660	(15,151)
MLC terminal obligation derivative	Obligations under inventory financing agreements	(326)	(22,170)

(1) Does not include cash collateral of $23.3 million and $6.1 million recorded in Prepaid and other current assets as of September 30, 2022, and December 31, 2021, respectively, and $9.5 million in Other long-term assets as of both September 30, 2022, and December 31, 2021.

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Statement of Operations Location	2022	2021	2022	2021
Commodity derivatives	Cost of revenues (excluding depreciation)	$ 20,728	$ (6,578)	$ (36,750)	$ (16,170)
J. Aron repurchase obligation derivative	Cost of revenues (excluding depreciation)	58,851	(3,470)	28,811	(8,787)
MLC terminal obligation derivative	Cost of revenues (excluding depreciation)	18,423	(11,171)	(71,769)	(66,772)
Interest rate derivatives	Interest expense and financing costs, net	—	—	—	104

Note 11—Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Derivative Instruments

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

We classify financial assets and liabilities according to the fair value hierarchy. Financial assets and liabilities classified as Level 1 instruments are valued using quoted prices in active markets for identical assets and liabilities. These include our exchange traded futures. Level 2 instruments are valued using quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability. Our Level 2 instruments include OTC swaps and options. These derivatives are valued using market quotations from independent price reporting agencies and commodity exchange price curves that are corroborated with market data. Level 3 instruments are valued using significant unobservable inputs that are not supported by sufficient market activity. The valuation of the embedded derivatives related to our J. Aron repurchase and MLC terminal obligations is based on estimates of the prices and differentials assuming settlement at the end of the reporting period. Estimates of the J. Aron and MLC settlement prices are based on observable inputs, such as Brent and West Texas Intermediate Crude Oil ("WTI") indices, and unobservable inputs, such as contractual price differentials as defined in the Supply and Offtake Agreement and Washington Refinery Intermediation Agreement. Such contractual differentials vary by location and by the type of product, have a weighted average premium of $14.75, and range from a discount of $17.55 per barrel to a premium of $55.31 per barrel as of September 30, 2022. Contractual price differentials are considered unobservable inputs; therefore, these embedded derivatives are classified as Level 3 instruments. We did not have

other commodity derivatives classified as Level 3 at September 30, 2022, or December 31, 2021. Please read Note 10—Derivatives for further information on derivatives.

Gross Environmental credit obligations

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

Financial Statement Impact

Fair value amounts by hierarchy level as of September 30, 2022, and December 31, 2021, are presented gross in the tables below (in thousands):

	September 30, 2022					
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	$ 341,733	$ 6,775	$ —	$ 348,508	$ (331,444)	$ 17,064
Liabilities						
Commodity derivatives	$ (326,635)	$ (5,165)	$ —	$ (331,800)	$ 331,444	$ (356)
J. Aron repurchase obligation derivative	—	—	13,660	13,660	—	13,660
MLC terminal obligation derivative	—	—	(326)	(326)	—	(326)
Gross environmental credit obligations (2)	—	(489,613)	—	(489,613)	—	(489,613)
Total liabilities	$ (326,635)	$ (494,778)	$ 13,334	$ (808,079)	$ 331,444	$ (476,635)

	December 31, 2021					
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	$ 4,283	$ 4,513	$ —	$ 8,796	$ (7,536)	$ 1,260
Liabilities						
Commodity derivatives	$ (3,964)	$ (5,003)	$ —	$ (8,967)	$ 7,536	$ (1,431)
J. Aron repurchase obligation derivative	—	—	(15,151)	(15,151)	—	(15,151)
MLC terminal obligation derivative	—	—	(22,170)	(22,170)	—	(22,170)
Gross environmental credit obligations (2)	—	(311,014)	—	(311,014)	—	(311,014)
Total liabilities	$ (3,964)	$ (316,017)	$ (37,321)	$ (357,302)	$ 7,536	$ (349,766)

(1) Does not include cash collateral of $23.3 million and $6.1 million as of September 30, 2022, and December 31, 2021, respectively, included within Prepaid and other current assets and $9.5 million included within Other long-term assets as of September 30, 2022, and December 31, 2021, on our condensed consolidated balance sheets.

(2) Does not include RINs assets and other environmental credits of $194.0 million and $120.1 million presented as Inventories on our condensed consolidated balance sheet and stated at the lower of cost and net realizable value as of September 30, 2022, and December 31, 2021, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Balance, at beginning of period	$ (8,492)	$ (36,364)	$ (37,321)	$ (30,958)
Settlements	(55,448)	5,682	93,613	61,194
Total gains (losses) included in earnings (1)	77,274	(14,641)	(42,958)	(75,559)
Balance, at end of period	$ 13,334	$ (45,323)	$ 13,334	$ (45,323)

(1) Included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations.

The carrying value and fair value of long-term debt and other financial instruments as of September 30, 2022 and December 31, 2021 are as follows (in thousands):

	September 30, 2022	
	Carrying Value	Fair Value
ABL Credit Facility due 2025 (2)	$ —	$ —
7.75% Senior Secured Notes due 2025 (1)	276,824	268,074
Term Loan B Facility due 2026 (1)	200,913	202,641
12.875% Senior Secured Notes due 2026 (1)	30,051	33,647

	December 31, 2021	
	Carrying Value	Fair Value
ABL Credit Facility due 2025 (2)	$ —	$ —
7.75% Senior Secured Notes due 2025 (1)	290,621	299,700
Term Loan B Facility due 2026 (1)	208,903	214,827
12.875% Senior Secured Notes due 2026 (1)	65,034	75,758

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

(2) The fair value measurement of the ABL Credit Facility is considered a Level 3 measurement in the fair value hierarchy.

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

The carrying value of our ABL Credit Facility was determined to approximate fair value as of September 30, 2022. The fair value of all non-derivative financial instruments recorded in current assets, including cash and cash equivalents, restricted cash, and trade accounts receivable, and current liabilities, including accounts payable, approximate their carrying value due to their short-term nature.

Note 12—Leases

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

The following table provides information on the amounts (in thousands) of our right-of-use assets ("ROU assets") and liabilities as of September 30, 2022 and December 31, 2021 and their placement within our condensed consolidated balance sheets:

Lease type	Balance Sheet Location	September 30, 2022	December 31, 2021
Assets			
Finance	Property, plant, and equipment	$ 21,150	$ 20,556
Finance	Accumulated amortization	(9,842)	(8,397)
Finance	Property, plant, and equipment, net	$ 11,308	$ 12,159
Operating	Operating lease right-of-use assets	321,868	383,824
Total right-of-use assets		$ 333,176	$ 395,983
Liabilities			
Current			
Finance	Other accrued liabilities	$ 1,733	$ 1,540
Operating	Operating lease liabilities	47,906	53,640
Long-term			
Finance	Finance lease liabilities	6,772	7,691
Operating	Operating lease liabilities	281,656	335,094
Total lease liabilities		$ 338,067	$ 397,965

The following table summarizes the weighted-average lease terms and discount rates of our leases as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Weighted-average remaining lease term (in years)		
Finance	5.75	6.29
Operating	9.91	11.28
Weighted-average discount rate		
Finance	7.35 %	7.46 %
Operating	6.80 %	6.70 %

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

Lease cost (income) type	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Finance lease cost				
Amortization of finance lease ROU assets	$ 482	$ 489	$ 1,450	$ 1,439
Interest on lease liabilities	152	166	475	489
Operating lease cost	22,138	23,325	66,385	69,069
Variable lease cost	769	1,527	3,506	4,932
Short-term lease cost	1,266	138	3,611	341
Net lease cost	$ 24,807	$ 25,645	$ 75,427	$ 76,270
Operating lease income (1)	$ (3,495)	$ (803)	$ (7,560)	$ (2,292)

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(1) From time to time, we enter into lease arrangements where we are the lessor in order to utilize a portion of our fixed assets not currently used in our primary operations. All of these lessor leases are classified as operating leases, whereby we do not derecognize the underlying asset, and the income from our customers is recognized as revenue on a straight-line basis over the lease term. The majority of our lessor income comes from leases with lease terms of one year or less and the estimated future undiscounted cash flows from lessor income are not expected to be material.

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

Lease type	Nine Months Ended September 30, 2022	2021
Cash paid for amounts included in the measurement of liabilities		
Financing cash flows from finance leases	$ 1,203	$ 2,223
Operating cash flows from finance leases	464	492
Operating cash flows from operating leases	63,578	65,439
Non-cash supplemental amounts		
ROU assets obtained in exchange for new finance lease liabilities	594	2,658
ROU assets obtained in exchange for new operating lease liabilities	19,014	95,229
ROU assets terminated in exchange for release from operating lease liabilities	32,902	800

The table below includes the estimated future undiscounted cash flows for finance and operating leases as of September 30, 2022 (in thousands):

For the year ending December 31,	Finance leases	Operating leases	Total
2022 (1)	$ 557	$ 18,662	$ 19,219
2023	2,286	66,153	68,439
2024	1,955	55,672	57,627
2025	1,794	50,189	51,983
2026	1,327	45,142	46,469
2027	1,097	42,940	44,037
Thereafter	1,582	153,307	154,889
Total lease payments	10,598	432,065	442,663
Less amount representing interest	(2,093)	(102,503)	(104,596)
Present value of lease liabilities	$ 8,505	$ 329,562	$ 338,067

(1) Represents the period from October 1, 2022 to December 31, 2022.

Additionally, we have $3.8 million and $48.2 million in future undiscounted cash flows for finance and operating leases that have not yet commenced, respectively. These leases are expected to commence when the lessor has made the equipment or location available to us to operate or begin construction, respectively.

Sale-Leaseback Transactions

In February and March 2021, PHL and Par Hawaii Property Company, LLC (collectively, the “Sellers”), both our wholly owned subsidiaries, and MDC Coast HI 1, LLC, a subsidiary of Realty Income Corporation (the “Buyer”), entered into sale-leaseback transactions with respect to twenty-two (22) retail convenience store/fuel station properties located in Hawaii. We recognized a gain of $63.9 million as a result of these transactions, which is included in Loss (gain) on sale of assets, net on our condensed consolidated statements of operations for the nine months ended September 30, 2021.

Note 13—Commitments and Contingencies

In the ordinary course of business, we are a party to various lawsuits and other contingent matters. We establish accruals for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on our financial condition, results of operations, or cash flows.

Tax and Related Matters

We are also party to various other legal proceedings, claims, and regulatory, tax or government audits, inquiries and investigations that arise in the ordinary course of business. For example, during the first quarter of 2022 we received a tax assessment in the amount of $1.4 million from the Washington Department of Revenue related to its audit of certain taxes allegedly payable on certain sales of raw vacuum gas oil that occurred between 2014 and 2016. We believe the Department of Revenue's interpretation is in conflict with its prior guidance and we intend to appeal. By opinion dated September 22, 2021, the Hawaii Attorney General reversed a prior 1964 opinion exempting various business transactions conducted in Hawaii free trade zones from certain state taxes. We and other similarly situated state taxpayers who had previously claimed such exemptions are currently being audited for such prior tax periods. Similarly, on September 30, 2021, we received notice of a complaint filed on May 17, 2021, on camera and under seal in the first circuit court of the state of Hawaii alleging that Par Hawaii Refining, LLC, Par Pacific Holdings, Inc. and certain unnamed defendants made false claims and statements in connection with various state tax returns related to our business conducted within the Hawaii free trade zones, and seeking unspecified damages, penalties, interest and injunctive relief. We dispute the allegations in the complaint and intend to vigorously defend ourselves in such proceeding. We believe the likelihood of an unfavorable outcome in these matters to be neither probable nor reasonably estimable.

Environmental Matters

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

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

Wyoming Refinery

Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and/or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. The largest cost component arising from these various decrees relates to the investigation, monitoring, and remediation of soil, groundwater, surface water, and sediment contamination associated with the facility's historic operations. Investigative work by Wyoming Refining and negotiations with the relevant agencies as to remedial approaches remain ongoing on a number of aspects of the contamination, meaning that investigation, monitoring, and remediation costs are not reasonably estimable for some elements of these efforts. As of September 30, 2022, we have accrued $15.0 million for the well-understood components of these efforts based on current information, approximately one-third of which we expect to incur in the next five years and the remainder to be incurred over approximately 30 years.

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

Finally, among the various historic consent decrees, orders, and settlement agreements into which Wyoming Refining has entered, there are several penalty orders associated with exceedances of permitted limits by the Wyoming refinery's wastewater discharges. Although the frequency of these exceedances has declined over time, Wyoming Refining may become subject to new penalty enforcement action in the next several years, which could involve penalties in excess of $300,000.

Regulation of Greenhouse Gases

The EPA regulates greenhouse gases ("GHG") under the federal Clean Air Act ("CAA"). New construction or material expansions that meet certain GHG emissions thresholds will likely require that, among other things, a GHG permit be issued in accordance with the federal CAA regulations and we will be required, in connection with such permitting, to undertake a technology review to determine appropriate controls to be implemented with the project in order to reduce GHG emissions.

Furthermore, the EPA is currently developing refinery-specific GHG regulations and performance standards that are expected to impose GHG emission limits and/or technology requirements. These control requirements may affect a wide range of refinery operations. Any such controls could result in material increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial condition, results of operations, or cash flows.

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

Several states have also passed legislation related to GHGs. For example, in 2021, the State of Washington passed climate legislation requiring fuel suppliers to gradually reduce the carbon intensity of transportation fuels to 20 percent below 2017 levels by 2038 and subjecting entities that emit significant amounts of carbon dioxide, such as fuel suppliers, to a cap-and-trade system for reducing GHG emissions beginning January 1, 2023. In 2007, the State of Hawaii passed Act 234, which required that GHG emissions be rolled back on a statewide basis to 1990 levels by the year 2020. In June of 2014, the Hawaii Department of Health ("DOH") adopted regulations that require each major facility to reduce CO_2 emissions by 16% by 2020 relative to a calendar year 2010 baseline (the first year in which GHG emissions were reported to the EPA under 40 CFR Part 98). The Hawaii refinery's capacity to materially reduce fuel use and GHG emissions is limited because most energy conservation measures have already been implemented over the past 20 years. The regulation allows for "partnering" with other facilities (principally power plants) that have already dramatically reduced greenhouse emissions or are on schedule to reduce CO_2 emissions in order to comply independently with the state's Renewable Portfolio Standards. Accordingly, our Hawaii refinery submitted a GHG reduction plan that incorporates the partnering provisions and demonstrates that additional reductions are not cost-effective or necessary because of the Hawaii refinery's baseline allocation and because the State of Hawaii has already reached the 1990 levels according to a report prepared by the DOH in January 2019. Compliance with federal and state GHG regulations could result in material increased compliance costs and an increase in the cost of our products.

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

Under EISA, the RFS requires an increasing amount of renewable fuel to be blended into the nation's transportation fuel supply. Over time, higher annual RFS requirements have the potential to reduce demand for our refined transportation fuel products. In the near term, the RFS will be satisfied primarily with fuel ethanol blended into gasoline. We, and other refiners subject to the RFS, may meet the RFS requirements by blending the necessary volumes of renewable fuels produced by us or purchased from third parties. To the extent that refiners will not or cannot blend renewable fuels into the products they produce in the quantities required to satisfy their obligations under the RFS program, those refiners must purchase renewable credits, referred to as RINs, to maintain compliance. To the extent that we exceed the minimum volumetric requirements for blending of renewable fuels, we have the option of retaining these RINs for current or future RFS compliance or selling those RINs on the open market. As of September 30, 2022, our estimate of the renewable volume obligation ("RVO") liability for the 2021 and 2022 compliance years is based on the RFS volumetric requirements which the EPA finalized on June 3, 2022.

Additionally, the RFS enables the EPA to exempt certain small refineries from the renewable fuels blending requirements in the event such requirements would cause disproportionate economic hardship to that refinery. We petitioned the EPA for a small refinery waiver for certain of our refineries for 2019-2020, but in January 2021, the EPA announced it would cease granting hardship exemptions to small refineries that had not received continuous exemptions since 2011. In HollyFrontier Cheyenne Refining, LLC v. Renewable Fuels Association, the United States Supreme Court recently held that the CAA authorizes the EPA to exempt a small refinery from compliance with the renewable fuel standards program even if the small refinery had not received an exemption in each year since the program began in 2011. On June 3, 2022, the EPA denied our pending small refinery exemption applications for 2019-2020.

The RFS may present production and logistics challenges for both the renewable fuels and petroleum refining and marketing industries in that we may have to enter into arrangements with other parties or purchase D3 waivers from the EPA to meet our obligations to use advanced biofuels, including biomass-based diesel and cellulosic biofuel, with potentially uncertain supplies of these new fuels.

In October 2010, the EPA issued a partial waiver decision under the federal CAA to allow for an increase in the amount of ethanol permitted to be blended into gasoline from 10% (“E10”) to 15% (“E15”) for 2007 and newer light duty motor vehicles. In 2019, the EPA approved year-round sales of E15. On July 2, 2021, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit vacated the EPA’s approval of year-round E15 sales. However, on April 29, 2022, in response to supply challenges caused in part by Russia’s invasion of Ukraine, the EPA issued an emergency waiver to permit E15 sales during the summer of 2022. There are numerous issues, including state and federal regulatory issues, that need to be addressed before E15 can be marketed on a large scale for use in traditional gasoline engines; however, increased renewable fuel in the nation’s transportation fuel supply could reduce demand for our refined products.

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

Beginning on June 30, 2014, new sulfur standards for fuel oil used by marine vessels operating within 200 miles of the U.S. coastline (which includes the entire Hawaiian Island chain) were lowered from 10,000 ppm (1%) to 1,000 ppm (0.1%). The sulfur standards began at the Hawaii 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”).

Environmental Agreement

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

Indemnification

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

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

Recovery Trusts

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

As of September 30, 2022, two related claims totaling approximately $22.4 million remained to be resolved and we have accrued approximately $0.5 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end.

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

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

Note 14—Stockholders' Equity

Share Repurchase Program

On November 10, 2021, the Board authorized and approved a share repurchase program for up to $50 million of the outstanding shares of the Company's common stock, with no specified end date. During the three and nine months ended September 30, 2022, 58 thousand and 420 thousand shares were repurchased under this share repurchase program for $0.8 million and $5.8 million, respectively.

Incentive Plans

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Restricted Stock Awards	$ 1,151	$ 1,184	$ 4,054	$ 3,548
Restricted Stock Units	129	346	1,140	1,002
Stock Option Awards	333	493	2,093	1,438

During the three and nine months ended September 30, 2022, we granted 40 thousand and 437 thousand shares of restricted stock and restricted stock units with a fair value of approximately $0.6 million and $6.5 million, respectively. As of September 30, 2022, there were approximately $9.8 million of total unrecognized compensation costs related to restricted stock awards and restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 1.8 years.

During the nine months ended September 30, 2022, we granted 449 thousand stock option awards with a weighted-average exercise price of $14.91 per share. No grants were made for the three months ended September 30, 2022. As of

September 30, 2022, there were approximately $4.2 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 1.9 years.

During the nine months ended September 30, 2022, we granted 50 thousand performance restricted stock units to executive officers. These performance restricted stock units had a fair value of approximately $0.7 million and are subject to certain annual performance targets based on three-year-performance periods as defined by our Board of Directors. No grants were made for the three months ended September 30, 2022. As of September 30, 2022, there were approximately $0.9 million of total unrecognized compensation costs related to the performance restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 1.9 years.

Note 15—Income (Loss) per Share

The following table sets forth the computation of basic and diluted income (loss) per share (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	$ 267,396	$ 81,802	$ 279,470	$ (89,383)
Less: Undistributed income allocated to participating securities	—	—	—	—
Net income (loss) attributable to common stockholders	267,396	81,802	279,470	(89,383)
Plus: Net income effect of convertible securities	—	—	—	—
Numerator for diluted income (loss) per common share	$ 267,396	$ 81,802	$ 279,470	$ (89,383)
Basic weighted-average common stock shares outstanding	59,535	59,437	59,481	57,713
Plus: dilutive effects of common stock equivalents (1)	296	324	229	—
Diluted weighted-average common stock shares outstanding	59,831	59,761	59,710	57,713
Basic income (loss) per common share	$ 4.49	$ 1.38	$ 4.70	$ (1.55)
Diluted income (loss) per common share	$ 4.47	$ 1.37	$ 4.68	$ (1.55)
Diluted income (loss) per common share excludes the following equity instruments because their effect would be anti-dilutive:				
Shares of unvested restricted stock	49	488	309	1,047
Shares of stock options	2,135	2,280	2,314	2,439
Common stock equivalents using the if-converted method of settling the 5.00% Convertible Senior Notes (2)	—	—	—	1,644

(1) Entities with a net loss from continuing operations are prohibited from including potential common shares in the computation of diluted per share amounts. We have utilized the basic shares outstanding to calculate both basic and diluted Net Loss per common share for the nine months ended September 30, 2021.

(2) We had no 5.00% Convertible Senior Notes outstanding for the three and nine months ended September 30, 2022, and the three months ended September 30, 2021.

Note 16—Income Taxes

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management continues to conclude that we did not meet the “more likely than not” requirement in order to recognize deferred tax assets on the remaining amounts and a valuation allowance has been recorded for substantially all of our net deferred tax assets at September 30, 2022 and December 31, 2021.

We believe that any adjustment to our uncertain tax positions would not have a material impact on our financial statements given the Company's deferred tax and corresponding valuation allowance position as of September 30, 2022 and December 31, 2021.

As of December 31, 2021, we had approximately $1.6 billion in net operating loss carryforwards ("NOL carryforwards"); however, we currently have a valuation allowance against this and substantially all of our other deferred taxed assets.

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

Note 17—Segment Information

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

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

Three Months Ended September 30, 2022	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	1,974,701	54,635	157,385	(130,436)	$ 2,056,285
Cost of revenues (excluding depreciation)	1,629,019	28,482	115,574	(130,449)	1,642,626
Operating expense (excluding depreciation)	63,049	3,710	21,570	—	88,329
Depreciation and amortization	16,542	5,059	2,865	659	25,125
Loss (gain) on sale of assets, net	—	(241)	56	—	(185)
General and administrative expense (excluding depreciation)	—	—	—	16,219	16,219
Operating income (loss)	$ 266,091	$ 17,625	$ 17,320	$ (16,865)	$ 284,171
Interest expense and financing costs, net					(16,852)
Debt extinguishment and commitment costs					343
Other expense, net					(198)
Income before income taxes					267,464
Income tax expense					(68)
Net income					$ 267,396
Capital expenditures	$ 3,754	$ 2,967	$ 2,135	$ 182	$ 9,038

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

(1) Includes eliminations of intersegment revenues and cost of revenues of $130.4 million and $105.1 million for the three months ended September 30, 2022 and 2021, respectively.

Nine Months Ended September 30, 2022	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 5,318,379	$ 147,729	$ 424,505	$ (377,703)	$ 5,512,910
Cost of revenues (excluding depreciation)	4,772,511	77,970	329,058	(377,739)	4,801,800
Operating expense (excluding depreciation)	180,450	11,280	60,345	—	252,075
Depreciation and amortization	48,854	15,357	8,156	2,121	74,488
Loss (gain) on sale of assets, net	—	(253)	56	27	(170)
General and administrative expense (excluding depreciation)	—	—	—	47,550	47,550
Acquisition and integration costs	—	—	—	63	63
Operating income (loss)	$ 316,564	$ 43,375	$ 26,890	$ (49,725)	$ 337,104
Interest expense and financing costs, net					(51,400)
Debt extinguishment and commitment costs					(5,329)
Other expense, net					(149)
Income before income taxes					280,226
Income tax expense					(756)
Net income					$ 279,470
Capital expenditures	$ 25,249	$ 6,877	$ 5,224	$ 708	$ 38,058

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

(1) Includes eliminations of intersegment revenues and cost of revenues of $377.7 million and $293.2 million for the nine months ended September 30, 2022 and 2021, 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 owned 5% or more of our common stock directly or through affiliates during the third quarter of 2022. Pursuant to the Services Agreement, EGI agreed to provide us with ongoing strategic, advisory, and consulting services that may include (i) advice on financing structures and our relationship with lenders and bankers, (ii) advice regarding public and private offerings of debt and equity securities, (iii) advice regarding asset dispositions, acquisitions, or other asset management strategies, (iv) advice regarding potential business acquisitions, dispositions, or combinations involving us or our affiliates, or (v) such other advice directly related or ancillary to the above strategic, advisory, and consulting services as may be reasonably requested by us.

EGI does not receive a fee for the provision of the strategic, advisory, or consulting services set forth in the Services Agreement, but may be periodically reimbursed by us, upon request, for (i) travel and out-of-pocket expenses, provided that, in the event that such expenses exceed $50 thousand in the aggregate with respect to any single proposed matter, EGI will obtain our consent prior to incurring additional costs, and (ii) provided that we provide prior consent to their engagement with respect to any particular proposed matter, all reasonable fees and disbursements of counsel, accountants, and other professionals incurred in connection with EGI’s services under the Services Agreement. In consideration of the services provided by EGI under the Services Agreement, we agreed to indemnify EGI for certain losses relating to or arising out of the Services Agreement or the services provided thereunder.

The Services Agreement has a term of one year and will be automatically extended for successive one-year periods unless terminated by either party at least 60 days prior to any extension date. There were no costs incurred related to this agreement during the three and nine months ended September 30, 2022 or 2021.

Note 19—Subsequent Events

Billings Acquisition

On October 20, 2022, we and our subsidiaries Par Montana, LLC (“Par Montana”) and Par Montana Holdings, LLC (“Par Montana Holdings” and, together with Par Montana, the “Purchasers”) entered into an Equity and Asset Purchase Agreement (the “Purchase Agreement”) with Exxon Mobil Corporation, ExxonMobil Oil Corporation, and ExxonMobil Pipeline Company LLC (collectively, the “Sellers”) to purchase (i) the high-conversion, complex refinery located in Billings, Montana and certain associated distribution and logistics assets, and (ii) 100% of the issued and outstanding equity interests in Exxon Billings Cogeneration, Inc. and in Yellowstone Logistics Holding Company for a base purchase price of $310 million plus the value of hydrocarbon inventory and adjusted working capital at closing (collectively, the “Billings Acquisition”). The closing of the Billings Acquisition is subject to certain customary closing conditions and is expected to close in the second quarter of 2023. The Company will guarantee the payment and performance of the Purchasers’ obligations under the Purchase Agreement.

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

Overview

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

Our business is organized into three primary segments:

1) **Refining** - We own and operate three refineries with total operating throughput capacity of 154 Mbpd in Hawaii, Wyoming, and Washington.

2) **Retail** - Our retail outlets in Hawaii, Washington, and Idaho sell gasoline, diesel, and retail merchandise through Hele and "76" branded sites, "nomnom" branded company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations.

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

As of September 30, 2022, 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. Given the improved outlook for natural gas, we are considering strategic alternatives with respect to our investment in Laramie Energy, including, among other things, a change in the size of our investment.

We have four reportable segments: (i) Refining, (ii) Retail, (iii) Logistics, and (iv) Corporate and Other. Our Corporate and Other reportable segment primarily includes general and administrative costs. Please read Note 17—Segment Information to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for detailed information on our operating results by segment.

Recent Events Affecting Comparability of Periods

Over the last twelve months, increased demand for and reduced supply of refined product has led to increased crude oil prices. The rise in demand from 2021 to 2022 is driven by a recovery of global travel to pre-pandemic levels as well as a return to in-office work. In March, the U.S. Centers for Disease Control and Prevention ("CDC") lifted its Travel Health Notice for cruise ships in response to the decline in COVID-19 cases, and, as of April, the U.S. Transportation Security Administration ("TSA") no longer requires masking on U.S. domestic flights. Airline companies, which represent a significant portion of our Hawaii market through jet fuel sales, have forecasted significant increases in air travel volumes for the remainder of 2022 and Hawaii visitor counts for the first half of 2022 are in excess of 90% of pre-pandemic levels.

In 2022, higher national gasoline prices and U.S. inflation have affected most Americans. Following high gasoline prices in the summer, prices at the pump fell from June through September. Even with these third quarter declines, the overall energy index is up 19.8% year over year as of September 2022. Rising gasoline prices, and rising energy prices overall, are indicators of inflation and the U.S. Federal Reserve (the "Fed") has taken significant steps to curb inflation. In summer 2022, the Fed increased its benchmark interest rate by 75 basis points twice, to 1.75% in June and to 2.5% in July. The rate increased again by 75 basis points in September 2022, as expected, because the summer rate changes did not measurably slow inflation. Following the September meeting, the Fed indicated its intent to raise rates by an additional 1.25% this year. These actions by the Fed are intended to cool rising U.S. inflation rates, which have increased 8.2% year over year as of September 2022, by slowing economic growth and nonessential consumer spending (including travel). If consumer spending decreases as a result of these actions, it is expected that demand and prices for our products will decrease in kind.

In response to the Russian invasion of Ukraine in February, the international community imposed economic sanctions and other limitations on Russian exports, which further decreased the global supply of crude oil and drove up the price of crude oil. On March 3, 2022, we suspended purchases of Russian crude oil for our Hawaii refinery in response to the Russia-Ukraine conflict. We have turned to other grades of crude oil to meet fuel production requirements. In the third quarter, the global market for energy commodities experienced moderately declining prices driven by increased supply expectations after twelve months of rising prices. In response, the Organization of the Petroleum Exporting Companies ("OPEC") announced on October 5 that it would cut production by two million barrels a day (representing approximately 2% of global oil production) with the intention of raising global oil prices.

As of the date of this Quarterly Report on Form 10-Q, the Russia-Ukraine conflict is ongoing and continues to impact the global economy. We will continue to monitor the effects the conflict has on the global financial markets and our operations. Please read Item 1A. — Risk Factors for more information on the Russia-Ukraine conflict and its potential impacts on our business. Additionally, the financial results contained in this Quarterly Report on Form 10-Q reflect rebounding demand driven by decreasing COVID-19 pandemic-related demand suppression experienced in the regions in which we operate. However, the pandemic is ongoing and the impacts of the virus on people and businesses continue to evolve as of the date of this report. The full magnitude of the impact of these and other events on our financial condition, future results of operations, and future cash flows and liquidity is uncertain and has been and may continue to be material.

Results of Operations

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Net Income. Our financial results for the third quarter of 2022 improved from net income of $81.8 million for the three months ended September 30, 2021 to net income of $267.4 million for the three months ended September 30, 2022. The increase was primarily driven by higher product crack spreads across all of our refineries and a favorable change in the valuation of the embedded derivatives related to our inventory financing agreements driven by changes in commodity prices. These factors were partially offset by higher crude oil differentials and a $70.8 million increase in RINs expenses.

Adjusted EBITDA and Adjusted Net Income. For the three months ended September 30, 2022, Adjusted EBITDA was $214.1 million compared to $58.2 million for the three months ended September 30, 2021. The increase was primarily related to improved product crack spreads across all of our refineries, favorable realized commodity derivatives, and an 11% increase in refining sales volumes at our Washington refinery, partially offset by unfavorable crude oil and purchased product differentials, a $35.1 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement, and higher fuel burn costs.

For the three months ended September 30, 2022, Adjusted Net Income was $172.0 million compared to $18.6 million for the three months ended September 30, 2021. The improvement was primarily related to the factors described above for the increase in Adjusted EBITDA.

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Net Income (Loss). Our financial results improved from a net loss of $89.4 million for the nine months ended September 30, 2021 to net income of $279.5 million for the nine months ended September 30, 2022. The increase in profitability was primarily driven by higher product crack spreads across all of our refineries and a favorable change in the valuation of the embedded derivatives related to our inventory financing agreements driven by changes in commodity prices. These factors were partially offset by unfavorable crude oil and purchased product differentials, higher fuel burn costs and intermediation fees, unfavorable commodity derivatives, and a $22.9 million increase in RINs expenses. Other factors impacting our results period over period include a gain of $63.9 million related to the 2021 Hawaii sale-leaseback transactions in the nine months ended September 30, 2021 with no such gain in the 2022 comparable period and a 14% increase in operating expenses compared to the comparable period in 2021.

Adjusted EBITDA and Adjusted Net Income (Loss). For the nine months ended September 30, 2022, Adjusted EBITDA was $468.5 million compared to $98.6 million for the nine months ended September 30, 2021. The improvement was primarily related to favorable product crack spreads across all of our refineries partially offset by unfavorable crude oil and purchased product differentials, a $65.3 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement, unfavorable realized commodity derivatives, and higher fuel burn costs. Other factors impacting our results period over period include a 14% increase in operating expenses in 2022 compared to the comparable period in 2021.

For the nine months ended September 30, 2022, Adjusted Net Income was $341.9 million compared to a loss of $23.4 million for the nine months ended September 30, 2021. The improvement was primarily related to the same factors described above for the increase in Adjusted EBITDA.

The following tables summarize our consolidated results of operations for the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,			
	2022	2021	$ Change	% Change
Revenues	$ 2,056,285	$ 1,310,368	$ 745,917	57%
Cost of revenues (excluding depreciation)	1,642,626	1,098,422	544,204	50%
Operating expense (excluding depreciation)	88,329	78,059	10,270	13%
Depreciation and amortization	25,125	23,618	1,507	6%
Loss (gain) on sale of assets, net	(185)	2	(187)	(9,350)%
General and administrative expense (excluding depreciation)	16,219	12,473	3,746	30%
Acquisition and integration costs	—	1	(1)	(100)%
Total operating expenses	1,772,114	1,212,575		
Operating income	284,171	97,793		
Other income (expense)				
Interest expense and financing costs, net	(16,852)	(15,374)	(1,478)	10%
Debt extinguishment and commitment costs	343	(9)	352	3,911%
Other expense, net	(198)	(22)	(176)	800%
Total other expense, net	(16,707)	(15,405)		
Income before income taxes	267,464	82,388		
Income tax expense	(68)	(586)	518	(88)%
Net income	$ 267,396	$ 81,802		

	Nine Months Ended September 30,			
	2022	2021	$ Change	% Change
Revenues	$ 5,512,910	$ 3,416,573	$ 2,096,337	61%
Cost of revenues (excluding depreciation)	4,801,800	3,184,583	1,617,217	51%
Operating expense (excluding depreciation)	252,075	221,068	31,007	14%
Depreciation and amortization	74,488	70,046	4,442	6%
Gain on sale of assets, net	(170)	(64,400)	64,230	(100)%
General and administrative expense (excluding depreciation)	47,550	36,559	10,991	30%
Acquisition and integration costs	63	87	(24)	(28)%
Total operating expenses	5,175,806	3,447,943		
Operating income (loss)	337,104	(31,370)		
Other income (expense)				
Interest expense and financing costs, net	(51,400)	(50,711)	(689)	1%
Debt extinguishment and commitment costs	(5,329)	(8,144)	2,815	(35)%
Gain on curtailment of pension obligation	—	2,032	(2,032)	(100)%
Other income (expense), net	(149)	3	(152)	(5,067)%
Total other expense, net	(56,878)	(56,820)		
Income (loss) before income taxes	280,226	(88,190)		
Income tax expense	(756)	(1,193)	437	(37)%
Net income (loss)	$ 279,470	$ (89,383)		

The following tables summarize our operating income (loss) by segment for the three and nine months ended September 30, 2022 and 2021 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Three months ended September 30, 2022	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 1,974,701	$ 54,635	$ 157,385	$ (130,436)	$ 2,056,285
Cost of revenues (excluding depreciation)	1,629,019	28,482	115,574	(130,449)	1,642,626
Operating expense (excluding depreciation)	63,049	3,710	21,570	—	88,329
Depreciation and amortization	16,542	5,059	2,865	659	25,125
Loss (gain) on sale of assets, net	—	(241)	56	—	(185)
General and administrative expense (excluding depreciation)	—	—	—	16,219	16,219
Operating income (loss)	$ 266,091	$ 17,625	$ 17,320	$ (16,865)	$ 284,171

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

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of $130.4 million and $105.1 million for the three months ended September 30, 2022 and 2021, respectively.

Nine months ended September 30, 2022	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	$ 5,318,379	$ 147,729	$ 424,505	$ (377,703)	$ 5,512,910
Cost of revenues (excluding depreciation)	4,772,511	77,970	329,058	(377,739)	4,801,800
Operating expense (excluding depreciation)	180,450	11,280	60,345	—	252,075
Depreciation and amortization	48,854	15,357	8,156	2,121	74,488
Loss (gain) on sale of assets, net	—	(253)	56	27	(170)
General and administrative expense (excluding depreciation)	—	—	—	47,550	47,550
Acquisition and integration costs	—	—	—	63	63
Operating income (loss)	$ 316,564	$ 43,375	$ 26,890	$ (49,725)	$ 337,104

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

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of $377.7 million and $293.2 million for the nine months ended September 30, 2022 and 2021, respectively.

Below is a summary of key operating statistics for the refining segment for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Total Refining Segment				
Feedstocks Throughput (Mbpd)	138.5	137.3	132.8	135.1
Refined product sales volume (Mbpd)	149.3	144.9	138.5	140.5
Hawaii Refinery				
Feedstocks Throughput (Mbpd)	79.7	81.0	82.2	82.0
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	28.1 %	23.3 %	25.4 %	24.2 %
Distillates	39.3 %	45.9 %	39.5 %	45.3 %
Fuel oils	30.1 %	24.9 %	31.1 %	26.0 %
Other products	(0.9)%	3.4 %	0.6 %	1.5 %
Total yield	96.6 %	97.5 %	96.6 %	97.0 %
Refined product sales volume (Mbpd)				
On-island sales volume	84.7	86.7	81.0	83.9
Exports sales volume	1.9	—	0.6	—
Total refined product sales volume	86.6	86.7	81.6	83.9
Adjusted Gross Margin per bbl ($/throughput bbl) (1)	$ 19.49	$ 6.02	$ 13.92	$ 4.35
Production costs per bbl ($/throughput bbl) (2)	5.14	4.28	4.67	3.89
D&A per bbl ($/throughput bbl)	0.68	0.67	0.66	0.67
Washington Refinery				
Feedstocks Throughput (Mbpd)	40.5	38.4	33.8	36.3
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	24.2 %	22.8 %	24.4 %	23.6 %
Distillates	34.1 %	33.0 %	34.1 %	34.3 %
Asphalt	20.2 %	22.5 %	19.9 %	20.9 %
Other products	18.4 %	18.7 %	18.5 %	18.4 %
Total yield	96.9 %	97.0 %	96.9 %	97.2 %
Refined product sales volume (Mbpd)	45.3	40.7	39.9	40.3
Adjusted Gross Margin per bbl ($/throughput bbl) (1)	$ 19.97	$ 3.52	$ 16.51	$ 2.63
Production costs per bbl ($/throughput bbl) (2)	3.43	3.60	4.19	3.70
D&A per bbl ($/throughput bbl)	2.02	1.48	2.28	1.56

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Wyoming Refinery				
Feedstocks Throughput (Mbpd)	18.3	17.9	16.8	16.8
Yield (% of total throughput)				
Gasoline and gasoline blendstocks	48.3 %	46.5 %	48.8 %	46.9 %
Distillates	43.9 %	46.2 %	43.6 %	46.0 %
Fuel oils	3.0 %	2.3 %	2.5 %	2.1 %
Other products	2.5 %	2.1 %	2.5 %	2.0 %
Total yield	97.7 %	97.1 %	97.4 %	97.0 %
Refined product sales volume (Mbpd)	17.4	17.5	17.0	16.3
Adjusted Gross Margin per bbl ($/throughput bbl) (1)	$ 19.39	$ 21.84	$ 29.20	$ 16.45
Production costs per bbl ($/throughput bbl) (2)	6.63	5.92	7.14	6.49
D&A per bbl ($/throughput bbl)	2.40	2.77	2.82	2.83
Market Indices (average $ per barrel)				
3-1-2 Singapore Crack Spread (3)	$ 26.43	$ 6.20	$ 26.52	$ 4.80
Pacific Northwest 5-2-2-1 Index (4)	33.21	18.59	33.79	15.39
Wyoming 3-2-1 Index (5)	45.78	41.78	42.36	31.01
Crude Oil Prices (average $ per barrel)				
Brent	$ 97.70	$ 73.23	$ 102.53	$ 67.92
WTI	91.43	70.52	98.31	64.99
ANS	103.80	73.83	106.41	68.35
Bakken Clearbrook	95.49	70.77	102.09	64.84
WCS Hardisty	70.93	57.54	82.23	52.39
Brent M1-M3	3.94	1.36	4.10	1.05

(1) We calculate Adjusted Gross Margin per barrel by dividing Adjusted Gross Margin by total refining throughput. Adjusted Gross Margin for our Washington refinery is determined under the last-in, first-out (“LIFO”) inventory costing method. Adjusted Gross Margin for our other refineries is determined under the first-in, first-out (“FIFO”) inventory costing method. The definition of Adjusted Gross Margin was modified beginning with the financial results reported for periods in fiscal year 2022. We have recast Adjusted Gross Margin for prior periods when reported to conform to the modified presentation. Please see discussion of Adjusted Gross Margin below.

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

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

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

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

Below is a summary of key operating statistics for the retail segment for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Retail Segment				
Retail sales volumes (thousands of gallons)	27,829	28,746	78,599	82,418

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 in isolation or as substitutes or alternatives to their most directly comparable GAAP financial measures or any other measure of financial performance or liquidity presented in accordance with GAAP. These non-GAAP measures may not be comparable to similarly titled measures used by other companies since each company may define these terms differently.

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

Beginning with financial results reported for periods in fiscal year 2022, the inventory valuation adjustment was modified to include the first-in, first-out ("FIFO") inventory gains (losses) associated with our titled manufactured inventory in Hawaii. This modification was made to better align Adjusted Net Income (Loss) and Adjusted EBITDA with the cash flow of the Hawaii refining business. Prior to 2022, the impacts of FIFO inventory gains (losses) associated with Hawaii titled manufactured inventory were eliminated through the inventory valuation adjustment. Beginning with financial results reported for the second quarter of 2022, Adjusted Gross Margin, Adjusted Net Income (Loss), and Adjusted EBITDA also exclude the mark-to-market losses (gains) associated with our net RINs liability. This modification was made to better reflect our operating performance and to improve comparability between periods. We have recast Adjusted Gross Margin, Adjusted Net Income (Loss), and Adjusted EBITDA for prior periods when reported to conform to the modified presentation.

Adjusted Gross Margin

Adjusted Gross Margin is defined as operating income (loss) excluding:

- operating expense (excluding depreciation);
- depreciation and amortization ("D&A");
- impairment expense;
- loss (gain) on sale of assets, net;
- inventory valuation adjustment (which adjusts for timing differences to reflect the economics of our inventory financing agreements, including lower of cost or net realizable value adjustments, the impact of the embedded derivative repurchase or terminal obligations, contango (gains) and backwardation losses associated with our Washington inventory and intermediation obligation, and purchase price allocation adjustments);
- LIFO layer liquidation impacts associated with our Washington inventory;

- Renewable Identification Numbers (“RINs”) mark-to-market adjustments (which represents the income statement effect of reflecting our RINs liability on a net basis; this adjustment also includes the mark-to-market losses (gains) associated with our net RINs liability); and
- unrealized loss (gain) on derivatives.

Adjusted Gross Margin can also be defined as revenues less cost of revenues (excluding depreciation) excluding:

- inventory valuation adjustment;
- unrealized loss (gain) on derivatives;
- LIFO layer liquidation impacts associated with our Washington inventory; and
- RINs mark-to-market adjustments.

We define cost of revenues (excluding depreciation) as:

- the hydrocarbon-related costs of inventory sold,
- transportation costs of delivering product to customers,
- crude oil consumed in the refining process,
- costs to satisfy our RINs and environmental credit obligations,
- certain hydrocarbon fees and taxes, and
- the unrealized gain (loss) on derivatives and the inventory valuation adjustment that we exclude from Adjusted Gross Margin.

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

Three months ended September 30, 2022	**Refining**	**Logistics**	**Retail**
Operating income	$ 266,091	$ 17,625	$ 17,320
Operating expense (excluding depreciation)	63,049	3,710	21,570
Depreciation and amortization	16,542	5,059	2,865
Loss (gain) on sale of assets, net	—	(241)	56
Inventory valuation adjustment	(91,135)	—	—
RINs mark-to-market adjustments	(6,731)	—	—
Unrealized loss on derivatives	3,004	—	—
Adjusted Gross Margin (1)	$ 250,820	$ 26,153	$ 41,811

Three months ended September 30, 2021	**Refining**	**Logistics**	**Retail**
Operating income	$ 86,413	$ 13,357	$ 11,201
Operating expense (excluding depreciation)	55,613	3,754	18,692
Depreciation and amortization	14,748	5,545	2,630
Loss (gain) on sale of assets, net	—	2	—
Inventory valuation adjustment	2,784	—	—
LIFO liquidation adjustment	(4,151)	—	—
RINs mark-to-market adjustments	(72,087)	—	—
Unrealized loss on derivatives	10,228	—	—
Adjusted Gross Margin (1)	$ 93,548	$ 22,658	$ 32,523

Nine months ended September 30, 2022	Refining	Logistics	Retail
Operating income	$ 316,564	$ 43,375	$ 26,890
Operating expense (excluding depreciation)	180,450	11,280	60,345
Depreciation and amortization	48,854	15,357	8,156
Loss (gain) on sale of assets, net	—	(253)	56
Inventory valuation adjustment	(18,039)	—	—
RINs mark-to-market adjustments	83,119	—	—
Unrealized gain on derivatives	(10,151)	—	—
Adjusted Gross Margin (1)	$ 600,797	$ 69,759	$ 95,447

Nine months ended September 30, 2021	Refining	Logistics	Retail
Operating income (loss)	$ (103,571)	$ 37,976	$ 73,207
Operating expense (excluding depreciation)	156,895	11,144	53,029
Depreciation and amortization	43,373	16,176	8,164
Loss (gain) on sale of assets, net	(19,595)	(19)	(44,786)
Inventory valuation adjustment	55,527	—	—
RINs mark-to-market adjustments	58,973	—	—
Unrealized loss on derivatives	7,620	—	—
Adjusted Gross Margin (1)	$ 199,222	$ 65,277	$ 89,614

(1) For the three and nine months ended September 30, 2022 and 2021, there was no impairment expense recorded in Operating income (loss). For the three and nine months ended September 30, 2022 and the nine months ended September 30, 2021, there was no LIFO liquidation adjustment recorded in Operating income (loss).

Adjusted Net Income (Loss) and Adjusted EBITDA

Adjusted Net Income (Loss) is defined as Net income (loss) excluding:

- inventory valuation adjustment (which adjusts for timing differences to reflect the economics of our inventory financing agreements, including lower of cost or net realizable value adjustments, the impact of the embedded derivative repurchase or terminal obligations, contango (gains) and backwardation losses associated with our Washington inventory and intermediation obligation, and purchase price allocation adjustments);
- the LIFO layer liquidation impacts associated with our Washington inventory;
- RINs mark-to-market adjustments (which represents the income statement effect of reflecting our RINs liability on a net basis; this adjustment also includes the mark-to-market losses (gains) associated with our net RINs liability);
- unrealized (gain) loss on derivatives;
- acquisition and integration costs;
- debt extinguishment and commitment costs;
- increase in (release of) tax valuation allowance and other deferred tax items;
- changes in the value of contingent consideration and common stock warrants;
- severance costs;
- (gain) loss on sale of assets;
- impairment expense;
- impairment expense associated with our investment in Laramie Energy and our share of Laramie Energy's asset impairment losses in excess of our basis difference; and
- Par's share of Laramie Energy's unrealized loss (gain) on derivatives.

Adjusted EBITDA is defined as Adjusted Net Income (Loss) excluding:

- D&A;
- interest expense and financing costs;

- equity losses (earnings) from Laramie Energy excluding Par's share of unrealized loss (gain) on derivatives, impairment of Par's investment, and our share of Laramie Energy's asset impairment losses in excess of our basis difference; and
- income tax expense (benefit).

The following table presents a reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to the most directly comparable GAAP financial measure, Net income (loss), on a historical basis for the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Income (Loss)	$ 267,396	$ 81,802	$ 279,470	$ (89,383)
Inventory valuation adjustment	(91,135)	2,784	(18,039)	55,527
LIFO liquidation adjustment	—	(4,151)	—	—
RINs mark-to-market adjustments	(6,731)	(72,087)	83,119	58,973
Unrealized loss (gain) on derivatives	3,004	10,228	(10,151)	7,620
Acquisition and integration costs	—	1	63	87
Debt extinguishment and commitment costs	(343)	9	5,329	8,144
Severance costs	9	59	2,272	75
Loss (gain) on sale of assets, net	(185)	2	(170)	(64,400)
Adjusted Net Income (Loss) (1)	172,015	18,647	341,893	(23,357)
Depreciation and amortization	25,125	23,618	74,488	70,046
Interest expense and financing costs, net	16,852	15,374	51,400	50,711
Income tax expense	68	586	756	1,193
Adjusted EBITDA (1)	$ 214,060	$ 58,225	$ 468,537	$ 98,593

(1) For the three and nine months ended September 30, 2022 and 2021, there was no change in value of contingent consideration, change in value of common stock warrants, change in valuation allowance or other deferred tax items, impairment expense, or equity losses (earnings) from Laramie Energy, LLC, including impairments associated with our investment in Laramie Energy, our share of Laramie Energy's asset impairment losses in excess of our basis difference, and our share of Laramie Energy's unrealized loss (gain) on derivatives.

Factors Impacting Segment Results

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Refining. Operating income for our refining segment was $266.1 million for the three months ended September 30, 2022, an increase of $179.7 million compared to $86.4 million for the three months ended September 30, 2021. The increase was primarily driven by improved product crack spreads across all of our refineries and a favorable change in the valuation of the embedded derivatives related to our inventory financing agreements driven by changes in commodity prices, partially offset by unfavorable crude oil differentials, a $70.8 million increase in RINs expenses, and a $35.1 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement.

Logistics. Operating income for our logistics segment was $17.6 million for the three months ended September 30, 2022, an increase of $4.2 million compared to $13.4 million for the three months ended September 30, 2021. The increase is primarily due to higher third party revenues.

Retail. Operating income for our retail segment was $17.3 million for the three months ended September 30, 2022, an increase of $6.1 million compared to $11.2 million for the three months ended September 30, 2021. The increase was primarily due to a 42% increase in fuel margins related to declining crude oil prices in the three months ended September 30, 2022 compared to rising prices in the comparative period of 2021, partially offset by a 16% increase in operating expenses in the three months ended September 30, 2022 related to increased employee costs and higher credit card processing fees due to increased gasoline prices.

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Refining. Operating income for our refining segment was $316.6 million for the nine months ended September 30, 2022, an improvement of $420.2 million compared to an operating loss of $103.6 million for the nine months ended September 30, 2021. The increase in profitability was primarily driven by improved product crack spreads across all of our refineries and a favorable change in the valuation of the embedded derivatives related to our inventory financing agreements driven by changes in commodity prices, partially offset by unfavorable crude oil and purchased product differentials, a $65.3 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement, higher fuel burn costs, unfavorable commodity derivatives, and a $22.9 million increase in RINs expenses. Other factors impacting our results period over period include a gain on sale of assets of $19.6 million in the nine months ended September 30, 2021 primarily related to the 2021 Hawaii sale-leaseback transactions we closed in the first quarter of 2021 with no such gain in 2022 and a 15% increase in operating expenses in the nine months ended September 30, 2021 primarily related to increased utility costs, planned repairs and maintenance, and higher employee costs.

Logistics. Operating income for our logistics segment was $43.4 million for the nine months ended September 30, 2022, an increase of $5.4 million compared to $38.0 million for the nine months ended September 30, 2021. The increase was primarily due to increased third party revenues and a 5% increase in throughput across our Washington assets, partially offset by a 9% increase in cost of sales driven primarily by higher marine vessel fees and fuel costs.

Retail. Operating income for our retail segment was $26.9 million for the nine months ended September 30, 2022, a decrease of $46.3 million compared to $73.2 million for the nine months ended September 30, 2021. The decrease in profitability is primarily due to a gain on sale of assets of $44.8 million in the nine months ended September 30, 2021 related to the 2021 Hawaii sale-leaseback transactions we closed in the first quarter of 2021 with no such gain in 2022 and a 14% increase in operating expenses in the nine months ended September 30, 2022 primarily related to higher repair and maintenance expenses, increased employee costs, higher credit card processing fees due to increased gasoline prices, and higher rent expense related to the additional leases from our 2021 Hawaii sale-leaseback transactions, partially offset by a 15% increase in fuel margin.

Adjusted Gross Margin

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Refining. For the three months ended September 30, 2022, our refining Adjusted Gross Margin was $250.8 million, an increase of $157.3 million compared to $93.5 million for the three months ended September 30, 2021. The increase was primarily driven by improved product crack spreads and favorable realized commodity derivatives, partially offset by higher crude oil and purchased product differentials and higher intermediation fees in Hawaii. Adjusted Gross Margin for the Hawaii refinery increased from $6.02 per barrel during the three months ended September 30, 2021 to $19.49 per barrel during the three months ended September 30, 2022. The improvement was primarily due to improved product crack spreads and favorable realized commodity derivatives, partially offset by unfavorable crude oil and purchased product differentials, a $35.1 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement, and higher fuel burn costs. Adjusted Gross Margin for the Washington refinery increased by $16.45 per barrel primarily due to improved product crack spreads and an 11% increase in sales volumes, partially offset by unfavorable crude oil differentials. Adjusted Gross Margin for the Wyoming refinery decreased by $2.45 per barrel primarily due to an unfavorable FIFO change of $15.4 million, unfavorable crude differentials, and higher RINs expenses related to current period production, partially offset by improved product crack spreads.

Logistics. For the three months ended September 30, 2022, our logistics Adjusted Gross Margin was $26.2 million, an increase of $3.5 million compared to $22.7 million for the three months ended September 30, 2021. The increase is primarily due to higher revenues from third party services.

Retail. For the three months ended September 30, 2022, our retail Adjusted Gross Margin was $41.8 million, an increase of $9.3 million compared to $32.5 million for the three months ended September 30, 2021. The increase was primarily due to a 42% increase in fuel margins related to declining crude oil prices in the three months ended September 30, 2022 compared to rising crude oil prices in the comparable period in 2021.

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Refining. For the nine months ended September 30, 2022, our refining Adjusted Gross Margin was $600.8 million, an increase of $401.6 million compared to $199.2 million for the nine months ended September 30, 2021. The increase was primarily due to favorable product crack spreads across all our refineries partially offset by unfavorable crude oil and purchased

product differentials, higher intermediation fees in Hawaii, unfavorable realized commodity derivatives, and higher fuel burn costs. Adjusted Gross Margin for the Hawaii refinery improved from $4.35 per barrel during the nine months ended September 30, 2021 to $13.92 per barrel during the nine months ended September 30, 2022. The improvement was primarily due to improved product crack spreads, partially offset by unfavorable crude oil and purchased product differentials, a $65.3 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement, unfavorable realized commodity derivatives, and higher fuel burn costs. Adjusted Gross Margin for the Washington refinery increased by $13.88 per barrel primarily due to favorable product crack spreads partially offset by unfavorable crude oil differentials. Adjusted Gross Margin for the Wyoming refinery increased by $12.75 per barrel primarily due to improved product crack spreads partially offset by unfavorable crude oil differentials.

Logistics. For the nine months ended September 30, 2022, our logistics Adjusted Gross Margin was $69.8 million, an increase of $4.5 million compared to $65.3 million for the nine months ended September 30, 2021. The increase was primarily due to increased revenues from third party services and a 5% increase in throughput across our Washington assets, partially offset by a 9% increase in cost of sales driven primarily by higher marine vessel fees and fuel costs.

Retail. For the nine months ended September 30, 2022, our retail Adjusted Gross Margin was $95.4 million, an increase of $5.8 million compared to $89.6 million for the nine months ended September 30, 2021. The increase was primarily due to a 15% increase in fuel margins related to declining crude oil prices in the three months ended September 30, 2022 partially offset by a 5% decline in fuel sales volumes.

Discussion of Consolidated Results

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Revenues. For the three months ended September 30, 2022, revenues were $2.1 billion, a $0.8 billion increase compared to $1.3 billion for the three months ended September 30, 2021. The increase was primarily due to an increase of $0.7 billion in third-party refining segment revenue as a result of increases in Brent and WTI crude oil prices, an increase in average product crack spreads, and an 11% increase in refining sales volumes at our Washington refinery. Average Brent crude oil prices increased to $97.70 per barrel during the third quarter of 2022 compared to $73.23 per barrel during the third quarter of 2021, and average WTI crude oil prices increased to $91.43 per barrel during the third quarter of 2022 compared to $70.52 per barrel during the third quarter of 2021. Revenues at our retail segment increased $31.5 million primarily due to a 35% increase in fuel prices.

Cost of Revenues (Excluding Depreciation). For the three months ended September 30, 2022, cost of revenues (excluding depreciation) was $1.6 billion, a $0.5 billion increase compared to $1.1 billion for the three months ended September 30, 2021. The increase was primarily driven by higher Brent and WTI crude oil prices as discussed above and unfavorable crude oil and purchased product differentials, a $70.8 million increase in RINs expenses, a $35.1 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement, an 11% increase in refining sales volumes at our Washington refinery, and higher fuel burn costs, partially offset by a favorable change in the valuation of the embedded derivatives related to our inventory financing agreements driven by changes in commodity prices, and favorable commodity derivatives. Other factors impacting our results period over period include 33% higher fuel costs at our retail segment.

Operating Expense (Excluding Depreciation). For the three months ended September 30, 2022, operating expense (excluding depreciation) was $88.3 million, a $10.2 million increase when compared to $78.1 million for the three months ended September 30, 2021. The increase in operating expenses was primarily driven by higher utility and maintenance costs and increased employee costs.

Depreciation and Amortization. For the three months ended September 30, 2022, D&A was $25.1 million, an increase of $1.5 million compared to $23.6 million for the three months ended September 30, 2021. The increase was primarily due to the amortization of our Washington refinery turnaround projects completed in the first quarter of 2022.

General and Administrative Expense (Excluding Depreciation). For the three months ended September 30, 2022, general and administrative expense (excluding depreciation) was $16.2 million, an increase of $3.7 million compared to $12.5 million for the three months ended September 30, 2021. The increase was primarily due to an increase in employee costs and outside services related to profit improvement projects.

Interest Expense and Financing Costs, Net. For the three months ended September 30, 2022, our interest expense and financing costs were $16.9 million, an increase of $1.5 million compared to $15.4 million for the three months ended September 30, 2021. The increase was primarily due to higher balances on our inventory financing agreements, partially offset

by lower outstanding debt balances driven by early repayments of the outstanding 12.875% Senior Secured Notes in the second quarters of 2021 and 2022 and the final maturity of the 5.00% Convertible Senior Notes on June 15, 2021. Please read Note 7—Inventory Financing Agreements and Note 9—Debt to our condensed consolidated financial statements for further discussion on our intermediation agreements and indebtedness, respectively.

Income Taxes. For the three months ended September 30, 2022, we recorded income tax expense of $0.1 million primarily related to increased taxable income. For the three months ended September 30, 2021, we recorded an income tax expense of $0.6 million primarily related to foreign taxes.

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Revenues. For the nine months ended September 30, 2022, revenues were $5.5 billion, a $2.1 billion increase compared to $3.4 billion for the nine months ended September 30, 2021. The increase was primarily due to an increase of $2.0 billion in third-party revenues at our refining segment, primarily related to higher crude oil prices and product crack spreads across all our refining locations. Average Brent crude oil prices rose to $102.53 in the nine months ended September 30, 2022 compared to $67.92 per barrel in the nine months ended September 30, 2021, and average WTI crude oil prices rose to $98.31 per barrel during the nine months ended September 30, 2022 compared to $64.99 in the nine months ended September 30, 2021. Revenues at our retail segment increased $89.0 million primarily due to a 41% increase in fuel prices.

Cost of Revenues (Excluding Depreciation). For the nine months ended September 30, 2022, cost of revenues (excluding depreciation) was $4.8 billion, a $1.6 billion increase compared to $3.2 billion for the nine months ended September 30, 2021. The increase was primarily due to increases in Brent and WTI crude oil prices as discussed above, higher crude oil and purchased product differentials, a $65.3 million increase in intermediation fees driven primarily by higher market structure fees under the Supply and Offtake Agreement, higher fuel burn costs, and unfavorable commodity derivatives, partially offset by a favorable change in valuation of the embedded derivatives related to our inventory financing agreements driven by changes in commodity prices. Other factors impacting our results period over period include 50% higher fuel costs at our retail segment.

Operating Expense (Excluding Depreciation). For the nine months ended September 30, 2022, operating expense (excluding depreciation) was $252.1 million, an increase of $31.0 million compared to $221.1 million for the nine months ended September 30, 2021. The increase was primarily driven by higher utility and maintenance expenses, increased employee costs, and higher retail credit card processing fees related to increased gasoline prices.

Depreciation and Amortization. For the nine months ended September 30, 2022, D&A was $74.5 million, an increase of $4.5 million compared to $70.0 million for the nine months ended September 30, 2021. The increase was primarily due to the amortization of our Washington refinery turnaround projects completed in the first quarter of 2022.

Gain on Sale of Assets, Net. For the nine months ended September 30, 2022, there was a $0.2 million gain on sale of assets, net, which resulted primarily from the sale of equipment. For the nine months ended September 30, 2021, the gain on sale of assets, net was approximately $64.4 million and primarily related to the Hawaii sale-leaseback transactions we closed in the first quarter of 2021.

General and Administrative Expense (Excluding Depreciation). For the nine months ended September 30, 2022, general and administrative expense (excluding depreciation) was $47.6 million, an increase of $11.0 million compared to $36.6 million for the nine months ended September 30, 2021. The increase was primarily due to higher employee costs.

Interest Expense and Financing Costs, Net. For the nine months ended September 30, 2022, our interest expense and financing costs were $51.4 million, an increase of $0.7 million when compared to $50.7 million for the nine months ended September 30, 2021. The increase was primarily due to increased balances on our inventory financing agreements, partially offset by lower outstanding debt balances in 2022 driven by early partial repayments of the outstanding 12.875% Senior Secured Notes in the second quarters of 2021 and 2022 and the full repayment at maturity of the 5.00% Convertible Senior Notes in June 2021.

Debt Extinguishment and Commitment Costs. For the nine months ended September 30, 2021, our debt extinguishment and commitment costs were $8.1 million and primarily represented $6.6 million in extinguishment costs associated with the redemption of $36.8 million of 12.875% Senior Secured Notes in June 2021 and $1.4 million in extinguishment costs associated with the repayment of the Retail Property Term Loan on February 23, 2021. For the nine months ended September 30, 2022, our debt extinguishment and commitment costs were $5.3 million and primarily represented extinguishment costs associated with the repurchase and cancellation of an additional $36.9 million of 12.875% Senior Secured

Notes in the second quarter of 2022. Please read Note 9—Debt to our condensed consolidated financial statements for further discussion on our indebtedness.

Gain on Curtailment of Pension Obligation. For the nine months ended September 30, 2021, we recorded a $2.0 million gain on curtailment of pension obligation related to the March 2021 Wyoming Refining plan amendment. No such gain was recorded during the nine months ended September 30, 2022.

Income Taxes. For the nine months ended September 30, 2022, we recorded an income tax expense of $0.8 million primarily related to increased taxable income. For the nine months ended September 30, 2021, we recorded an income tax expense of $1.2 million primarily driven by foreign 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 (defined below) entered into a term loan and guaranty agreement with Goldman Sachs Bank USA, as administrative agent, and the lenders party thereto with respect to a $250.0 million term loan (the "Term Loan B"). On June 5, 2020, the Issuers issued their 12.875% Senior Secured Notes due 2026 in a private offering under Rule 144A and Regulation S of the Securities Act. The 7.75% Senior Secured Notes, the Term Loan B, and the 12.875% Senior Secured Notes were co-issued by Par Petroleum Finance Corp. (together with the Issuer, the "Issuers"), which has no independent assets or operations. The 7.75% Senior Secured Notes, Term Loan B, and 12.875% Senior Secured Notes are guaranteed on a senior unsecured basis only as to payment of principal and interest by Par Pacific Holdings, Inc. (the "Parent") and are guaranteed on a senior secured basis by all of the subsidiaries of Par Petroleum, LLC.

The following supplemental condensed consolidating financial information reflects (i) the Parent's separate accounts, (ii) Par Petroleum, LLC and its consolidated subsidiaries' accounts (which are all guarantors of the 7.75% Senior Secured Notes, Term Loan B, and 12.875% Senior Secured Notes), (iii) the accounts of subsidiaries of the Parent that are not guarantors of the 7.75% Senior Secured Notes, Term Loan B, or 12.875% Senior Secured Notes and consolidating adjustments and eliminations, and (iv) the Parent's consolidated accounts for the dates and periods indicated. For purposes of the following condensed consolidating information, the Parent's investment in its subsidiaries is accounted for under the equity method of accounting (dollar amounts in thousands).

	As of September 30, 2022			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	$ 6,308	$ 402,753	$ 29	$ 409,090
Restricted cash	331	3,670	—	4,001
Trade accounts receivable	—	287,719	3	287,722
Inventories	—	914,622	—	914,622
Prepaid and other current assets	2,397	120,735	(3)	123,129
Due from related parties	109,025	—	(109,025)	—
Total current assets	118,061	1,729,499	(108,996)	1,738,564
Property, plant, and equipment				
Property, plant, and equipment	20,199	1,182,897	3,955	1,207,051
Less accumulated depreciation and amortization	(15,503)	(356,529)	(3,075)	(375,107)
Property, plant, and equipment, net	4,696	826,368	880	831,944
Long-term assets				
Operating lease right-of-use assets	2,810	319,058	—	321,868
Investment in subsidiaries	502,915	—	(502,915)	—
Intangible assets, net	—	14,240	—	14,240
Goodwill	—	124,607	2,598	127,205
Other long-term assets	723	86,755	(14,195)	73,283
Total assets	$ 629,205	$ 3,100,527	$ (622,628)	$ 3,107,104
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current maturities of long-term debt	$ —	$ 10,918	$ —	$ 10,918
Obligations under inventory financing agreements	—	864,051	—	864,051
Accounts payable	2,905	196,262	1,480	200,647
Accrued taxes	35	36,298	—	36,333
Operating lease liabilities	524	47,382	—	47,906
Other accrued liabilities	521	560,933	368	561,822
Due to related parties	74,819	108,875	(183,694)	—
Total current liabilities	78,804	1,824,719	(181,846)	1,721,677
Long-term liabilities				
Long-term debt, net of current maturities	—	496,870	—	496,870
Due to related parties	—	—	—	—
Finance lease liabilities	—	11,202	(4,430)	6,772
Operating lease liabilities	3,509	278,147	—	281,656
Other liabilities	—	39,849	13,388	53,237
Total liabilities	82,313	2,650,787	(172,888)	2,560,212
Commitments and contingencies				
Stockholders' equity				
Preferred stock	—	—	—	—
Common stock	601	—	—	601
Additional paid-in capital	829,195	409,686	(409,686)	829,195
Accumulated earnings (deficit)	(285,406)	38,249	(38,249)	(285,406)
Accumulated other comprehensive income (loss)	2,502	1,805	(1,805)	2,502
Total stockholders' equity	546,892	449,740	(449,740)	546,892
Total liabilities and stockholders' equity	$ 629,205	$ 3,100,527	$ (622,628)	$ 3,107,104

	As of December 31, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,086	$ 108,105	$ 30	$ 112,221
Restricted cash	330	3,670	—	4,000
Trade accounts receivable	—	195,104	4	195,108
Inventories	—	790,317	—	790,317
Prepaid and other current assets	15,664	12,864	(3)	28,525
Due from related parties	94,676	—	(94,676)	—
Total current assets	114,756	1,110,060	(94,645)	1,130,171
Property, plant, and equipment				
Property, plant, and equipment	19,535	1,156,906	3,956	1,180,397
Less accumulated depreciation and amortization	(13,869)	(307,091)	(2,932)	(323,892)
Property, plant, and equipment, net	5,666	849,815	1,024	856,505
Long-term assets				
Operating lease right-of-use assets	3,280	380,544	—	383,824
Investment in subsidiaries	207,483	—	(207,483)	—
Intangible assets, net	—	16,234	—	16,234
Goodwill	—	124,664	2,598	127,262
Other long-term assets	724	57,382	(1,851)	56,255
Total assets	$ 331,909	$ 2,538,699	$ (300,357)	$ 2,570,251
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current maturities of long-term debt	$ —	$ 10,841	$ —	$ 10,841
Obligations under inventory financing agreements	—	737,704	—	737,704
Accounts payable	1,386	151,676	1,481	154,543
Accrued taxes	48	28,593	—	28,641
Operating lease liabilities	608	53,032	—	53,640
Other accrued liabilities	9,805	360,246	373	370,424
Due to related parties	50,195	10,261	(60,456)	—
Total current liabilities	62,042	1,352,353	(58,602)	1,355,793
Long-term liabilities				
Long-term debt, net of current maturities	—	553,717	—	553,717
Finance lease liabilities	17	12,192	(4,518)	7,691
Operating lease liabilities	4,150	330,944	—	335,094
Other liabilities	—	63,098	(10,842)	52,256
Total liabilities	66,209	2,312,304	(73,962)	2,304,551
Commitments and contingencies				
Stockholders' equity				
Preferred stock	—	—	—	—
Common stock	602	—	—	602
Additional paid-in capital	821,713	409,686	(409,686)	821,713
Accumulated earnings (deficit)	(559,117)	(185,096)	185,096	(559,117)
Accumulated other comprehensive income (loss)	2,502	1,805	(1,805)	2,502
Total stockholders' equity	265,700	226,395	(226,395)	265,700
Total liabilities and stockholders' equity	$ 331,909	$ 2,538,699	$ (300,357)	$ 2,570,251

	Three Months Ended September 30, 2022			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 2,056,252	$ 33	$ 2,056,285
Operating expenses				
Cost of revenues (excluding depreciation)	—	1,642,626	—	1,642,626
Operating expense (excluding depreciation)	—	88,329	—	88,329
Depreciation and amortization	517	24,561	47	25,125
Loss (gain) on sale of assets, net	—	(185)	—	(185)
General and administrative expense (excluding depreciation)	5,213	11,006	—	16,219
Acquisition and integration costs	—	—	—	—
Total operating expenses	5,730	1,766,337	47	1,772,114
Operating income (loss)	(5,730)	289,915	(14)	284,171
Other income (expense)				
Interest expense and financing costs, net	15	(16,958)	91	(16,852)
Debt extinguishment and commitment costs	—	343	—	343
Other income (expense), net	(8)	(191)	1	(198)
Equity earnings (losses) from subsidiaries	273,119	—	(273,119)	—
Total other income (expense), net	273,126	(16,806)	(273,027)	(16,707)
Income (loss) before income taxes	267,396	273,109	(273,041)	267,464
Income tax benefit (expense) (1)	—	(66,917)	66,849	(68)
Net income (loss)	$ 267,396	$ 206,192	$ (206,192)	$ 267,396
Adjusted EBITDA	$ (5,221)	$ 219,247	$ 34	$ 214,060

	Three Months Ended September 30, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 1,310,357	$ 11	$ 1,310,368
Operating expenses				
Cost of revenues (excluding depreciation)	—	1,098,422	—	1,098,422
Operating expense (excluding depreciation)	—	78,059	—	78,059
Depreciation and amortization	571	22,999	48	23,618
Loss (gain) on sale of assets, net	—	2	—	2
General and administrative expense (excluding depreciation)	3,098	9,375	—	12,473
Acquisition and integration costs	1	—	—	1
Total operating expenses	3,670	1,208,857	48	1,212,575
Operating income (loss)	(3,670)	101,500	(37)	97,793
Other income (expense)				
Interest expense and financing costs, net	(7)	(15,462)	95	(15,374)
Debt extinguishment and commitment costs	—	(9)	—	(9)
Other income (expense), net	(14)	(8)	—	(22)
Equity earnings (losses) from subsidiaries	85,502	—	(85,502)	—
Total other income (expense), net	85,481	(15,479)	(85,407)	(15,405)
Income (loss) before income taxes	81,811	86,021	(85,444)	82,388
Income tax benefit (expense) (1)	(9)	(21,385)	20,808	(586)
Net income (loss)	$ 81,802	$ 64,636	$ (64,636)	$ 81,802
Adjusted EBITDA	$ (3,112)	$ 61,326	$ 11	$ 58,225

	Nine Months Ended September 30, 2022			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 5,512,816	$ 94	$ 5,512,910
Operating expenses				
Cost of revenues (excluding depreciation)	—	4,801,800	—	4,801,800
Operating expense (excluding depreciation)	—	252,075	—	252,075
Depreciation and amortization	1,721	72,624	143	74,488
Loss (gain) on sale of assets, net	27	(197)	—	(170)
General and administrative expense (excluding depreciation)	14,147	33,403	—	47,550
Acquisition and integration costs	63	—	—	63
Total operating expenses	15,958	5,159,705	143	5,175,806
Operating income (loss)	(15,958)	353,111	(49)	337,104
Other income (expense)				
Interest expense and financing costs, net	6	(51,683)	277	(51,400)
Debt extinguishment and commitment costs	—	(5,329)	—	(5,329)
Other income (expense), net	(12)	(138)	1	(149)
Equity earnings (losses) from subsidiaries	295,434	—	(295,434)	—
Total other income (expense), net	295,428	(57,150)	(295,156)	(56,878)
Income (loss) before income taxes	279,470	295,961	(295,205)	280,226
Income tax benefit (expense) (1)	—	(72,616)	71,860	(756)
Net income (loss)	$ 279,470	$ 223,345	$ (223,345)	$ 279,470
Adjusted EBITDA	$ (13,808)	$ 482,250	$ 95	$ 468,537

	Nine Months Ended September 30, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	$ —	$ 3,416,538	$ 35	$ 3,416,573
Operating expenses				
Cost of revenues (excluding depreciation)	—	3,184,583	—	3,184,583
Operating expense (excluding depreciation)	—	221,785	(717)	221,068
Depreciation and amortization	1,855	68,000	191	70,046
Loss (gain) on sale of assets, net	—	(10,637)	(53,763)	(64,400)
General and administrative expense (excluding depreciation)	9,307	27,252	—	36,559
Acquisition and integration costs	87	—	—	87
Total operating expenses	11,249	3,490,983	(54,289)	3,447,943
Operating income (loss)	(11,249)	(74,445)	54,324	(31,370)
Other income (expense)				
Interest expense and financing costs, net	(2,501)	(48,433)	223	(50,711)
Debt extinguishment and commitment costs	—	(6,728)	(1,416)	(8,144)
Gain on curtailment of pension obligation	—	2,032	—	2,032
Other income (expense), net	(27)	30	—	3
Equity earnings (losses) from subsidiaries	(75,580)	—	75,580	—
Total other income (expense), net	(78,108)	(53,099)	74,387	(56,820)
Income (loss) before income taxes	(89,357)	(127,544)	128,711	(88,190)
Income tax benefit (expense) (1)	(26)	30,143	(31,310)	(1,193)
Net income (loss)	$ (89,383)	$ (97,401)	$ 97,401	$ (89,383)
Adjusted EBITDA	$ (9,334)	$ 107,175	$ 752	$ 98,593

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

Non-GAAP Financial Measures

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

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

	Three Months Ended September 30, 2022			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ 267,396	$ 206,192	$ (206,192)	$ 267,396
Inventory valuation adjustment	—	(91,135)	—	(91,135)
RINs mark-to-market adjustments	—	(6,731)	—	(6,731)
Unrealized loss on derivatives	—	3,004	—	3,004
Acquisition and integration costs	—	—	—	—
Debt extinguishment and commitment costs	—	(343)	—	(343)
Severance costs	—	9	—	9
Loss (gain) on sale of assets, net	—	(185)	—	(185)
Depreciation and amortization	517	24,561	47	25,125
Interest expense and financing costs, net	(15)	16,958	(91)	16,852
Equity losses (income) from subsidiaries	(273,119)	—	273,119	—
Income tax expense (benefit)	—	66,917	(66,849)	68
Adjusted EBITDA (1)	$ (5,221)	$ 219,247	$ 34	$ 214,060

	Three Months Ended September 30, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ 81,802	$ 64,636	$ (64,636)	$ 81,802
Inventory valuation adjustment	—	2,784	—	2,784
LIFO liquidation adjustment	—	(4,151)	—	(4,151)
RINs mark-to-market adjustments	—	(72,087)	—	(72,087)
Unrealized loss on derivatives	—	10,228	—	10,228
Acquisition and integration costs	1	—	—	1
Debt extinguishment and commitment costs	—	9	—	9
Severance costs	—	59	—	59
Loss (gain) on sale of assets, net	—	2	—	2
Depreciation and amortization	571	22,999	48	23,618
Interest expense and financing costs, net	7	15,462	(95)	15,374
Equity losses (income) from subsidiaries	(85,502)	—	85,502	—
Income tax expense (benefit)	9	21,385	(20,808)	586
Adjusted EBITDA (1)	$ (3,112)	$ 61,326	$ 11	$ 58,225

	Nine Months Ended September 30, 2022			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ 279,470	$ 223,345	$ (223,345)	$ 279,470
Inventory valuation adjustment	—	(18,039)	—	(18,039)
RINs mark-to-market adjustments	—	83,119	—	83,119
Unrealized loss (gain) on derivatives	—	(10,151)	—	(10,151)
Acquisition and integration costs	63	—	—	63
Debt extinguishment and commitment costs	—	5,329	—	5,329
Severance costs	351	1,921	—	2,272
Loss (gain) on sale of assets, net	27	(197)	—	(170)
Depreciation and amortization	1,721	72,624	143	74,488
Interest expense and financing costs, net	(6)	51,683	(277)	51,400
Equity losses (income) from subsidiaries	(295,434)	—	295,434	—
Income tax expense (benefit)	—	72,616	(71,860)	756
Adjusted EBITDA (1)	$ (13,808)	$ 482,250	$ 95	$ 468,537

	Nine Months Ended September 30, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	$ (89,383)	$ (97,401)	$ 97,401	$ (89,383)
Inventory valuation adjustment	—	55,527	—	55,527
RINs mark-to-market adjustments	—	58,973	—	58,973
Unrealized loss on derivatives	—	7,620	—	7,620
Acquisition and integration costs	87	—	—	87
Debt extinguishment and commitment costs	—	6,728	1,416	8,144
Severance costs	—	75	—	75
Loss (gain) on sale of assets, net	—	(10,637)	(53,763)	(64,400)
Depreciation and amortization	1,855	68,000	191	70,046
Interest expense and financing costs, net	2,501	48,433	(223)	50,711
Equity losses (income) from subsidiaries	75,580	—	(75,580)	—
Income tax expense (benefit)	26	(30,143)	31,310	1,193
Adjusted EBITDA (1)	$ (9,334)	$ 107,175	$ 752	$ 98,593

(1) For the three and nine months ended September 30, 2022 and 2021, there was no change in valuation allowance and other deferred tax items, change in value of common stock warrants, impairment expense, impairment of investment in Laramie Energy, unrealized gain on derivatives included in equity earnings from Laramie Energy, or equity losses from Laramie Energy. For the three and nine months ended September 30, 2022 and the nine months ended September 30, 2021, there was no LIFO liquidation adjustment.

Liquidity and Capital Resources

Our liquidity and capital requirements are primarily a function of our debt maturities and debt service requirements and contractual obligations, capital expenditures, turnaround outlays, and working capital needs. Examples of working capital needs include purchases and sales of commodities and associated margin and collateral requirements, facility maintenance costs, and other costs such as payroll. Our primary sources of liquidity are cash flows from operations, cash on hand, amounts available under our credit agreements, and access to capital markets.

Our liquidity position as of September 30, 2022 was $494.7 million and consisted of $488.3 million at Par Petroleum, LLC and subsidiaries, $6.3 million at Par Pacific Holdings, and $0.1 million at all our other subsidiaries.

As of September 30, 2022, we had access to the ABL Credit Facility, the J. Aron Discretionary Draw Facility, the MLC receivable advances, and cash on hand of $409.1 million. In addition, we have the Supply and Offtake Agreement with J. Aron and the Washington Refinery Intermediation Agreement, which are used to finance the majority of the inventory at our Hawaii and Washington refineries, respectively. Generally, the primary uses of our capital resources have been in the operations of our refining and retail segments, payments related to acquisitions, and to repay or refinance indebtedness.

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 acquisitions and any other significant changes to our business or to refinance existing debt. We cannot offer any assurances that such capital will be available in sufficient amounts or at an acceptable cost.

We may from time to time seek to retire or repurchase our 7.75% Senior Secured Notes, our 12.875% Senior Secured Notes, or our common stock through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material. The Term Loan B Facility may also require annual prepayments of principal with a variable percentage of our excess cash flow, 50% or 25% depending on our consolidated year end secured leverage ratio (as defined in the Term Loan B Facility agreement).

Cash Flows

The following table summarizes cash activities for the nine months ended September 30, 2022 and 2021 (in thousands):

	Nine Months Ended September 30,	
	2022	**2021**
Net cash provided by operating activities	$ 369,053	$ 54,594
Net cash provided by (used in) investing activities	(37,661)	82,356
Net cash used in financing activities	(34,522)	(1,954)

Cash flows for the nine months ended September 30, 2022

Net cash provided by operating activities for the nine months ended September 30, 2022 was driven primarily by net income of $279.5 million, non-cash charges to operations of approximately $80.3 million, and net cash provided by changes in operating assets and liabilities of approximately $9.3 million. Non-cash charges to operations consisted primarily of the following adjustments:

- depreciation and amortization expenses of $74.5 million;
- stock based compensation costs of $7.4 million; and
- debt commitment and extinguishment costs of $5.3 million;

partially offset by

- unrealized gain on derivatives contracts of $10.2 million.

Net cash provided by changes in operating assets and liabilities resulted primarily from:

- net increases in our Supply and Offtake Agreement and Washington Refinery Intermediation Agreement obligations and accounts payable; and
- an increase in gross environmental credit obligations primarily related to current period production volumes and increases in RINs prices;

partially offset by

- net increases in our inventories and accounts receivable resulting from higher crude oil and refined product prices and higher inventory volumes at our Hawaii refinery; and
- increase in prepaid and other primarily driven by a $71.2 million increase in Advances to suppliers for crude purchases.

Net cash used in investing activities for the nine months ended September 30, 2022 consisted primarily of $38.1 million in additions to property, plant, and equipment driven by profit improvement and turnaround projects including crude

recovery and debottlenecking projects at our Tacoma refinery, maintenance and tank replacement projects at our Wyoming refinery, and co-generation engine and tank conversion projects at our Hawaii refinery.

Net cash used in financing activities was approximately $34.5 million for the nine months ended September 30, 2022 and consisted primarily of the following activities:

- net repayments of debt of $72.3 million primarily driven by the partial repurchase and cancellation of our 7.75% Senior Secured Notes and 12.875% Senior Secured Notes and
- repurchases of common stock of $7.3 million

partially offset by

- net borrowings under the J. Aron Discretionary Draw Facility and MLC receivable advances of $48.2 million.

Cash flows for the nine months ended September 30, 2021

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

Net cash provided by investing activities was approximately $82.4 million for the nine months ended September 30, 2021 and primarily related to proceeds received from the 2021 Hawaii sale-leaseback transactions partially offset by $21.0 million of additions to property, plant, and equipment.

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

Cash Requirements

There have been no material changes to the cash requirements disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, outside the ordinary course of business except as follows:

Washington Refinery Intermediation Agreement. We and MLC entered into amendments to the Washington Refinery Intermediation Agreement on March 9, 2022, May 9, 2022, and August 11, 2022, which, among other things, increased the maximum borrowing capacity under the MLC receivable advances. Please read Note 7—Inventory Financing Agreements for more information.

Supply and Offtake Agreement. We and J. Aron entered into amendments to the Supply and Offtake Agreement on April 25, 2022, and May 17, 2022, which, among other things, increased the capacity under the Discretionary Draw Facility. Please read Note 7—Inventory Financing Agreements for more information.

ABL Credit Facility. On February 2, 2022, the ABL Borrowers entered into the ABL Loan Agreement with certain lenders and Bank of America, N.A., which amended and restated the first Loan and Security Agreement in its entirety. The ABL Loan Agreement was further amended on March 30, 2022. Please read Note 9—Debt for more information.

Debt Repayments. During the nine months ended September 30, 2022, we repurchased and cancelled $15.0 million and $36.9 million in aggregate principal amounts of the 7.75% Senior Secured Notes and 12.875% Senior Secured Notes, respectively. Please read Note 9—Debt for more information.

Critical Accounting Estimates

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

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 ("PSLRA"), or in releases made by the SEC, all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties, and other important factors including, without limitation, our expectations regarding the impact of COVID-19 along with a number of recent global events including the conflict between Russia and Ukraine and certain developments in the global crude oil markets on our business, our customers, and the markets where we operate; our beliefs regarding available capital resources; our beliefs regarding the likely results or impact of certain disputes or contingencies and any potential fines or penalties; our beliefs regarding the fair value of certain assets, and our expectations with respect to laws and regulations, including environmental regulations and related compliance costs and any fines or penalties related thereto; our expectations regarding the sufficiency of our cash flows and liquidity; our expectations regarding anticipated capital expenditures, including the timing and cost of compliance with consent decrees and other enforcement actions; our expectations regarding the impact of the adoption of certain accounting standards; our estimates regarding the fair value of certain indebtedness; estimated costs to settle claims from the Delta bankruptcy; the estimated value of, and our ability to settle, legal claims remaining to be settled against third parties; our expectations regarding the synergies or other benefits of our acquisitions; our expectations regarding certain tax liabilities and debt obligations; management's assumptions about future events; the effects and timing of the closing of the acquisition of the ExxonMobil Billings refinery and associated marketing and logistics assets (the "Acquisition"), the anticipated cash on hand and other financing for the Acquisition and the acquisition of the hydrocarbon inventory, the anticipated synergies and other benefits of the Acquisition, including renewable growth opportunities, the anticipated financial and operating results of the Acquisition, and the effect on the Company's cash flows and profitability (including Adjusted EBITDA and Adjusted Net Income); 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 Estimates and Risk Factors included in our most recent Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. All forward-looking statements speak only as of the date they are made. Additionally, significant uncertainties remain with respect to COVID-19 and its economic effects. Due to the unpredictable and unprecedented nature of the COVID-19 pandemic, we cannot identify all potential risks to, and impacts on, our business, including the ultimate adverse economic impact to the Company's business, results of operations, financial condition, and liquidity. There can be no guarantee that the operational and financial measures the Company has taken, and may take in the future, will be fully effective. We do not intend to update or revise any forward-looking statements as a result of new information, future events, or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Our earnings, cash flows, and liquidity are significantly affected by commodity price volatility. Our Revenues fluctuate with refined product prices and our Cost of revenues (excluding depreciation) fluctuates with movements in crude oil and feedstock prices. Assuming all other factors remain constant, a $1 per barrel change in average gross refining margins, based on our throughput for the three months ended September 30, 2022 of 139 thousand barrels per day, would change annualized operating income by approximately $49.9 million. This analysis may differ from actual results.

In order to manage commodity price risks, we utilize exchange-traded futures, options, and over-the-counter (“OTC”) swaps associated with:

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

All of our futures and OTC swaps are executed to economically hedge our physical commodity purchases, sales, and inventory. All our open futures and OTC swaps at September 30, 2022, will settle by October 2023. Based on our net open positions at September 30, 2022, a $1 change in the price of crude oil, assuming all other factors remain constant, would result in a change of approximately $0.1 million to the fair value of these derivative instruments and Cost of revenues (excluding depreciation).

Our predominant variable operating cost is the cost of fuel consumed in the refining process, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. For the three and nine months ended September 30, 2022, we consumed approximately 139 thousand and 133 thousand barrels per day, respectively, of crude oil during the refining process across all our refineries. We internally consumed approximately 3% of this throughput in the refining process during the three and nine months ended September 30, 2022, which is accounted for as a fuel cost. We have executed option collars to economically hedge our internally consumed fuel cost at all our refineries. Please read Note 10—Derivatives to our condensed consolidated financial statements for more information.

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. On June 3, 2022, the EPA finalized the 2021 and 2022 RVOs, reduced the existing 2020 RVO, denied 69 small refinery exemption petitions including ours, and proposed that certain small refineries be permitted to use an alternative RIN retirement schedule for their 2019-2020 compliance obligations. To the degree we are unable to blend the required amount of biofuels to satisfy our RVO, we must purchase RINs on the open market. To mitigate the impact of this risk on our results of operations and cash flows, we may purchase RINs when we deem the price of these instruments to be favorable. Some of these contracts are derivative instruments, however, we elect the normal purchases normal sales exception and do not record these contracts at their fair values.

Interest Rate Risk

As of September 30, 2022, we had $206.3 million in debt principal that was subject to floating interest rates. We also had interest rate exposure in connection with our liabilities under the J. Aron Supply and Offtake Agreement and the MLC Washington Refinery Intermediation Agreement for which we pay charges based on the three-month London Interbank Offered Rate (“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 $6.4 million and $4.1 million per year, respectively. We may utilize interest rate swaps to manage our interest rate risk. As of September 30, 2022, we did not hold any open interest rate swaps.

We have several contracts that reference LIBOR, some of which terminate after LIBOR is anticipated to cease being reported in 2023. Our facilities that currently reference LIBOR include transition language consistent with the scheduled transition. We do not expect the transition away from LIBOR to have a material impact on our financial condition, results of operations, or cash flows.

Credit Risk

We are subject to risk of losses resulting from nonpayment or nonperformance by our counterparties. We will continue to closely monitor the creditworthiness of customers to whom we grant credit and establish credit limits in accordance with our credit policy.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-Q, as of September 30, 2022, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of September 30, 2022.

Changes in Internal Control over Financial Reporting

There were no changes during the quarter ended September 30, 2022 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of our business. Please read Note 13—Commitments and Contingencies to our condensed consolidated financial statements for more information.

Item 1A. RISK FACTORS

We are subject to certain risks. For a discussion of these risks, see “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021. These “Risk Factors” may be amplified by the uncertain and unprecedented nature of the COVID-19 pandemic.

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

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

Further, the COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, could also precipitate or aggravate the other risk factors that we identify in our 2021 Annual Report on Form 10-K, which could materially adversely affect our business, financial condition, results of operations (including revenues and profitability), and liquidity and/or stock price. Additionally, COVID-19 may also continue to affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks to our operations.

Geopolitical conflicts, including the conflict between Russia and Ukraine, could increase the cost of our crude oil feedstocks and affect the demand for our products.

In February 2022, following Russia’s invasion of Ukraine, the U.S. and other countries announced sanctions against Russia, including restrictions on the importation of Russian crude oil. On March 3, 2022, we suspended purchases of Russian crude oil for our Hawaii refinery in response to the Russia-Ukraine conflict. The U.S. and other countries may impose wider sanctions and take stronger actions should the conflict further escalate. While it is difficult to predict the impact these sanctions will ultimately have on Par Pacific, any further sanctions imposed or actions taken by the U.S. or other countries, and any retaliatory measures by Russia in response, such as restrictions on energy supplies from Russia, may increase our costs, reduce our sales and earnings, or otherwise have an adverse effect on our operations. Additionally, Russia’s invasion of Ukraine and the international response to the conflict may exacerbate inflationary pressures, including with respect to commodity prices and energy costs. Rapid and significant changes in commodity costs may increase the cost of our crude oil feedstocks and affect the demand for our products.

Changes in the availability of and the cost of labor could adversely affect our business.

Changes in labor markets due to COVID-19 and other factors, including inflationary pressures, have increased the competition for recruiting and retaining talent. As a result of these factors, our business could be adversely impacted by increases in labor, health care, and benefits costs necessary to attract and retain high quality employees with the right skill sets to meet our needs. In addition, our wages and benefits programs may be insufficient to attract and retain top performing

employees, especially in a rising wage market. Any failure by us to attract, develop, retain, motivate, and maintain good relationships with qualified individuals could adversely affect our business and results of operations.

The pending acquisition of the ExxonMobil Billings refinery and associated marketing and logistics assets (the "Billings Acquisition") may not close as anticipated.

The Billings Acquisition is expected to close in the second quarter of 2023, subject to the satisfaction of certain closing conditions. If these conditions are not satisfied or waived, the Billings Acquisition will not be consummated. Certain of the conditions that remain to be satisfied include, but are not limited to:

- the continued accuracy of the representations and warranties contained in the Billings Acquisition purchase agreement;
- the performance by each party of its obligations under the Billings Acquisition purchase agreement;
- the absence of any law or timing agreement that prohibits the Billings Acquisition or makes the Billings Acquisition illegal;
- the absence of any suit, action or other proceeding that seeks to prohibit the Billings Acquisition, seeks to make the Billings Acquisition illegal, or seeks substantial damages in connection with the Billings Acquisition;
- the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended;
- the absence of a material adverse effect with respect to the sellers relating to the ownership, operation or maintenance of the assets to be purchased in the Billings Acquisition and the assets, condition or business of Exxon Billings Cogeneration, Inc. and Yellowstone Logistics Holding Company or the ability of the sellers to consummate the Billings Acquisition;
- the operation of the Billings refinery in accordance with certain operating standards for a certain period prior to the closing date of the Billings Acquisition;
- the delivery of certain carve-out financial statements related to the assets and equity interests to be acquired in the Billings Acquisition; and
- the execution of certain agreements related to the consummation of the Billings Acquisition.

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

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

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

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

- operating a larger combined organization and adding operations;
- difficulties in the assimilation of the acquired assets and operations;
- the diversion of management's attention from other business concerns;
- integrating personnel from diverse business backgrounds and organizational cultures;
- potential environmental or regulatory compliance matters or liabilities; and
- coordinating and consolidating corporate and administrative functions.

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

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

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

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

Dividends

We have not paid dividends on our common stock and we do not expect to do so in the foreseeable future. In addition, under the ABL Credit Facility, the indentures governing the 7.75% Senior Secured Notes and the 12.875% Senior Secured Notes, and the Term Loan B Facility, our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

Stock Repurchases

The following table sets forth certain information with respect to repurchases of our common stock during the quarter ended September 30, 2022:

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 (1)	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (1)
July 1 - July 31, 2022	59,400	$ 13.97	57,831	$ 43,454,006
August 1 - August 31, 2022	834	18.80	—	43,454,006
September 1 - September 30, 2022	—	—	—	43,454,006
Total	60,234	$ 14.04	57,831	

(1) Shares repurchased not associated with the share repurchase program were surrendered by employees to pay taxes withheld upon the vesting of restricted stock awards. On November 10, 2021, the Board authorized and approved a share repurchase program for up to $50 million of the outstanding shares of the Company’s common stock, with no specified end date.

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	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.
2.3	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.
2.4	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.
2.5	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.
2.6	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.
2.7	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.
2.8	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.
2.9	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. #
2.10	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.
2.11	Equity and Asset Purchase Agreement dated as of October 20, 2022, by and among Exxon Mobil Corporation, ExxonMobil Oil Corporation and ExxonMobil Pipeline Company, LLC, as sellers, and Par Montana, LLC and Par Montana Holdings, LLC, as purchaser entities, and solely for the limited purposes set forth therein, Par Pacific Holdings, Inc. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 20, 2022.
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	Indenture, dated December 21, 2017, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors (as defined therein), and Wilmington Trust, National Association, as Trustee and Collateral Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 22, 2017.
4.6	First Supplemental Indenture, dated November 20, 2018, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors (as defined therein), and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.21 to the Company's registration statement on Form S-3 filed on December 21, 2018.
4.7	Second Supplemental Indenture, dated January 11, 2019, among Par Tacoma, LLC (f/k/a TrailStone NA Asset Finance I, LLC), U.S. Oil & Refining Co., McChord Pipeline Co., Par Petroleum, LLC, Par Petroleum Finance Corp., Par Pacific Holdings, Inc., the other guarantors party thereto, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 14, 2019.
4.8	Third Supplemental Indenture, dated August 15, 2019, among Par Hawaii, LLC (successor by conversion to Par Hawaii, Inc.), Par Petroleum, LLC, Par Petroleum Finance Corp., Par Pacific Holdings, Inc., the other guarantors party thereto, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2020.
4.9	Indenture, dated as of June 5, 2020, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors (as defined therein) and Wilmington Trust, National Association, as Trustee and Collateral Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 8, 2020.
10.1	Amendment to Second Amended and Restated Supply and Offtake Agreement, dated as of September 13, 2022, by and among Par Hawaii Refining LLC, Par Petroleum, LLC, as guarantor, and J. Aron & Company LLC.*
10.2	Twenty-Sixth Amendment to First Lien ISDA 2022 Master Agreement entered into as of August 11, 2022, by and between U.S. Oil & Refining Co. and Merrill Lynch Commodities, Inc. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 16, 2022.
10.3	Employment Assignment Letter with Jim Yates dated August 5, 2022.*
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350. **
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. **
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Documents.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

** Furnished herewith.

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

SIGNATURES

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

PAR PACIFIC HOLDINGS, INC.
(Registrant)

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

By: /s/ William Monteleone
William Monteleone
Executive Vice President and Chief Financial Officer

Date: November 3, 2022

AMENDMENT TO SECOND AMENDED AND RESTATED SUPPLY AND OFFTAKE AGREEMENT

This **AMENDMENT TO SECOND AMENDED AND RESTATED SUPPLY AND OFFTAKE AGREEMENT** (this "Amendment"), dated as of September 13, 2022, is made by and among Par Hawaii Refining, LLC, a Hawaii limited liability company (the "Company"), Par Petroleum, LLC, a Delaware limited liability company (the "Guarantor"), and J. Aron & Company LLC, a New York limited liability company ("Aron") (each referred to individually as a "Party" and collectively, the "Parties").

RECITALS

A. The Company owns and operates the Refinery for the processing and refining of crude oil and other feedstocks and the recovery therefrom of refined products.

B. The Parties have entered into that certain Second Amended and Restated Supply and Offtake Agreement, dated as of June 1, 2021 (as from time to time amended, modified, supplemented, extended, renewed and/or restated, the "S&O Agreement"), pursuant and subject to which Aron has agreed to supply crude oil to the Company to be processed at the Refinery and purchase refined products from the Company produced at the Refinery.

C. The Parties have agreed to amend the S&O Agreement pursuant to the terms set forth herein.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing premises, the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, subject to the terms and conditions hereinafter set forth, agree as follows:

SECTION 1 Definitions; Interpretation

Section 1.1 Defined Terms. All capitalized terms used in this Amendment (including in the Recitals hereto) and not otherwise defined herein shall have the meanings assigned to them in the S&O Agreement, as amended hereby.

Section 1.2 Interpretation. The rules of construction set forth in Section 1.2 of the S&O Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to S&O Agreement.

Section 2.1 Upon the effectiveness of this Amendment, the S&O Agreement is hereby amended as follows:

(a) Sections 18.4(b) and (c) of the S&O Agreement are each amended and restated in their respective entireties to read as follows:

(b) Each Party further represents, warrants and agrees that (i) no provision of this Agreement shall be interpreted to require it or any of its Affiliates to take, or refrain from taking, any action that would cause it or any of its Affiliates to violate or be subject to penalty under applicable economic sanctions laws and regulations of the United Kingdom, the European Union, the United Nations or the United States of America, including U.S. laws restricting participation in or compliance with certain foreign boycotts, directly or indirectly, as contained in the U.S. Export Administration Act of 1979 and the U.S. Internal Revenue Code; (ii) neither Party, nor any of its respective directors, officers, subsidiaries, agents, employees or controlled affiliates, is an individual or entity (each, an "Associated Person") that is (i) the subject of any sanctions administered or enforced by the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury, the United Nations Security Council, the European Union, Her Majesty's Treasury or other applicable sanctions authority, or (ii) located, organized, or resident in a country or territory that is the subject of comprehensive sanctions (including, without limitation, the Crimean, Donetsk, or Luhansk regions of Ukraine, Cuba, Iran, North Korea, Sudan, and Syria); and, further, neither it nor any of its respective Associated Persons shall, directly or indirectly, use the proceeds, if any, received from the other Party, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Associated Person, to fund any activities or business of or with any Associated Person or in any country or territory that, at the time of such funding, is the subject of the foregoing economic sanctions, or in any other manner that will result in a violation of such sanctions by any Associated Person, unless permitted by law.

(c) The Company represents, warrants and covenants to Aron that no Crude Oil or Products originate or will originate from, are or will be derived in whole or in part from any article which is grown, produced, or manufactured in, or have been transported through, the Crimean, Donetsk, or Luhansk regions of Ukraine, Cuba, Iran, North Korea, Sudan, Syria, Russia, or any other country or territory that is the subject of the foregoing economic sanctions, for so long as such country or territory is the subject of economic sanctions. The Company further agrees that, in no event, shall Aron be obligated to take delivery of any Crude Oil or Products, whether from the Company or any other party, that would violate the representation, warranty and covenant in the preceding sentence.

(b) Article 22 of the S&O Agreement is amended and restated in its entirety to read as follows:

LIMITATION ON DAMAGES

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES' LIABILITY FOR DAMAGES IS LIMITED TO DIRECT, ACTUAL DAMAGES ONLY (WHICH INCLUDE ANY AMOUNTS DETERMINED UNDER ARTICLE 19) AND NEITHER PARTY SHALL BE LIABLE FOR SPECIFIC PERFORMANCE, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, OR SPECIAL, CONSEQUENTIAL,

INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, IN TORT, CONTRACT OR OTHERWISE, OF ANY KIND, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PERFORMANCE, THE SUSPENSION OF PERFORMANCE, THE FAILURE TO PERFORM, OR THE TERMINATION OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT, SUCH LIMITATION SHALL NOT APPLY WITH RESPECT TO (I) ANY THIRD PARTY CLAIM FOR WHICH INDEMNIFICATION IS AVAILABLE UNDER THIS AGREEMENT OR (II) ANY BREACH OF ARTICLE 18.4(C) OR ARTICLE 24. EACH PARTY ACKNOWLEDGES THE DUTY TO MITIGATE DAMAGES HEREUNDER.

Section 2.2 References Within S&O Agreement. Each reference in the S&O Agreement to “this Agreement” and the words “hereof,” “hereto,” “herein,” “hereunder,” or words of like import, and each reference in any other Transaction Document to “the S&O Agreement” and the words “thereof,” “thereto,” “therein,” “thereunder” or words of like import, in each case, shall mean and be a reference to the S&O Agreement as amended hereby.

SECTION 3 Representations and Warranties

To induce the other Party to enter into this Amendment, each Party hereby represents and warrants that (i) it has the limited liability company, governmental or other legal capacity, authority and power to execute this Amendment, to deliver this Amendment and to perform its obligations under the S&O Agreement, as amended hereby, and has taken all necessary action to authorize the foregoing; (ii) the execution, delivery and performance of this Amendment does not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or Governmental Authority applicable to it or any of its assets or subject; (iii) all governmental and other consents required to have been obtained by it with respect to this Amendment have been obtained and are in full force and effect; (iv) its obligations under the S&O Agreement, as amended hereby, constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors’ rights generally and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law); and (v) no Event of Default with respect to it has occurred and is continuing.

SECTION 4 Reaffirmation

All of the terms and provisions of the S&O Agreement shall, as amended and modified hereby, remain in full force and effect. Each of the Company and the Guarantor hereby agrees that the amendments and modifications herein contained shall in no manner affect (other than expressly provided herein) or impair its obligations under the S&O Agreement and the other Transaction Documents or the Liens securing the payment and performance thereof. Each of the Company and the Guarantor hereby ratifies and confirms all of its respective obligations and liabilities under the Transaction Documents to which it is a party, as expressly modified herein, and the Guarantor ratifies and confirms that such obligations and liabilities extend to and continue in effect with respect to, and continue to guarantee the obligations of the Company under the Transaction Documents, as expressly modified herein.

SECTION 5 Miscellaneous

Section 5.1 S&O Agreement Otherwise Not Affected. Except for the amendments pursuant hereto, the S&O Agreement remains unchanged. Other than as amended hereby, the S&O Agreement remains in full force and effect and is hereby ratified and confirmed in all respects. The execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in connection herewith by either Party shall not be deemed to create a course of dealing or otherwise create any express or implied duty by it to provide any other or further amendments, consents or waivers in the future. For all purposes of the S&O Agreement and the other Transaction Documents, this Amendment shall constitute a "Transaction Document."

Section 5.2 No Reliance. Each Party hereby acknowledges and confirms that it is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

Section 5.3 Costs and Expenses. The Company acknowledges and confirms that, pursuant to Section 21.5 of the S&O Agreement, it is responsible for the payment of all reasonable out-of-pocket expenses incurred by Aron and its Affiliates (including the reasonable fees, charges and disbursements of counsel for Aron) in connection with the preparation, negotiation, execution, delivery and administration of this Amendment, the other agreements amended in connection herewith, and the transactions contemplated hereby or thereby.

Section 5.4 Binding Effect. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Company, the Guarantor, Aron and their respective successors and assigns. This Amendment shall become effective upon receipt by Aron of fully executed counterparts of this Amendment by the Company and the Guarantor.

Section 5.5 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER STATE.

Section 5.6 Amendments. This Amendment may not be modified, amended or otherwise altered except by written instrument executed by the Parties' duly authorized representatives.

Section 5.7 Counterparts. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 5.8 Interpretation. This Amendment is the result of negotiations between the Parties and has been reviewed by counsel to each of the Parties, and is the product of all Parties hereto. Accordingly, this Amendment shall not be construed against either Party merely because of such Party's involvement in the preparation hereof.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each Party hereto has caused this Amendment to be executed by its duly authorized representative as of the date first above written.

J. ARON & COMPANY LLC

By: /s/ Simon Collier
Name: Simon Collier
Title: Authorized Signatory

PAR HAWAII REFINING, LLC

By: /s/ Shawn D. Flores
Name: Shawn D. Flores
Title: Vice President, Finance

PAR PETROLEUM, LLC

By: /s/ Shawn D. Flores
Name: Shawn D. Flores
Title: Vice President, Finance

August 31, 2022

Jimmy R. Yates
4677 Lake Pines Lane
Berrien Springs, MI 49103

Dear Jim:

On behalf of Par Pacific Holdings, Inc. (the "Company"), I am pleased to provide this letter as confirmation of the terms of your new assignment with the Company. Other than as provided for below, the terms of your employment remain unchanged.

Position and Organization. Commencing August 15, 2022, you will assume the full-time role of Executive Vice President, Retail reporting directly to William Pate, President & Chief Executive Officer of Par Pacific Holdings, Inc. In this role, you will have holistic accountability for our Retail business. While you will continue to be based at your home in Michigan, you will maintain an executive office in Houston and travel to Houston, Hawaii, and Spokane as necessary. Your direct reports will be:

- Eric Lee - Vice President, Hawaii Retail
- Brad Slade - Vice President, Pacific Northwest Retail
- Sarah Prorok - Director, Merchandising
- Robby Ferguson -- Director, Real Estate
- Brian Gray - Director, Marketing & Brand Loyalty
- Keith Yoshida - Vice President, Business Development (co-supervisor with Eric Wright)

Compensation. With this assignment, your base salary will be increased to $400,000 per year, payable on the Company's regular payroll date and in accordance with the Company's standard payroll practice. You will continue to be eligible for the Company's Annual Incentive Program ("AIP") at your current target of 75% and the Company's Annual Long-Term Incentive Plan ("LTIP") at your current target of 120% in restricted stock. For the 2022 AIP, any award paid in early 2023 will be based on your annual salary of $400,000 as opposed to your actual 2022 earnings. As soon as administratively possible following the close of Q2 2023, the Company also will provide a mid-year AIP award paid at 75% target based on your YTD 2023 eligible earnings and Company performance in the first half of 2023. The Company will also provide a mid-year LTIP award of 50% of your annual target on June 30, 2023. Upon your retirement, the Company will accelerate all currently unvested equity provided you remain with Par Pacific through June 30, 2023.

Health Benefits. Should you exit the Company prior to Medicare eligibility for you and your spouse (typically 65 years old), you will be provided a cash supplement intended to cover employer contributions for your COBRA insurance. This cash supplement will be calculated based on teh estimated employer contributions required between your termination date and Medicare eligibility date for you and your spouse.

Congratulations on this assignment. We sincerely appreciate all that you mean to Par Pacific and your willingness to provide stable leadership during this transition.

Sincerely,

PAR PACIFIC HOLDINGS, INC.

By: /s/ Matthew R. Legg______________________
Matthew R. Legg
Senior Vice President & Chief HR Officer

Exhibit 31.1

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

I, William Pate, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Par Pacific Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 3, 2022

/s/ William Pate

William Pate
President and Chief Executive Officer

Exhibit 31.2

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

I, William Monteleone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Par Pacific Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2022

/s/ William Monteleone

William Monteleone
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Par Pacific Holdings, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2022 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, William Pate, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William Pate

William Pate
President and Chief Executive Officer

November 3, 2022

Exhibit 32.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William Monteleone, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William Monteleone

William Monteleone
Chief Financial Officer

November 3, 2022