

ARG670000 Checklist

Permit Tracking Number: ARG670904

☒ Yes	☐ No	Appropriate RO certification received
☐ Yes	☐ No	All fees paid
☐ Yes	☐ No	☒ N/A
If N/A, explain:		<u>nothing changed since the last statement</u>
☒ Yes	☐ No	☐ N/A
☒ Yes	☐ No	☐ N/A
		Arkansas Secretary of State good standing
		Other Secretary of State good standing

Receiving stream notes:

unnamed tributary, thence into Bayou Dorcheat, thence into Louisiana

Inspection notes:

N/A

Enforcement notes:

N/A

Other notes:

N/A

ARG670000 Recertification Notice of Intent for Hydrostatic Testing Discharges

version 1.5

(Submission #: HPS-W84P-DR4ZT, version 1)

Digitally signed by:
nform
DPEPORTALIIS.ADPCEDM2, State of Arkansas
Date: 2023.04.13 12:09:31 -0500
Reason: Copy Of Record
Location: North Little Rock, Arkansas



Details

AFIN 14-00812
Submission ID HPS-W84P-DR4ZT
Submission Reason Renewal

Form Input

Section 1: Review Existing Facility/Contact Information

Facility/Contact Information

For the purpose of this permit, ♦Permittee♦ means any person (any state agency, municipality, governmental subdivision of the state or the United States, public or private corporation, individual, partnership, association, or other entity) who has the primary management and decision-making responsibility over a permitted operation, facility, or activity. The permittee is responsible for ensuring compliance with all applicable environmental regulations and conditions. The permittee is the entity named as such on an individual permit or the entity covered by a general permit.

If the permittee is a corporation, the permittee legal name has to be an identical match with the Arkansas Secretary of State. Below is a link to verify the legal name:

[Arkansas Secretary of State Business Entity Search Website](#)

Permit Number

ARG670904

AFIN

14-00812

Permittee Legal Name

Delek Logistics Operating, LLC

Facility Name

Buckner Station

Facility Address

approximately 1.55 miles east of Buckner, AR and 0.25 miles north of Highway 82, Buckner, AR 71827

Contact Person

Cassie Whitefield, EHS Manager

Contact email

Cassie.Whitefield@deleklogistics.com

Contact Phone Number

870-310-9078

Mailing Address

1001 School St., El Dorado, AR 71730

Invoice Address

CASSIE WHITEFIELD, DELEK LOGISTICS OPERATING, LLC, 100 E. PEACH ST., STE. 340, EL DORADO AR 71730

Is the above facility/contact information correct?

No

What information needs to be corrected?

Contact information/mailing address

Contact information/mailing address corrections

Prefix

NONE PROVIDED

First Name

James

Last Name

Young

Title

Environmental Manager

Phone Type

Mobile

Number

3182784086

Extension

Email

james.young@deleklogistics.com

Address

305 N Washington Ave

El Dorado, Arkansas 71730

Section 2: Review Outfall Information

First Outfall

Outfall 001: 33.362422, -93.40853 (33 21' 44.71"N, 93 24' 30.70"W)

Second Outfall (if applicable)

NONE PROVIDED

Third Outfall (if applicable)

NONE PROVIDED

Additional Outfalls (if applicable)

NONE PROVIDED

Is the above outfall information correct?

Yes

Section 3: Review Pipe/Vessel Description

Pipe/Vessel Narrative Description

virgin, steel tank that will hold oil

Is the Above Pipe/Vessel Description Correct?

No

Please update the pipe/vessel description here

Steel tank that will hold oil

Please choose the category of pipes/vessels covered under this permit

Previously used for petroleum products or natural gas

Section 4: Permittee Information & Disclosure Statement

Permittee Type

Corporation/LLC

Secretary of State Registration

You can check your Arkansas registration status at the below link.

If a State of Origin is listed for your company, you must attach proof of good standing with the State of Origin's Secretary of State.

https://www.sos.arkansas.gov/corps/search_all.php

State of Origin (State of Original Incorporation/Registration)

Delaware

Please attach proof of good standing with the State of Incorporation's Secretary of State

DELEK LOGISTICS OPERATING LLC- DE -Certificate of Status.pdf - 04/13/2023 12:06 PM

Comment

NONE PROVIDED

Ark. Code Ann. 8-1-106 requires that applicants for any type of permit or transfer of any permit, license, certification or operational authority issued by the DEQ file a Disclosure Statement with their application unless exempt for doing so under Ark. Code Ann. 8-1-106(b)(2). The filing of a Disclosure Statement is mandatory. No application can be considered administratively complete without a completed Disclosure Statement unless that facility is exempt. Publicly traded companies may submit the most recent 10-K and 10-Q filings to the Securities and Exchange Commission (SEC) in lieu of the Disclosure Statement.

Based on the choice of Permittee Type, it is likely that an updated disclosure statement, declaration of no changes from the previous disclosure statement, or SEC forms is required for this facility.

The disclosure statement form may be obtained from the DEQ web site at:

https://www.adeq.state.ar.us/ADEQ_Disclosure_Statement.pdf

Disclosure Statement

The violation history, experience and credentials, involvement in current or pending environmental lawsuits, civil and criminal, have not changed since the last Disclosure Statement that was filed with DEQ.

Section 5: Signatory Requirements

Cognizant Official (Duly Authorized Representative)

40 CFR 122.22(b) states that all reports required by the permit, or other information requested by the Director, shall be signed by the applicant (or person authorized by the applicant) or by a duly authorized representative of that person. A person is a duly authorized representative only if:

- (1) the authorization is made in writing by the applicant (or person authorized by the applicant);
- (2) the authorization specifies either an individual or a position having responsibility for the overall operation of the regulated facility or activity responsibility, or an individual or position having overall responsibility for environmental matters for the company.

Cognizant Official

John Laing, VP of Terminal

Cognizant Official Email

john.laing@deleklogistics.com

Responsible Official

The information contained in this form must be certified by a responsible official as defined in the signatory requirements for permit applications (40 CFR 122.22).

Responsible official is defined as follows:

For a corporation: By a responsible corporate officer. For the purpose of this section, a responsible corporate officer means:

- (i) A president, secretary, treasurer, or vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy- or decision-making functions for the corporation, or
- (ii) the manager of one or more manufacturing, production, or operating facilities, provided, the manager is authorized to make management decisions which govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiating and directing other comprehensive measures to assure long term environmental compliance with environmental laws and regulations; the manager can ensure that the necessary systems are established or actions taken to gather complete and accurate information for permit application requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

For a partnership or sole proprietorship: By a general partner or the proprietor, respectively.

For a municipality, State, Federal, or other public agency: By either a principal executive officer or ranking elected official. For purposes of this section, a principal executive officer of a Federal agency includes:

- (i) The chief executive officer of the agency, or
- (ii) a senior executive officer having responsibility for the overall operations of a principal geographic unit of the agency (e.g., Regional Administrators of EPA).

Responsible Official

John Laing, VP of Terminal

Responsible Official Email

john.laing@deleklogistics.com

Responsible Official Phone Number

(870) 310-9078

Is the above Responsible and Cognizant Official information correct?

No

Which Signatories Need to be Updated?

Cognizant Official (duly authorized representative)

Responsible Official

Updated Cognizant Official information

Prefix

NONE PROVIDED

First Name Last Name

James Young

Title

Environmental Manager

Phone Type Number Extension

Mobile 3182784086

Email

james.young@deleklogistics.com

Updated Responsible Official Information

Prefix

NONE PROVIDED

First Name Last Name

Ross Burton

Title

Director Operations

Phone Type Number Extension

Business 18708641294

Email

ross.burton@deleklogistics.com

Agreements and Signature(s)

SUBMISSION AGREEMENTS

- ☒ I am the owner of the account used to perform the electronic submission and signature.
- ☒ I have the authority to submit the data on behalf of the facility I am representing.
- ☒ I agree that providing the account credentials to sign the submission document constitutes an electronic signature equivalent to my written signature.
- ☒ I have reviewed the electronic form being submitted in its entirety, and agree to the validity and accuracy of the information contained within it to the best of my knowledge.

"I certify that, if this facility is a corporation, it is registered with the Secretary of the State of Arkansas."

"I certify that, if a cognizant official has been designated, the cognizant official designated in this Notice of Intent is qualified to act as a duly authorized representative under the provisions of 40 C.F.R. 122.22(b). If no cognizant official has been designated, I understand that the Division will accept reports signed only by the responsible official."

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

"I certify that I have read and will comply with all the requirements of the applicable general permit (Hydrostatic Testing Discharges General Permit ARG670000)."

Signed
By James Young on 04/13/2023 at 12:08 PM

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 **9/30/2022**

or

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

For the transition period from _____ to _____

Commission file number 001-35721

DELEK LOGISTICS PARTNERS, LP

(Exact name of registrant as specified in its charter)

Delaware

45-5379027



(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

7102 Commerce Way

Brentwood

Tennessee

37027

(Address of principal executive offices)

(Zip Code)

(615) 771-6701

(Registrant's telephone number, including area code)

Not Applicable

(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	Name of Each Exchange on Which Registered
Common Units Representing Limited Partnership Interests	DKL	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 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 Exchange Act. ☐

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

At October 28, 2022, there were 43,492,179 common limited partner units outstanding.

Delek Logistics Partners, LP

Quarterly Report on Form 10-Q

For the Quarterly Period Ended September 30, 2022

PART I. FINANCIAL INFORMATION

3 Item 1. Financial Statements (unaudited)

- 3 Condensed Consolidated Balance Sheets
- 4 Condensed Consolidated Statements of Income and Comprehensive Income
- 6 Condensed Consolidated Statements of Partner's Equity (Deficit)
- 5 Condensed Consolidated Statements of Cash Flows
- 7 Notes to Condensed Consolidated Financial Statements
 - 7 Note 1 - Organization and Basis of Presentation
 - 8 Note 2 - Acquisitions
 - 10 Note 3 - Related Party Transactions
 - 12 Note 4 - Revenues
 - 14 Note 5 - Net Income Per Unit
 - 14 Note 6 - Inventory
 - 14 Note 7 - Long-Term Obligations
 - 17 Note 8 - Equity
 - 17 Note 9 - Equity Based Compensation
 - 18 Note 10 - Equity Method Investments
 - 19 Note 11 - Segments
 - 21 Note 12 - Income Taxes
 - 21 Note 13 - Commitments and Contingencies
 - 22 Note 14 - Leases
 - 23 Note 15 - Subsequent Events

24 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

- 34 Summary of Financial and Other Information
- 36 Results of Operations
 - 36 Consolidated
 - 39 Pipelines and Transportation
 - 42 Wholesale Marketing and Terminalling
 - 45 Investments in Pipeline Joint Ventures
- 46 Liquidity and Capital Resources

51 Item 3. Quantitative and Qualitative Disclosures about Market Risk

51 Item 4. Controls and Procedures

PART II. OTHER INFORMATION

52 Item 1. Legal Proceedings

52 Item 1A. Risk Factors

53 Item 5. Other Information

54 Item 6. Exhibits

55 Signatures

Delek Logistics Partners, LP

Condensed Consolidated Statements of Partners' Equity (Deficit) (Unaudited)
(in thousands)

	Common - Public	Common - Delek Holdings	Total
Balance at June 30, 2022	\$ 168,611	\$ (285,070)	\$ (116,459)
Cash distributions ⁽¹⁾	(9,229)	(33,797)	(43,026)
Net income attributable to partners	9,430	35,244	44,674
Other	99	455	554
Balance at September 30, 2022	<u>\$ 168,911</u>	<u>\$ (283,168)</u>	<u>\$ (114,257)</u>

	Common - Public	Common - Delek Holdings	Total
Balance at June 30, 2021	\$ 164,679	\$ (272,525)	\$ (107,846)
Cash distributions	(8,237)	(32,661)	(40,898)
Net income attributable to partners	8,745	34,879	43,624
Other	94	273	367
Balance at September 30, 2021	<u>\$ 165,281</u>	<u>\$ (270,034)</u>	<u>\$ (104,753)</u>

	Common - Public	Common - Delek Holdings	Total
Balance at December 31, 2021	\$ 166,067	\$ (270,059)	\$ (103,992)
Cash distributions ⁽¹⁾	(26,779)	(101,251)	(128,030)
Net income attributable to partners	24,543	91,809	116,352
Delek Holdings unit sale to public	5,110	(5,110)	—
Other	(30)	1,443	1,413
Balance at September 30, 2022	<u>\$ 168,911</u>	<u>\$ (283,168)</u>	<u>\$ (114,257)</u>

	Common - Public	Common - Delek Holdings	Total
Balance at December 31, 2020	\$ 164,614	\$ (272,915)	\$ (108,301)
Cash distributions	(24,153)	(96,246)	(120,399)
Net income attributable to partners	24,673	98,464	123,137
Other	147	663	810
Balance at September 30, 2021	<u>\$ 165,281</u>	<u>\$ (270,034)</u>	<u>\$ (104,753)</u>

⁽¹⁾ Cash distributions include \$0.2 million related to distribution equivalents on vested phantom units for the three and nine months ended September 30, 2022.

See accompanying notes to the condensed consolidated financial statements

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Delek Logistics Partners, LP

Condensed Consolidated Balance Sheets (Unaudited)
(in thousands, except unit and per unit data)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,945	\$ 4,292
Accounts receivable	53,351	15,384
Inventory	2,490	2,406
Other current assets	2,424	951
Total current assets	73,210	23,033
Property, plant and equipment:		
Property, plant and equipment	1,178,334	715,870
Less: accumulated depreciation	(302,734)	(266,482)
Property, plant and equipment, net	875,600	449,388
Equity method investments	248,005	250,030
Customer relationship intangible, net	203,966	—
Marketing contract intangible, net	111,169	116,577
Rights-of-way	55,230	37,280
Goodwill	26,609	12,203
Operating lease right-of-use assets	24,329	20,933
Other non-current assets	20,122	25,627
Total assets	\$ 1,638,240	\$ 935,071
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable	\$ 53,053	\$ 8,160
Accounts payable to related parties	173,170	64,423
Interest payable	18,012	5,024
Excise and other taxes payable	6,759	5,280
Current portion of operating lease liabilities	7,775	6,811
Accrued expenses and other current liabilities	7,189	7,117
Total current liabilities	265,958	96,815
Non-current liabilities:		
Long-term debt	1,448,772	898,970
Asset retirement obligations	9,152	6,476
Operating lease liabilities, net of current portion	11,798	14,071
Other non-current liabilities	16,817	22,731
Total non-current liabilities	1,486,539	942,248
Equity (Deficit):		
Common unitholders - public; 9,180,901 units issued and outstanding at September 30, 2022 (8,774,053 at December 31, 2021)	168,911	166,067
Common unitholders - Delek Holdings; 34,311,278 units issued and outstanding at September 30, 2022 (34,696,800 at December 31, 2021)	(283,168)	(270,059)
Total deficit	(114,257)	(103,992)
Total liabilities and deficit	\$ 1,638,240	\$ 935,071

See accompanying notes to the condensed consolidated financial statements

Delek Logistics Partners, LP

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)
(in thousands, except unit and per unit data)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net revenues:				
Affiliates ⁽¹⁾	\$ 127,150	\$ 123,519	\$ 375,270	\$ 308,435
Third party	166,875	66,108	392,086	202,583
Net revenues	294,025	189,627	767,356	511,018
Cost of sales:				
Cost of materials and other	177,740	105,129	480,295	274,995
Operating expenses (excluding depreciation and amortization presented below)	25,065	17,073	62,892	46,286
Depreciation and amortization	19,067	9,666	41,876	29,393
Total cost of sales	221,872	131,868	585,063	350,674
Operating expenses related to wholesale business (excluding depreciation and amortization presented below)	836	515	2,105	1,741
General and administrative expenses	11,959	5,898	30,826	15,933
Depreciation and amortization	473	490	1,421	1,469
Other operating (income) expense, net	(132)	273	(120)	54
Total operating costs and expenses	235,008	139,044	619,295	369,871
Operating income	59,017	50,583	148,061	141,147
Interest expense, net	22,559	14,529	53,621	35,924
Income from equity method investments	(8,567)	(7,261)	(22,666)	(17,952)
Other income, net	(36)	(115)	(39)	(118)
Total non-operating expenses, net	13,956	7,153	30,916	17,854
Income before income tax expense (benefit)	45,061	43,430	117,145	123,293
Income tax expense (benefit)	387	(194)	793	156
Net income attributable to partners	\$ 44,674	\$ 43,624	\$ 116,352	\$ 123,137
Comprehensive income attributable to partners	\$ 44,674	\$ 43,624	\$ 116,352	\$ 123,137
Net income per limited partner unit:				
Basic	\$ 1.03	\$ 1.00	\$ 2.68	\$ 2.83
Diluted	\$ 1.03	\$ 1.00	\$ 2.67	\$ 2.83
Weighted average limited partner units outstanding:				
Basic	43,485,779	43,454,535	43,477,801	43,447,739
Diluted	43,515,960	43,468,289	43,499,837	43,457,857
Cash distributions per common limited partner unit	\$ 0.990	\$ 0.950	\$ 2.955	\$ 3.800

⁽¹⁾ See Note 3 for a description of our material affiliate revenue transactions.

See accompanying notes to the condensed consolidated financial statements

Delek Logistics Partners, LP

Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 116,352	\$ 123,137
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	43,297	30,862
Non-cash lease expense	13,584	6,967
Amortization of customer contract intangible assets	5,408	5,408
Amortization of deferred revenue	(1,332)	(1,475)
Amortization of deferred financing costs and debt discount	2,743	2,169
Income from equity method investments	(22,666)	(17,952)
Dividends from equity method investments	22,954	14,849
Other non-cash adjustments	1,784	1,413
Changes in assets and liabilities:		
Accounts receivable	(9,108)	(2,745)
Inventories and other current assets	1,260	109
Accounts payable and other current liabilities	18,875	12,323
Accounts receivable/payable to related parties	108,747	47,483
Non-current assets and liabilities, net	(4,416)	(272)
Net cash provided by operating activities	297,482	222,276
Cash flows from investing activities:		
Purchases of property, plant and equipment	(76,852)	(12,352)
Business Combination, net of cash acquired	(625,413)	—
Proceeds from sales of property, plant and equipment	143	275
Purchases of intangible assets	(4,702)	(746)
Distributions from equity method investments	1,737	6,245
Equity method investment contributions	—	(1,393)
Net cash used in investing activities	(705,087)	(7,971)
Cash flows from financing activities:		
Distributions to common unitholders - public	(26,779)	(24,153)
Distributions to common unitholders - Delek Holdings	(101,251)	(96,246)
Proceeds from revolving credit facility	966,300	236,000
Payments on revolving credit facility	(417,400)	(721,700)
Proceeds from issuance of senior notes	—	400,000
Deferred financing costs paid	(701)	(6,216)
Payments on financing lease liabilities	(1,911)	(1,369)
Net cash provided by (used) in financing activities	418,258	(213,684)
Net increase in cash and cash equivalents	10,653	621
Cash and cash equivalents at the beginning of the period	4,292	4,243
Cash and cash equivalents at the end of the period	\$ 14,945	\$ 4,864
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 37,890	\$ 19,170
Income taxes	\$ 43	\$ —
Non-cash investing activities:		
(Decrease) increase in accrued capital expenditures and other	\$ (1,019)	\$ 1,638
Non-cash financing activities:		
Non-cash lease liability arising from obtaining right of use assets during the period	\$ 9,553	\$ 8,750

See accompanying notes to the condensed consolidated financial statements

Note 1 - Organization and Basis of Presentation

As used in this report, the terms "Delek Logistics Partners, LP," the "Partnership," "we," "us," or "our" may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole.

The Partnership is a Delaware limited partnership formed in April 2012 by Delek US Holdings, Inc. ("Delek Holdings") and its subsidiary Delek Logistics GP, LLC, our general partner (our "general partner"). On April 8, 2022, DKL Delaware Gathering, LLC, a subsidiary of the Partnership, entered into a Membership Interest Purchase Agreement (the "3 Bear Purchase Agreement") with 3 Bear Energy – New Mexico LLC (the "Seller") to purchase 100% of the limited liability company interests in 3 Bear Delaware Holding – NM, LLC ("3 Bear"), related to the Seller's crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, in the Delaware Basin of New Mexico (the "3 Bear Acquisition"). The 3 Bear Acquisition was completed on June 1, 2022 (the "Acquisition Date"). See Note 2 for further information.

The Partnership provides gathering, pipeline and other transportation services primarily for crude oil and natural gas customers, storage, wholesale marketing and terminalling services primarily for intermediate and refined product customers, and water disposal and recycling services through its owned assets and joint ventures located primarily in the Permian Basin (including the Delaware sub-basin) and other select areas in the Gulf Coast region.

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted, although management believes that the disclosures herein are adequate to make the financial information presented not misleading. Our unaudited condensed consolidated financial statements have been prepared in conformity with U.S. GAAP applied on a consistent basis with those of the annual audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 (our "Annual Report on Form 10-K"), filed with the U.S. Securities and Exchange Commission (the "SEC") on February 25, 2022 and in accordance with the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2021 included in our Annual Report on Form 10-K.

All adjustments necessary for a fair presentation of the financial position and the results of operations for the interim periods presented have been included. All intercompany accounts and transactions have been eliminated. Such intercompany transactions do not include those with Delek Holdings or our general partner, which are presented as related parties in these accompanying condensed consolidated financial statements. All adjustments are of a normal, recurring nature. Operating results for the interim period should not be viewed as representative of results that may be expected for any future interim period or for the full year.

Reclassifications

Certain prior period amounts have been reclassified in order to conform to the current period presentation.

Accounting Pronouncements Not Yet Adopted

ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)

In March 2020, the FASB issued an amendment which is intended to provide temporary optional expedients and exceptions to GAAP guidance on contracts, hedge accounting and other transactions affected by the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank rates. This guidance is effective for all entities any time beginning on March 12, 2020 through December 31, 2022 and may be applied from the beginning of an interim period that includes the issuance date of the ASU. The adoption of this guidance will not have a material impact on the Partnership's condensed consolidated financial statements and related disclosures.

Note 2 - Acquisitions

3 Bear Acquisition

We completed the 3 Bear Acquisition on June 1, 2022, in which we acquired crude oil and natural gas gathering, processing, and transportation and storage operations, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico. The purchase price for the 3 Bear Acquisition was \$628.1 million. The 3 Bear Acquisition was financed through a combination of cash on hand and borrowings under the DKL Credit Facility.

For the three and nine months ended September 30, 2022, we incurred \$4.2 million and \$10.6 million, respectively, in incremental direct acquisition and integration costs that principally consist of legal, advisory and other professional fees. Such costs are included in general and administrative expenses in the accompanying condensed consolidated statements of income.

Our consolidated financial and operating results reflect the 3 Bear Acquisition operations beginning June 1, 2022. Our results of operations included revenue and net income of \$60.9 million and \$8.3 million, respectively, for the three months ended September 30, 2022 and \$81.5 million and \$9.8 million, respectively, for the nine months ended September 30, 2022.

The 3 Bear Acquisition was accounted for using the acquisition method of accounting, whereby the purchase price was allocated to the tangible and intangible assets acquired and the liabilities assumed based on their fair values. The excess of the consideration paid over the fair value of the net assets acquired was recorded as goodwill.

Determination of Purchase Price

The table below presents the purchase price (in thousands):

Base purchase price:	\$	624,700
<i>Add:</i> closing net working capital (as defined in the 3 Bear Purchase Agreement)		3,390
<i>Less:</i> closing indebtedness (as defined in the 3 Bear Purchase Agreement)		(80,618)
Cash paid for the adjusted purchase price		547,472
Cash paid to payoff 3 Bear credit agreement (as defined in the 3 Bear Purchase Agreement)		80,618
Purchase price	\$	628,090

Purchase Price Allocation

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed in the 3 Bear Acquisition as of June 1, 2022 (in thousands):

Assets acquired:		
Cash and cash equivalents	\$	2,677
Accounts receivables, net		28,859
Inventories		1,831
Other current assets		986
Property, plant and equipment		382,800
Operating lease right-of-use assets		7,427
Goodwill		14,406
Customer relationship intangible, net ⁽¹⁾		210,000
Rights-of-way ⁽¹⁾		13,490
Other non-current assets		500
Total assets acquired		662,976
Liabilities assumed:		
Accounts payable		8,020
Accrued expenses and other current liabilities		22,145
Current portion of operating lease liabilities		1,029
Asset retirement obligations		2,261
Operating lease liabilities, net of current portion		1,431
Total liabilities assumed		34,886
Fair value of net assets acquired	\$	628,090

⁽¹⁾ The acquired intangible assets amount includes the following identified intangibles:

- Customer relationship intangible that is subject to amortization with a preliminary fair value of \$210.0 million, which will be amortized over an 11.6-year useful life. We recognized amortization expense for the three and nine months ended September 30, 2022 is \$4.5 million and \$6.0 million, respectively. The estimated amortization is \$18.0 million for each of the five succeeding fiscal years.
- Rights-of-way intangible that is subject to amortization with a preliminary fair value of \$13.5 million, which will be amortized over the weighted-average useful life of 25.4 years. We recognized amortization expense for the three and nine months ended September 30, 2022 of \$0.2 million. The estimated amortization is \$0.6 million for each of the five succeeding fiscal years.

These fair value estimates are preliminary and therefore, the final fair value of assets acquired and liabilities assumed and the resulting effect on our financial position may change once all necessary information has become available, the final working capital adjustment is complete, and we finalize our valuations. To the extent possible, estimates have been considered and recorded, as appropriate, for the items above based on the information available as of September 30, 2022. We will continue to evaluate these items until they are satisfactorily resolved and adjust our purchase price allocation accordingly, within the allowable measurement period (not to exceed one year from the date of acquisition), as defined by Accounting Standards Codification ("ASC") 805, *Business Combinations* ("ASC 805").

The fair value of property, plant and equipment was based on the combination of the cost and market approaches. Key assumptions in the cost approach include determining the replacement cost by evaluating recently published data and adjusting replacement cost for physical deterioration, functional and economic obsolescence. We used the market approach to measure the value of certain assets through an analysis of recent sales or offerings of comparable properties.

The fair value of customer relationships was based on the income approach. Key assumptions in the income approach include projected revenue attributable to customer relationships, attrition rate, operating margins and discount rates.

The fair values discussed above were based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements.

The fair values of all other current assets and payables were equivalent to their carrying values due to their short-term nature.

The goodwill recognized in the 3 Bear Acquisition is primarily attributable to enhancing our third party revenues, further diversification of our customer and product mix, expanding our footprint into the Delaware basin and bolstering our Environmental, Social and Governance ("ESG") optionality through furthering carbon capture opportunities and greenhouse gas reduction projects currently underway. This goodwill is deductible for income tax purposes. Goodwill related to the 3 Bear Acquisition is included in the 3 Bear operations segment.

Unaudited Pro Forma Financial Information

The following table summarizes the unaudited pro forma financial information of the Partnership assuming the 3 Bear Acquisition had occurred on January 1, 2021. The unaudited pro forma financial information has been adjusted to give effect to certain pro forma adjustments that are directly related to the 3 Bear Acquisition based on available information and certain assumptions that management believes are factually supportable. The most significant pro forma adjustments relate to (i) incremental interest expense and amortization of deferred financing costs associated with revolving credit facility borrowings incurred in connection with the 3 Bear Acquisition, (ii) incremental depreciation resulting from the estimated fair values of acquired property, plant and equipment, (iii) incremental amortization resulting from the estimated fair value of the acquired customer relationship intangibles, (iv) accounting policy alignment and (v) transaction costs. The unaudited pro forma financial information excludes any expected cost savings or other synergies as a result of the 3 Bear Acquisition. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have been achieved had the 3 Bear Acquisition been effective as of the date presented, nor is it indicative of future operating results of the combined company. Actual results may differ significantly from the unaudited pro forma financial information.

(in thousands, except per unit data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 294,025	\$ 235,521	\$ 865,874	\$ 618,547
Net income attributable to partners	\$ 48,703	\$ 37,174	\$ 117,430	\$ 86,894
Net income per limited partner unit:				
Basic income per unit	\$ 1.12	\$ 0.86	\$ 2.70	\$ 2.00
Diluted income per unit	\$ 1.12	\$ 0.86	\$ 2.70	\$ 2.00

Note 3 - Related Party Transactions

Commercial Agreements

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering and crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be extended for various renewal terms at the option of Delek Holdings. The fees under each agreement are payable to us monthly by Delek Holdings or certain third parties to whom Delek Holdings has assigned certain of its rights and are generally subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, however, in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

Under each of these agreements, we are required to maintain the capabilities of our pipelines and terminals, such that Delek Holdings may throughput and/or store, as the case may be, specified volumes of crude oil, intermediate and refined products.

See our Annual Report on Form 10-K for a more complete description of our material commercial agreements and other agreements with Delek Holdings.

Other Agreements with Delek Holdings

In addition to the commercial agreements described above, the Partnership has entered into the following agreements with Delek Holdings:

Slurry Clarifying Services Agreement

We executed a series of agreements with DK Trading & Supply, LLC ("DKT&S") and Alon Refining Krotz Springs, whereby the Partnership will operate and maintain a facility, located within the Krotz Springs, Louisiana refinery, to process slurry for DKT&S. Using a process that incorporates horizontal and vertical centrifuges, we will remove metals, ash, and other solids from the slurry. The clarified product can then be sold to DKT&S or one of its affiliates. As consideration for the processing services, we will receive a fixed rate per barrel processing fee in addition to a margin-based payment. The Partnership and DKT&S have agreed to a minimum delivery commitment volume to be processed in the facility. The initial term of the agreement is for a period of three years, and thereafter, will continue a year-to-year basis unless canceled by either party.

Omnibus Agreement

The Partnership entered into an omnibus agreement with Delek Holdings, Delek Logistics Operating, LLC, Lion Oil Company, LLC (formerly known as Lion Oil Company) and certain of the Partnership's and Delek Holdings' other subsidiaries on November 7, 2012, which has been amended from time to time in connection with acquisitions from Delek Holdings (collectively, as amended, the "Omnibus Agreement"). The Omnibus Agreement governs the provision of certain operational services and reimbursement obligations, among other

matters, between the Partnership and Delek Holdings, and obligates us to pay an annual fee of \$4.6 million to Delek Holdings for its provision of centralized corporate services to the Partnership.

Pursuant to the terms of the Omnibus Agreement, we are reimbursed by Delek Holdings for certain capital expenditures. These amounts are recorded in other long-term liabilities and are amortized to revenue over the life of the underlying revenue agreement corresponding to the asset. We were reimbursed a nominal amount by Delek Holdings during the nine months ended September 30, 2022. There were no reimbursements by Delek Holdings during the three months ended September 30, 2022, or three and nine months ended September 30, 2021. Additionally, we are reimbursed or indemnified, as the case may be, for costs incurred in excess of certain amounts related to certain asset failures, pursuant to the terms of the Omnibus Agreement. As of September 30, 2022, there was no receivable from related parties for these matters and a nominal receivable from related parties for these matters as of December 31, 2021. These reimbursements are recorded as reductions to operating expense. There were no reimbursements for these matters in each of the three and nine month periods ended September 30, 2022. We were reimbursed a nominal amount for these matters in each of the three and nine month periods ended September 30, 2021.

Other Transactions

The Partnership manages long-term capital projects on behalf of Delek Holdings pursuant to a construction management and operating agreement (the "DPG Management Agreement") for the construction of gathering systems in the Permian Basin. The majority of the gathering systems have been constructed, however, additional costs pertaining to a pipeline connection that was not acquired by the Partnership continue to be incurred and are still subject to the terms of the DPG Management Agreement. The Partnership is also considered the operator for the project and is responsible for oversight of the project design, procurement and construction of project segments and provides other related services. Pursuant to the terms of the DPG Management Agreement, the Partnership receives a monthly operating services fee and a construction services fee, which includes the Partnership's direct costs of managing the project plus an additional percentage fee of the construction costs of each project segment. The agreement extends through December 2022. Total fees paid to the Partnership were \$0.4 million and \$1.2 million for the three and nine months ended September 30, 2022 and 2021, respectively, which are recorded in affiliate revenue in our condensed consolidated statements of income. Additionally, the Partnership incurs the costs in connection with the construction of the assets and is subsequently reimbursed by Delek Holdings. Amounts reimbursable by Delek Holdings are recorded in accounts receivable from related parties.

Summary of Transactions

Revenues from affiliates consist primarily of revenues from gathering, transportation, storage, offloading, wholesale marketing and products terminalling services provided primarily to Delek Holdings based on regulated tariff rates or contractually based fees and product sales. Affiliate operating expenses are primarily comprised of amounts we reimburse Delek Holdings, or our general partner, as the case may be, for the services provided to us under the Partnership Agreement. These expenses could also include reimbursement and indemnification amounts from Delek Holdings, as provided under the Omnibus Agreement. Additionally, the Partnership is required to reimburse Delek Holdings for direct or allocated costs and expenses incurred by Delek Holdings on behalf of the Partnership and for charges Delek Holdings incurred for the management and operation of our logistics assets, including an annual fee for various centralized corporate services, which are included in general and administrative expenses. In addition to these transactions, we purchase refined products and bulk biofuels from Delek Holdings, the costs of which are included in cost of materials and other.

A summary of revenue, purchases from affiliates and expense transactions with Delek Holdings and its affiliates are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues	\$ 127,150	\$ 123,519	\$ 375,270	\$ 308,435
Purchases from Affiliates	\$ 124,714	\$ 89,852	\$ 374,329	\$ 229,810
Operating and maintenance expenses	\$ 16,478	\$ 10,656	\$ 39,741	\$ 30,217
General and administrative expenses	\$ 4,556	\$ 2,681	\$ 10,708	\$ 6,794

Quarterly Cash Distributions

In February, May and August 2022, we paid quarterly cash distributions of \$42.4 million, \$42.6 million and \$42.8 million, respectively, of which \$33.8 million, \$33.6 million and \$33.8 million, respectively, were paid to Delek Holdings. In February, May and August 2021, we paid quarterly cash distributions of \$39.5 million, \$40.0 million and \$40.8 million, respectively, of which \$31.6 million, \$32.0 million and \$32.7 million, respectively, were paid to Delek Holdings. On October 25, 2022, our board of directors declared a quarterly cash distribution totaling \$43.1 million, based on the available cash as of the date of determination, for the end of the third quarter of 2022, payable on November 10, 2022, of which \$34.0 million is expected to be paid to Delek Holdings.

Note 4 - Revenues

Within our pipeline and transportation and wholesale marketing and terminalling segments, we generate revenue by charging fees for gathering, transporting, offloading and storing crude oil; for storing intermediate products and feed stocks; for distributing, transporting and storing refined products; for marketing refined products output of Delek Holdings' Tyler and Big Spring refineries; and for wholesale marketing in the West Texas area. A significant portion of our revenue is derived from long-term commercial agreements with Delek Holdings, which provide for annual fee adjustments for increases or decreases in the CPI, PPI or the FERC index (refer to Note 3 for a more detailed description of these agreements). In addition to the services we provide to Delek Holdings, we also generate substantial revenue from crude oil, intermediate and refined products transportation services for, and terminalling and marketing services to, third parties primarily in Texas, New Mexico, Tennessee and Arkansas. Certain of these services are provided pursuant to contractual agreements with third parties. Payment terms require customers to pay shortly after delivery and do not contain significant financing components.

The majority of our commercial agreements with Delek Holdings meet the definition of a lease because: (1) performance of the contracts is dependent on specified property, plant or equipment and (2) it is remote that one or more parties other than Delek Holdings will take more than a minor amount of the output associated with the specified property, plant or equipment. As part of our adoption of ASC 842, *Leases* ("ASC 842"), we applied the permitted practical expedient to not separate lease and non-lease components under the predominance principle to designated asset classes associated with the provision of logistics services. We have determined that the predominant component of the related agreements currently in effect is the lease component. Therefore, the combined component is accounted for under the applicable lease accounting guidance. Of our \$1,178.3 million net property, plant, and equipment balance as of September 30, 2022, \$429.4 million is subject to operating leases under our commercial agreements. These agreements do not include options for the lessee to purchase our leasing equipment, nor do they include any material residual value guarantees or material restrictive covenants.

As of the 3 Bear Acquisition, our revenue-generating activities include crude oil and natural gas gathering, processing and transportation operations, as well as water disposal and recycling operations, with third parties in the Delaware Basin of New Mexico. For natural gas gathering and processing contracts in which we perform midstream services and also purchase the processed products, we determine if the economic control of the commodities has passed from the producer to us, before or after we perform our services (if at all), to determine whether we are principal or agent in the ultimate sale of the processed product. As a result of these activities, we generate two principal types of revenues:

- Product sales revenue - comprised of residual products as a result of our gathering services where 3 Bear meets the definition of the principal rather than an agent, and where such revenue is recognized upon satisfaction of the performance obligation, which is generally upon delivery
- Gathering services revenue - comprised of fees charged for one or more of the following services: gathering, processing and transportation of natural gas; gathering, transportation and storage of NGLs; gathering, recycling and disposal of wastewater; and transportation, storage and distribution of crude oil, refined products and other hydrocarbon-based products. The contractual fees are generally related to the volume of natural gas, NGLs, water, crude oil or refined products that are gathered, transported, stored or processed and therefore is not directly impacted by commodity prices.

The following tables represent a disaggregation of revenue for the pipeline and transportation and wholesale marketing and terminalling segments for the periods indicated (in thousands):

Three Months Ended September 30, 2022				
	Pipelines and Transportation	Wholesale Marketing and Terminalling	3 Bear Operations	Consolidated
Service Revenue - Third Party	\$ 5,883	\$ —	\$ 10,857	\$ 16,740
Service Revenue - Affiliate ⁽¹⁾	4,050	9,075	—	13,125
Product Revenue - Third Party	—	102,703	47,432	150,135
Product Revenue - Affiliate	—	24,185	2,593	26,778
Lease Revenue - Affiliate	75,345	11,902	—	87,247
Total Revenue	\$ 85,278	\$ 147,865	\$ 60,882	\$ 294,025

⁽¹⁾ Net of \$1.8 million of amortization expense for the three months ended September 30, 2022, related to a customer contract intangible asset recorded in the wholesale marketing and terminalling segment.

	Three Months Ended September 30, 2021		
	Pipelines and Transportation	Wholesale Marketing and Terminalling	Consolidated
Service Revenue - Third Party	\$ 5,323	\$ 139	\$ 5,462
Service Revenue - Affiliate ⁽¹⁾	4,484	9,241	13,725
Product Revenue - Third Party	—	60,645	60,645
Product Revenue - Affiliate	—	34,325	34,325
Lease Revenue - Affiliate	66,395	9,075	75,470
Total Revenue	\$ 76,202	\$ 113,425	\$ 189,627

⁽¹⁾ Net of \$1.8 million of amortization expense for the three months ended September 30, 2021, related to a customer contract intangible asset recorded in the wholesale marketing and terminalling segment.

	Nine Months Ended September 30, 2022			
	Pipelines and Transportation	Wholesale Marketing and Terminalling	3 Bear Operations	Consolidated
Service Revenue - Third Party	\$ 15,978	\$ —	\$ 15,457	\$ 31,435
Service Revenue - Affiliate ⁽¹⁾	12,065	25,863	—	37,928
Product Revenue - Third Party	—	300,177	60,474	360,651
Product Revenue - Affiliate	—	82,774	5,555	88,329
Lease Revenue - Affiliate	213,646	35,367	—	249,013
Total Revenue	\$ 241,689	\$ 444,181	\$ 81,486	\$ 767,356

⁽¹⁾ Net of \$5.4 million of amortization expense for the nine months ended September 30, 2022, related to a customer contract intangible asset recorded in the wholesale marketing and terminalling segment.

	Nine Months Ended September 30, 2021		
	Pipelines and Transportation	Wholesale Marketing and Terminalling	Consolidated
Service Revenue - Third Party	\$ 12,021	\$ 358	\$ 12,379
Service Revenue - Affiliate ⁽¹⁾	9,505	25,877	35,382
Product Revenue - Third Party	—	190,204	190,204
Product Revenue - Affiliate	—	54,453	54,453
Lease Revenue - Affiliate	190,086	28,514	218,600
Total Revenue	\$ 211,612	\$ 299,406	\$ 511,018

⁽¹⁾ Net of \$5.4 million of amortization expense for the nine months ended September 30, 2021, related to a customer contract intangible asset recorded in the wholesale marketing and terminalling segment.

As of September 30, 2022, we expect to recognize \$1.4 billion in future lease revenues, for periods up to financial year 2030, related to our unfulfilled performance obligations pertaining to the minimum volume commitments and capacity utilization under the non-cancelable terms of our commercial agreements with Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be extended for various renewal terms. We disclose information about remaining performance obligations that have original expected durations of greater than one year.

Our unfulfilled performance obligations as of September 30, 2022 were as follows (in thousands):

Remainder of 2022	\$ 74,716
2023	291,514
2024	209,108
2025	183,804
2026 and thereafter	604,928
Total expected revenue on remaining performance obligations	\$ 1,364,070

Note 5 - Net Income Per Unit

Basic net income per unit applicable to limited partners is computed by dividing limited partners' interest in net income by the weighted-average number of outstanding common units.

Diluted net income per unit applicable to common limited partners includes the effects of potentially dilutive units on our common units. As of September 30, 2022, the only potentially dilutive units outstanding consist of unvested phantom units.

Our distributions earned with respect to a given period are declared subsequent to quarter end. Therefore, the table below represents total cash distributions applicable to the period in which the distributions are earned. The expected date of distribution for the distributions earned during the period ended September 30, 2022 is November 10, 2022.

Payments made to our unitholders are determined in relation to actual distributions declared and are not based on the net income allocations used in the calculation of net income per unit. The calculation of net income per unit is as follows (dollars in thousands, except units and per unit amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income attributable to partners	\$ 44,674	\$ 43,624	\$ 116,352	\$ 123,137
Less: Limited partners' distribution	43,057	41,286	128,493	122,100
Earnings in excess (deficit) of distributions	\$ 1,617	\$ 2,338	\$ (12,141)	\$ 1,037
Limited partners' earnings on common units:				
Distributions	\$ 43,057	\$ 41,286	\$ 128,493	\$ 122,100
Allocation of earnings in excess (deficit) of distributions	1,617	2,338	(12,141)	1,037
Total limited partners' earnings on common units	\$ 44,674	\$ 43,624	\$ 116,352	\$ 123,137
Weighted average limited partner units outstanding:				
Basic	43,485,779	43,454,535	43,477,801	43,447,739
Diluted	43,515,960	43,468,289	43,499,837	43,457,857
Net income per limited partner unit:				
Basic	\$ 1.03	\$ 1.00	\$ 2.68	\$ 2.83
Diluted ⁽¹⁾	\$ 1.03	\$ 1.00	\$ 2.67	\$ 2.83

⁽¹⁾ Outstanding common units totaling 3,862 were excluded from the diluted earnings per unit calculation for the nine months ended September 30, 2022. There were no outstanding common units excluded from the diluted earnings per unit calculation for the three and nine months ended September 30, 2021.

Note 6 - Inventory

Inventories consisted of \$2.5 million and \$2.4 million of refined petroleum products as of September 30, 2022 and December 31, 2021, respectively, each of which are net of lower of cost or net realizable value reserve of a nominal amount. Inventory is stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. We recognize lower of cost or net realizable value charges as a component of cost of materials and other in the consolidated statements of income and comprehensive income.

Note 7 - Long-Term Obligations

Outstanding borrowings, net of unamortized debt discounts and certain deferred financing costs, under the Partnership's existing debt instruments are as follows (in thousands):

	September 30, 2022	December 31, 2021
Delek Logistics 2028 Notes ⁽¹⁾	\$ 394,968	\$ 394,302
Delek Logistics Credit Facility ⁽²⁾	806,405	258,000
Delek Logistics 2025 Notes ⁽³⁾	247,399	246,668
	<u>\$ 1,448,772</u>	<u>\$ 898,970</u>

⁽¹⁾ Net of deferred financing costs of \$5.0 million and \$5.7 million at September 30, 2022 and December 31, 2021, respectively.

⁽²⁾ Net of deferred financing costs of \$0.5 million at September 30, 2022.

⁽³⁾ Net of deferred financing costs of \$2.0 million and \$2.5 million and debt discount of \$0.6 million and \$0.8 million at September 30, 2022 and December 31, 2021, respectively.

7.125% Senior Notes due 2028

On May 24, 2021, the Partnership and our wholly owned subsidiary Delek Logistics Finance Corp. ("Finance Corp." and together with the Partnership, the "Issuers") issued \$400.0 million in aggregate principal amount of 7.125% senior notes due 2028 (the "2028 Notes") at par, pursuant to an indenture with U.S. Bank, National Association as trustee. The 2028 Notes are general unsecured senior obligations of the Issuers and are unconditionally guaranteed jointly and severally on a senior unsecured basis by the Partnership's subsidiaries other than Finance Corp., and will be unconditionally guaranteed on the same basis by certain of the Partnership's future subsidiaries. The 2028 Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. The 2028 Notes will mature on June 1, 2028, and interest on the 2028 Notes is payable semi-annually in arrears on each June 1 and December 1, commencing December 1, 2021.

At any time prior to June 1, 2024, the Issuers may redeem up to 35% of the aggregate principal amount of the 2028 Notes with the net cash proceeds of one or more equity offerings by the Partnership at a redemption price of 107.125% of the redeemed principal amount, plus accrued and unpaid interest, if any, subject to certain conditions and limitations. Prior to June 1, 2024, the Issuers may also redeem all or part of the 2028 Notes at a redemption price of the principal amount plus accrued and unpaid interest, if any, plus a "make whole" premium, subject to certain conditions and limitations. In addition, beginning on June 1, 2024, the Issuers may, subject to certain conditions and limitations, redeem all or part of the 2028 Notes, at a redemption price of 103.563% of the redeemed principal for the twelve-month period beginning on June 1, 2024, 101.781% for the twelve-month period beginning on June 1, 2025, and 100.00% beginning on June 1, 2026 and thereafter, plus accrued and unpaid interest, if any.

In the event of a change of control, accompanied or followed by a ratings downgrade within a certain period of time, subject to certain conditions and limitations, the Issuers will be obligated to make an offer for the purchase of the 2028 Notes from holders at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

As of September 30, 2022, we had \$400.0 million in outstanding principal amount under the 2028 Notes, and the effective interest rate was 7.40%.

DKL Credit Facility

On September 28, 2018, the Partnership entered into a third amended and restated senior secured revolving credit agreement (hereafter, the "DKL Credit Facility") with Fifth Third Bank ("Fifth Third"), as administrative agent, and a syndicate of lenders with total lender commitments of \$850.0 million. The DKL Credit Facility contains a dual currency borrowing tranche that permits draw downs in U.S. or Canadian dollars. The DKL Credit Facility also contains an accordion feature whereby the Partnership can increase the size of the credit facility to an aggregate of \$1.0 billion, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent. The obligations under the DKL Credit Facility remain secured by first priority liens on substantially all of the Partnership's and its subsidiaries' tangible and intangible assets.

The DKL Credit Facility has a maturity date of September 28, 2023. Borrowings denominated in U.S. dollars bear interest at either a U.S. dollar prime rate, plus an applicable margin, or Secured Overnight Financing Rate ("SOFR"), plus an applicable margin, at the election of the borrowers. Borrowings denominated in Canadian dollars bear interest at either a Canadian dollar prime rate, plus an applicable margin, or the Canadian Dealer Offered Rate, plus an applicable margin, at the election of the borrowers.

The applicable margin in each case and the fee payable for any unused revolving commitments vary based upon the Partnership's most recent total leverage ratio calculation delivered to the lenders, as called for and defined under the terms of the DKL Credit Facility. At September 30, 2022, the weighted average interest rate for our borrowings under the facility was approximately 5.64%. Additionally, the DKL Credit Facility requires us to pay a leverage ratio dependent quarterly fee on the average unused revolving commitment. As of September 30, 2022, this fee was 0.50% per year.

In August 2020, the Partnership entered into a First Amendment to the DKL Credit Facility which, among other things, permitted the transfer of cash and equity consideration for the elimination of incentive distribution rights held by Delek Logistics GP, LLC, our general partner. It also modified the total leverage ratio and the senior leverage ratio (each as defined in the DKL Credit Facility) calculations to reduce the total funded debt (as defined in the DKL Credit Facility) component thereof by the total amount of unrestricted consolidated cash and cash equivalents on the balance sheet of the Partnership and its subsidiaries up to \$20.0 million.

In May 2022, the Partnership entered into Second and Third Amendments to the DKL Credit Facility which, among other things, provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") with credit spread adjustments for 1-month and 3-month Term SOFR loans, and provided consent and flexibility related to the previously announced 3 Bear Acquisition with respect to certain covenants in the DKL Credit Facility. We believe we were in compliance with all covenant requirements as of September 30, 2022.

Further, on May 26, 2022, the Partnership entered into a Fourth Amendment (the "Fourth Amendment") to the DKL Credit Facility. Among other things, the Fourth Amendment: (i) increased the U.S. Revolving Credit Commitments (as defined in the DKL Credit Facility) by an amount equal to \$150.0 million, for an aggregate amount of \$1,000.0 million, (ii) increased the U.S. L/C Sublimit (as defined in the DKL

Credit Facility) to an aggregate amount equal to \$90.0 million and (iii) increased the U.S. Swing Line Sublimit (as defined in the DKL Credit Facility) to an aggregate amount equal to \$18.0 million.

On October 13, 2022, the Partnership entered into a fourth amended and restated DKL Credit Facility (the "2022 DKL Credit Facility") with Fifth Third, as administrative agent and a syndicate of lenders. The 2022 DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and (ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024 and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances. The DKL Term Facility requires four quarterly amortization payments of \$3.8 million in 2023 and three quarterly amortization payments of \$7.5 million in 2024.

Borrowings under the DKL Revolving Facility bear interest at the election of the Partnership at either a U.S. dollar prime rate, plus an applicable margin ranging from 1.00% to 2.00% depending on the Partnership's Total Leverage Ratio (as defined in the DKL Credit Agreement), or a SOFR rate plus a credit spread adjustment of 0.10% for one-month interest periods and 0.25% for three-month interest periods plus an applicable margin ranging from 2.00% to 3.00% depending on the Partnership's Total Leverage Ratio. Unused revolving commitments under the DKL Revolving Facility incur a commitment fee that ranges from 0.30% to 0.50% depending on the Partnership's Total Leverage Ratio. Borrowings under the DKL Term Facility bear interest at the election of the Partnership at either a U.S. dollar prime rate, plus an applicable margin of 2.50% for the first year of the DKL Term Facility and 3.00% for the second year of the DKL Term Facility, or a SOFR rate plus a credit spread adjustment of 0.10% for one-month interest periods and 0.25% for three-month interest periods plus an applicable margin of 3.50% for the first year of the Term Facility and 4.00% for the second year of the DKL Term Facility.

The 2022 DKL Credit Facility contains affirmative and negative covenants and events of default, which the Partnership considers customary and are similar to those in our predecessor DKL Credit Facility. Under the financial covenants in the 2022 DKL Credit Facility, the Partnership cannot:

- permit, as of the last day of each fiscal quarter, the Total Leverage Ratio (as defined in the DKL Credit Facility) to be greater than 5.25 to 1.00; provided, that during any Temporary Increase Period (as defined in the DKL Credit Facility, the Partnership cannot permit the foregoing ratio to be greater than 5.50 to 1.00 (a Temporary Increase Period with respect to the 3 Bear Acquisition (as defined in the DKL Credit Facility) is in effect through March 31, 2023);
- permit, as of the last day of each fiscal quarter, the Senior Leverage Ratio (as defined in the DKL Credit Facility) to be greater than 3.75 to 1.00;
- permit, as of the last day of each fiscal quarter, the interest coverage ratio to be equal to or less than 2.00 to 1.00.

The obligations under the 2022 DKL Credit Facility remain secured by a first priority lien on substantially all of the Partnership's and its subsidiaries' tangible and intangible assets.

As of September 30, 2022, the Partnership had \$806.9 million of outstanding borrowings under the DKL Credit Facility, with no letters of credit in place. Unused credit commitments under the DKL Credit Facility as of September 30, 2022 were \$193.1 million.

6.750% Senior Notes Due 2025

On May 23, 2017, the Partnership and Delek Logistics Finance Corp., a Delaware corporation and a wholly-owned subsidiary of the Partnership ("Finance Corp." and together with the Partnership, the "Issuers"), issued \$250.0 million in aggregate principal amount of 6.75% senior notes due 2025 (the "2025 Notes") at a discount. The 2025 Notes are general unsecured senior obligations of the Issuers. The 2025 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by the Partnership's existing subsidiaries (other than Finance Corp., the "Guarantors") and will be unconditionally guaranteed on the same basis by certain of the Partnership's future subsidiaries. The 2025 Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. The 2025 Notes will mature on May 15, 2025, and interest on the 2025 Notes is payable semi-annually in arrears on each May 15 and November 15.

The Issuers may, subject to certain conditions and limitations, redeem all or part of the 2025 Notes at a redemption price of 101.688% of the redeemed principal during the twelve-month period beginning on May 15, 2022 and 100.00% beginning on May 15, 2023 and thereafter, plus accrued and unpaid interest, if any. In the event of a change of control, accompanied or followed by a ratings downgrade within a certain period of time, subject to certain conditions and limitations, the Issuers will be obligated to make an offer for the purchase of the 2025 Notes from holders at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

On April 25, 2018, we made an offer to exchange the 2025 Notes and the related guarantees that were validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradeable, as required under the terms of the original indenture.

The terms of the exchange notes that were issued in May 2018 as a result of the exchange (also referred to as the "2025 Notes") are substantially identical to the terms of the original 2025 Notes.

As of September 30, 2022, we had \$250.0 million in outstanding principal amount of the 2025 Notes. As of September 30, 2022, the effective interest rate related to the 2025 Notes was approximately 7.19%.

Note 8 - Equity

We had 9,180,901 common limited partner units held by the public outstanding as of September 30, 2022. Additionally, as of September 30, 2022, Delek Holdings owned an 78.9% limited partner interest in us, consisting of 34,311,278 common limited partner units.

On April 14, 2022, we filed a shelf registration statement with the SEC, which was declared effective on April 29, 2022, which provides the Partnership the ability to offer up to \$200.0 million of our common limited partner units from time to time and through one or more methods of distribution, subject to market conditions and our capital needs.

On December 22, 2021, Delek Holdings issued a press release regarding a program to sell up to 434,590 common limited partner units representing limited partner interests in the Partnership. We did not sell any securities under this program and we did not receive any proceeds from the sale of the securities by Delek Holdings.

Equity Activity

The table below summarizes the changes in the number of limited partner units outstanding from December 31, 2021 through September 30, 2022.

	Common - Public	Common - Delek Holdings	Total
Balance at December 31, 2021	8,774,053	34,696,800	43,470,853
Unit-based compensation awards ⁽¹⁾	21,326	—	21,326
Delek Holdings resale of units	385,522	(385,522)	—
Balance at September 30, 2022	9,180,901	34,311,278	43,492,179

⁽¹⁾ Unit-based compensation awards are presented net of 6,368 units withheld for taxes as of September 30, 2022.

Issuance of Additional Securities

Our Partnership Agreement authorizes us to issue an unlimited number of additional partnership securities for the consideration and on the terms and conditions determined by our general partner without the approval of the unitholders. Costs associated with the issuance of securities are allocated to all unitholders' capital accounts based on their ownership interest at the time of issuance.

Cash Distributions

Our Partnership Agreement sets forth the calculation to be used to determine the amount and priority of available cash distributions that our limited partner unitholders will receive. Our distributions earned with respect to a given period are declared subsequent to quarter end.

The table below summarizes the quarterly distributions related to our quarterly financial results:

Quarter Ended	Total Quarterly Distribution Per Limited Partner Unit	Total Cash Distribution (in thousands)	Date of Distribution	Unitholders Record Date
September 30, 2021	\$ 0.950	\$ 41,286	November 10, 2021	November 5, 2021
December 31, 2021	\$ 0.975	\$ 42,384	February 8, 2022	February 1, 2022
March 31, 2022	\$ 0.980	\$ 42,604	May 12, 2022	May 5, 2022
June 30, 2022	\$ 0.985	\$ 42,832	August 11, 2022	August 4, 2022
September 30, 2022	\$ 0.990	\$ 43,057	November 10, 2022 ⁽¹⁾	November 4, 2022

⁽¹⁾ Expected date of distribution.

Note 9 - Equity Based Compensation

The Delek Logistics GP, LLC 2012 Long-Term Incentive Plan (the "LTIP") was adopted by the Delek Logistics GP, LLC board of directors in connection with the completion of our initial public offering in November 2012. The LTIP is administered by the Conflicts Committee of the board of our general partner. Equity-based compensation expense is included in general and administrative expenses in the

accompanying condensed consolidated statements of income and comprehensive income and is immaterial for the three and nine months ended September 30, 2022 and 2021.

On June 9, 2021, the LTIP was amended to increase the number of units representing limited partner interest in the Partnership (the "Common Units") authorized for issuance by 300,000 Common Units to 912,207 Common Units. Additionally, the term of the LTIP was extended to June 9, 2031.

Note 10 - Equity Method Investments

In May 2019, the Partnership, through its wholly owned indirect subsidiary DKL Pipeline, LLC ("DKL Pipeline"), entered into a Contribution and Subscription Agreement (the "Contribution Agreement") with Plains Pipeline, L.P. ("Plains") and Red River Pipeline Company LLC ("Red River"). Pursuant to the Contribution Agreement, DKL Pipeline contributed \$124.7 million, substantially all of which was financed by borrowings under the DKL Credit Facility, to Red River in exchange for a 33% membership interest in Red River and DKL Pipeline's admission as a member of Red River. In addition, we contributed \$0.4 million of startup capital pursuant to the Amended and Restated Limited Liability Company Agreement. Red River, which owns a crude oil pipeline running from Cushing, Oklahoma to Longview, Texas, completed a planned expansion project to increase the pipeline capacity and commenced operations on the completed expansion project in 2020. During the nine months ended September 30, 2022, we made no capital contributions. During the nine months ended September 30, 2021, we made additional capital contributions totaling \$1.4 million based on capital calls received.

Summarized unaudited financial information for Red River on a 100% basis is shown below (in thousands):

	September 30, 2022		December 31, 2021	
Current Assets	\$	36,029	\$	28,735
Non-current Assets	\$	396,618	\$	403,692
Current liabilities	\$	10,169	\$	10,040

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues	\$ 25,340	\$ 19,349	\$ 69,475	\$ 46,136
Gross profit	\$ 17,210	\$ 12,027	\$ 46,476	\$ 26,367
Operating income	\$ 15,469	\$ 11,871	\$ 44,381	\$ 25,866
Net income	\$ 15,509	\$ 11,853	\$ 44,386	\$ 25,843

We have two joint ventures that have constructed separate crude oil pipeline systems and related ancillary assets, which are serving third parties and subsidiaries of Delek Holdings. We own a 50% membership interest in the entity formed with an affiliate of Plains All American Pipeline, L.P. ("CP LLC") to operate one of these pipeline systems (the "Caddo Pipeline") and a 33% membership interest in the entity formed with Rangeland Energy II, LLC ("Rangeland Energy") to operate the other pipeline system (the "Rio Pipeline"). During 2018, Rangeland Energy was acquired by Andeavor (which was subsequently acquired by Marathon Petroleum Corporation) and the legal entity in which we have an equity investment became Andeavor Logistics Rio Pipeline LLC ("Andeavor Logistics").

Combined summarized unaudited financial information for these two equity method investees on a 100% basis is shown below (in thousands):

	September 30, 2022		December 31, 2021	
Current assets	\$	19,561	\$	15,010
Non-current assets	\$	234,715	\$	242,599
Current liabilities	\$	3,688	\$	1,492

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues	\$ 11,949	\$ 12,090	\$ 32,402	\$ 35,316
Gross profit	\$ 7,014	\$ 6,757	\$ 18,472	\$ 20,462
Operating income	\$ 6,284	\$ 6,300	\$ 16,474	\$ 19,022
Net Income	\$ 6,306	\$ 6,300	\$ 16,501	\$ 19,023

The Partnership's investments in these three entities were financed through a combination of cash from operations and borrowings under the DKL Credit Facility. The Partnership's investment balances in these joint ventures were as follows (in thousands):

	September 30, 2022	December 31, 2021
Red River	\$ 143,729	\$ 144,041
CP LLC	61,461	61,670
Andeavor Logistics	42,815	44,319
Total Equity Method Investments	248,005	250,030

We do not consolidate any part of the assets or liabilities or operating results of our equity method investees. Our share of net income or loss of the investees will increase or decrease, as applicable, the carrying value of our investments in unconsolidated affiliates. With respect to our equity method investments, we determined that these entities do not represent variable interest entities and consolidation is not required. We have the ability to exercise significant influence over each of these joint ventures through our participation in the management committees, which make all significant decisions. However, since all significant decisions require the consent of the other investor(s) without regard to economic interest, we have determined that we have joint control and have applied the equity method of accounting. Our investment in these joint ventures is reflected in our pipelines and transportation segment.

Note 11 - Segment Data

We aggregate our operating segments into four reportable segments: (i) pipelines and transportation; (ii) wholesale marketing and terminalling; (iii) 3 Bear operations; and (iv) investment in pipeline joint ventures. Based on the manner in which the Partnership's Chief Operating Decision Maker ("CODM") is currently reviewing the financial and operating information and metrics of the business of and for the three and nine months ended September 30, 2022, inclusive of the 3 Bear Acquisition, the acquisition of 3 Bear resulted in a new operating segment as of and for the period from the Acquisition Date through September 30, 2022, which is deemed to be reportable based on our quantitative assessment. While this new operating segment has certain common characteristics with our pipelines and transportation reportable segment, it also involves new operations (including natural gas gathering, processing and transportation as well as water disposal and recycling) and operates in new geographic location. Additionally, the Acquisition occurred on June 1, 2022, and integration efforts continue to be in process as of September 30, 2022. For these reasons, the 3 Bear operating segment has been presented as a separate reportable segment as of and for the three and nine months ended September 30, 2022. As we continue to integrate the 3 Bear operations in the coming quarters and refine how we manage those operations in the context of our overall business, it is possible that segment presentation could change.

Our operating segments adhere to the accounting policies used for our consolidated financial statements. Our operating segments are managed separately because each segment requires different industry knowledge, technology and marketing strategies. Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of its reportable segments based on segment contribution margin, with the exception of investments in pipeline joint ventures segment, which is measured based on net income. Segment contribution margin is defined as net revenues less cost of materials and other and operating expenses, excluding depreciation and amortization. The following is a summary of business segment operating performance as measured by contribution margin, with the exception of investments in pipeline joint ventures segment, which is measured based on equity method income (loss), for the periods indicated (in thousands):

(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Pipelines and Transportation				
Net revenues:				
Affiliate	\$ 79,395	\$ 70,879	\$ 225,711	\$ 199,591
Third party	5,883	5,323	15,978	12,021
Total pipelines and transportation	85,278	76,202	241,689	211,612
Cost of materials and other	20,004	15,170	58,272	42,595
Operating expenses (excluding depreciation and amortization presented below)	11,292	13,680	37,789	34,710
Segment contribution margin	\$ 53,982	\$ 47,352	\$ 145,628	\$ 134,307
Depreciation and amortization	\$ 7,847	\$ 8,056	\$ 23,668	\$ 24,918
Capital spending	\$ 21,151	\$ 2,570	\$ 50,793	\$ 9,946
Wholesale Marketing and Terminalling				
Net revenues:				
Affiliate	\$ 45,162	\$ 52,640	\$ 144,004	\$ 108,844
Third party	102,703	60,785	300,177	190,562
Total wholesale marketing and terminalling	147,865	113,425	444,181	299,406
Cost of materials and other	122,614	89,959	373,126	232,400
Operating expenses (excluding depreciation and amortization presented below)	6,952	3,908	17,397	13,317
Segment contribution margin	\$ 18,299	\$ 19,558	\$ 53,658	\$ 53,689
Depreciation and amortization	\$ 2,640	\$ 2,100	\$ 7,641	\$ 5,944
Capital spending	\$ 278	\$ 1,566	\$ 1,337	\$ 4,580
3 Bear Operations				
Net revenues:				
Affiliate	\$ 2,593	\$ —	\$ 5,555	\$ —
Third party	58,289	—	75,931	—
Total 3 Bear	60,882	—	81,486	—
Cost of materials and other	35,122	—	48,897	—
Operating expenses (excluding depreciation and amortization presented below)	7,657	—	9,811	—
Segment contribution margin	\$ 18,103	\$ —	\$ 22,778	\$ —
Depreciation and amortization	\$ 9,053	\$ —	\$ 11,988	\$ —
Capital spending	\$ 10,531	\$ —	\$ 15,642	\$ —
Investments in Pipeline Joint Ventures				
Income from equity method investments	\$ 8,567	\$ 7,261	\$ 22,666	\$ 17,952
Equity method investments contributions	\$ —	\$ —	\$ —	\$ (1,393)
Consolidated				
Net revenues:				
Affiliate	\$ 127,150	\$ 123,519	\$ 375,270	\$ 308,435
Third party	166,875	66,108	392,086	202,583
Total Consolidated	294,025	189,627	767,356	511,018
Cost of materials and other	177,740	105,129	480,295	274,995
Operating expenses (excluding depreciation and amortization presented below)	25,901	17,588	64,997	48,027
Contribution margin	90,384	66,910	222,064	187,996
General and administrative expenses	11,959	5,898	30,826	15,933
Depreciation and amortization	19,540	10,156	43,297	30,862
Other operating (income) expense, net	(132)	273	(120)	54
Operating income	\$ 59,017	\$ 50,583	\$ 148,061	\$ 141,147
Capital spending and capital contributions to equity method investments	\$ 31,960	\$ 4,136	\$ 67,772	\$ 14,526

Assets by segment are not a measure used to assess the performance of the company by the chief operating decision maker and thus are not disclosed.

Property, plant and equipment, accumulated depreciation and depreciation expense for the Partnership's reportable segments, excluding the investment in pipeline joint ventures segment, as of and for the three and nine months ended September 30, 2022 were as follows (in thousands):

	Pipelines and Transportation	Wholesale Marketing and Terminalling	3 Bear Operations	Consolidated
Property, plant and equipment	\$ 657,788	\$ 122,096	\$ 398,450	\$ 1,178,334
Less: accumulated depreciation	(229,206)	(67,817)	(5,711)	(302,734)
Property, plant and equipment, net	\$ 428,582	\$ 54,279	\$ 392,739	\$ 875,600
Depreciation expense for the three months ended September 30, 2022	\$ 7,847	\$ 2,640	\$ 4,284	\$ 14,771
Depreciation expense for the nine months ended September 30, 2022	\$ 23,668	\$ 7,641	\$ 6,277	\$ 37,586

In accordance with ASC 360, *Property, Plant & Equipment*, we evaluate the realizability of property, plant and equipment as events occur that might indicate potential impairment. There were no indicators of impairment of our property, plant and equipment as of September 30, 2022.

Note 12 - Income Taxes

For tax purposes, each partner of the Partnership is required to take into account its share of income, gain, loss and deduction in computing its federal and state income tax liabilities, regardless of whether cash distributions are made to such partner by the Partnership. The taxable income reportable to each partner takes into account differences between the tax basis and fair market value of our assets, financial reporting bases of assets and liabilities, the acquisition price of such partner's units and the taxable income allocation requirements under our Partnership Agreement. The Partnership is not a taxable entity for federal income tax purposes. While most states do not impose an entity level tax on partnership income, the Partnership is subject to entity level tax in both Tennessee and Texas.

Note 13 - Commitments and Contingencies

Litigation

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our financial statements. See "Crude Oil and Other Releases" below for discussion of an enforcement action.

Environmental, Health and Safety

We are subject to extensive federal, state and local environmental and safety laws and regulations enforced by various agencies, including the Environmental Protection Agency (the "EPA"), the United States Department of Transportation, the Occupational Safety and Health Administration, as well as numerous state, regional and local environmental, safety and pipeline agencies. These laws and regulations govern the discharge of materials into the environment, waste management practices and pollution prevention measures, as well as the safe operation of our pipelines and the safety of our workers and the public. Numerous permits or other authorizations are required under these laws and regulations for the operation of our terminals, pipelines, saltwells, trucks and related operations, and may be subject to revocation, modification and renewal.

These laws and permits raise potential exposure to future claims and lawsuits involving environmental and safety matters, which could include soil, surface water and groundwater contamination, air pollution, personal injury and property damage allegedly caused by substances which we may have handled, used, released or disposed of, transported, or that relate to pre-existing conditions for which we may have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and we expect that there will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including the receipt and response to notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required to comply with existing and new requirements, as well as evolving interpretations and enforcement of existing laws and regulations.

Releases of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, or is not a reimbursable event under the Omnibus Agreement, subject us to substantial expenses, including costs to respond to, contain and

remediate a release, to comply with applicable laws and regulations and to resolve claims by governmental agencies or other persons for personal injury, property damage, response costs, or natural resources damages.

Crude Oil and Other Releases

During the nine months ended September 30, 2022, there were no significant releases.

In August 2021, a release of finished product from our Greenville pipeline occurred near Dixon, Texas (the "Greenville Dixon Release"). Cleanup operations, site maintenance and remediation on this release are currently on-going where such costs incurred as of September 30, 2022 totaled \$4.0 million. The affected area is currently being treated to bring it to acceptable residential levels protective of groundwater. We believe additional costs associated with this release will be nominal.

On October 3, 2019, a release of diesel fuel involving one of our pipelines occurred near Sulphur Springs, Texas (the "Sulphur Springs Release"). Cleanup operations, site maintenance and remediation on this release have been completed with closure granted and ground water monitoring wells removed. We filed suit in January 2020 against a third party contractor, seeking damages related to this release; two related actions were filed in November and December 2020 by and against the contractor's insurance company seeking judgments related to insurance coverage. Those matters were settled during the three months ended September 30, 2022, for an amount of \$3.7 million paid to the Partnership. We have not received notification that any legal action with respect to fines and penalties will be pursued by the regulatory agencies.

For other releases that occurred in prior years, we have received regulatory closure or a majority of the cleanup and remediation efforts are substantially complete. We expect regulatory closure in 2022 for the release sites that have not yet received it and do not anticipate material costs associated with any fines or penalties or to complete activities that may be needed to achieve regulatory closure. Regulatory authorities could require additional remediation based on the results of our remediation efforts. We may incur additional expenses as a result of further scrutiny by regulatory authorities and continued compliance with laws and regulations to which our assets are subject. As of September 30, 2022, we have accrued \$0.3 million for remediation and other such matters related to these releases.

Expenses incurred for the remediation of these crude oil and other releases are included in operating expenses in our condensed consolidated statements of income and comprehensive income. The majority of our releases have been subsequently reimbursed by Delek Holdings pursuant to the terms of the Omnibus Agreement, with the exception of the Greenville Dixon Release noted above as they are not covered under the Omnibus Agreement. Reimbursements are recorded as a reduction to operating expense. We do not believe the total costs associated with these events, whether alone or in the aggregate, including any fines or penalties and net of available insurance, indemnification or reimbursement, will have a material adverse effect upon our business, financial condition or results of operations.

During the nine months ended September 30, 2022, we recorded \$1.7 million of crude oil and other releases remediation expenses, net of reimbursable expenses. During the nine months ended September 30, 2021, the crude oil and other releases remediation expenses, net of reimbursable costs, were immaterial.

Other Commitments

In connection with the Permian Gathering System Acquisition (formerly known as the Big Spring Gathering Acquisition), we agreed to expend \$33.8 million to construct additional Receipt Points (the "Receipt Points") on our gathering pipeline at the request of Delek Holdings producers with which we have dedicated acreage agreements, to be owned and operated by the Partnership. Such Receipt Points, once completed, result in incremental pipeline revenues, subject to the minimum volume commitments and other terms of the throughput and deficiency commercial agreement with Delek Holdings, entered into in connection with this acquisition. As of September 30, 2022, the Partnership had no remaining commitments under the Receipt Point construction provision of the Permian Gathering System Acquisition agreement. Additionally, both Delek Holdings and the Partnership continue to identify and secure dedicated acreage and producer agreements that require construction of receipt points and also provide the opportunity for additional pipeline volumes, but that are not required under the original commitment. Related to these incremental agreements, the Partnership has begun construction or otherwise separately committed to construct receipt points where the estimated remaining costs to complete totaled \$25.3 million as of September 30, 2022, all of which is expected to be expended during 2022.

Note 14 - Leases

We lease certain pipeline, transportation and compressor equipment. Certain of our easements and rights-of-way are also subject to operating lease accounting. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Our leases do not have any outstanding renewal options. Certain leases also include options to purchase the leased equipment.

Certain of our lease agreements include rates based on equipment usage and others include rate inflationary indices based increases. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table presents additional information related to our operating leases in accordance ASC 842:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Lease Cost ⁽¹⁾				
Operating lease cost	\$ 3,060	\$ 3,659	\$ 9,021	\$ 9,768
Short-term lease cost	1,060	484	2,171	1,262
Variable lease costs	—	276	1,203	235
Total lease cost	\$ 4,120	\$ 4,419	\$ 12,395	\$ 11,265
Other Information				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ (3,060)	\$ (3,659)	\$ (9,021)	\$ (9,768)
Leased assets obtained in exchange for new operating lease liabilities ⁽¹⁾	\$ 1,120	\$ 318	\$ 9,553	\$ 5,679
			Nine Months Ended September 30,	
			2022	2021
Weighted-average remaining lease term (years) for operating leases			3.3	4.8
Weighted-average discount rate ⁽²⁾ operating leases			6.0 %	6.4 %
Weighted-average remaining lease term (years) for financing lease			1.4	6.7
Weighted-average discount rate ⁽²⁾ financing lease			1.9 %	3.2 %

⁽¹⁾ Includes an immaterial amount of financing lease.

⁽²⁾ Our discount rate is primarily based on our incremental borrowing rate in accordance with ASC 842.

Note 15 - Subsequent Events

Distribution Declaration

On October 25, 2022, our general partner's board of directors declared a quarterly cash distribution of \$0.990 per common limited partner unit, payable on November 10, 2022, to unitholders of record on November 4, 2022.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is management's analysis of our financial performance and of significant trends that may affect our future performance. The MD&A should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on February 25, 2022 (the "Annual Report on Form 10-K"). Those statements in the MD&A that are not historical in nature should be deemed forward-looking statements that are inherently uncertain. See "Forward-Looking Statements" below for a discussion of the factors that could cause actual results to differ materially from those projected in these statements.

Unless otherwise noted or the context requires otherwise, references in this report to "Delek Logistics Partners, LP," the "Partnership," "we," "us," "our," or like terms, may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole. Unless otherwise noted or the context requires otherwise, references in this report to "Delek Holdings" refer collectively to Delek US Holdings, Inc. and any of its subsidiaries, other than the Partnership and its subsidiaries and its general partner.

The Partnership announces material information to the public about the Partnership, its products and services and other matters through a variety of means, including filings with the Securities and Exchange Commission, press releases, public conference calls, the Partnership's website (www.deleklogistics.com), the investor relations section of the website (ir.deleklogistics.com), the news section of its website (www.deleklogistics.com/news), and/or social media, including its Twitter account (@DelekUSLogistics). The Partnership encourages investors and others to review the information it makes public in these locations, as such information could be deemed to be material information. Please note that this list may be updated from time to time.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, statements regarding the effect, impact, potential duration or other implications of, or expectations expressed with respect to, the COVID-19 Pandemic (or the "Pandemic") and the actions of members of the Organization of Petroleum Exporting Countries ("OPEC") and other leading oil producing countries (together with OPEC, "OPEC+") with respect to oil production and pricing, and statements regarding our efforts and plans in response to such events, the information concerning our possible future results of operations, business and growth strategies, financing plans, expectations that regulatory developments or other matters will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Important factors that, individually or in the aggregate, could cause such differences include, but are not limited to:

- our substantial dependence on Delek Holdings or its assignees and their support of and respective ability to pay us under our commercial agreements;
- risks related to realizing the anticipated benefits of the 3 Bear Acquisition and how the failure to do so could adversely affect our business, financial results and operations;
- our future coverage, leverage, financial flexibility and growth, and our ability to improve performance and achieve distribution growth at any level or at all;
- Delek Holdings' future growth, financial performance, share repurchases, crude oil supply pricing and flexibility and product distribution;
- industry dynamics, including Permian Basin growth, ownership concentration, efficiencies and takeaway capacity;
- the age and condition of our assets and operating hazards and other risks incidental to transporting, storing and gathering crude oil, intermediate and refined products, including, but not limited to, costs, penalties, regulatory or legal actions and other effects related to spills, releases and tank failures;
- changes in insurance markets impacting costs and the level and types of coverage available;
- the timing and extent of changes in commodity prices and demand for refined products and the impact of the COVID-19 Pandemic on such demand;

- the effects of the military conflict that began with the Russian invasion of Ukraine (the "Russia-Ukraine War"), including the impact of sanctions brought by the United States and other countries against Russia or its allies;
- the wholesale marketing margins we are able to obtain and the number of barrels of product we are able to purchase and sell in our West Texas wholesale business;
- the suspension, reduction or termination of Delek Holdings' or its assignees' or third-party's obligations under our commercial agreements including the duration, fees or terms thereof;
- the results of our investments in joint ventures;
- the ability to secure commercial agreements with Delek Holdings or third parties upon expiration of existing agreements;
- the possibility of inefficiencies, curtailments, or shutdowns in refinery operations or pipelines, whether due to infection in the workforce or in response to reductions in demand as a result of the COVID-19 Pandemic;
- disruptions due to equipment interruption or failure, or other events, including terrorism, sabotage or cyber attacks, at our facilities, Delek Holdings' facilities or third-party facilities on which our business is dependent;
- changes in the availability and cost of capital of debt and equity financing;
- our reliance on information technology systems in our day-to-day operations;
- changes in general economic conditions, including uncertainty regarding the timing, pace and extent of economic recovery in the United States due to the COVID-19 Pandemic or future pandemics;
- the effects of existing and future laws and governmental regulations, including, but not limited to, the rules and regulations promulgated by the Federal Energy Regulatory Commission ("FERC") and state commissions and those relating to environmental protection, pipeline integrity and safety as well as current and future restrictions on commercial and economic activities in response to the COVID-19 Pandemic;
- significant operational, investment or other changes required by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce greenhouse gas emissions;
- competitive conditions in our industry including capacity overbuild in areas where we operate;
- actions taken by our customers and competitors;
- the demand for crude oil, refined products and transportation and storage services;
- our ability to successfully implement our business plan;
- inability to complete growth projects on time and on budget;
- our ability to successfully integrate acquired businesses;
- disruptions due to acts of God, natural disasters, casualty losses, severe weather patterns, such as freezing conditions, cyber or other attacks on our electronic systems, and other matters beyond our control which might cause damage to our pipelines, terminal facilities and other assets and could impact our operating results through increased costs and/or loss of revenue;
- changes in the price of renewable identification numbers ("RINs") could affect our results of operations;
- future decisions by OPEC+ regarding production and pricing and disputes between OPEC+ regarding such;
- changes or volatility in interest and inflation rates;
- labor relations;
- large customer defaults;
- changes in tax status and regulations;
- the effects of future litigation or environmental liabilities that are not covered by insurance; and
- other factors discussed elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K.

In light of these risks, uncertainties and assumptions, our actual results of operations and execution of our business strategy could differ materially from those expressed in, or implied by, the forward-looking statements, and you should not place undue reliance upon them. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

Business Overview

The Partnership primarily owns and operates crude oil, intermediate and refined products logistics and marketing assets. We gather, transport, offload and store crude oil and intermediate products and market, distribute, transport and store refined products primarily in select regions of the southeastern United States and Texas for Delek Holdings and third parties. We recently acquired 100% of the interest in 3 Bear Delaware Holding – NM, LLC ("3 Bear"), which expands our third-party revenue and includes crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, in the Delaware Basin of New Mexico. We are currently in the process of integrating these operations into our existing businesses and assessing the long-term impact to our reportable segments. See "2022 Strategic Developments" and Note 2 for further information about this acquisition. A substantial majority of our existing assets are both integral to and dependent upon the success of Delek Holdings' refining operations, as many of our assets are contracted exclusively to Delek Holdings in support of its Tyler, El Dorado and Big Spring refineries.

Business and Economic Environment Overview

An elevated hydrocarbon pricing environment has resulted in a strong demand for hydrocarbons and presented an opportunity for the Partnership to leverage its extensive network of logistics assets, resulting in increased throughputs and higher utilization during the third quarter 2022 as compared to the prior year. Our successful integration of 3 Bear further diversifies our logistics customer base to include significantly more third-party customers, it allows us to provide comprehensive logistics services in the Delaware Basin, while also serving as a funnel into our existing midstream Permian activities. As producers continue to ramp up production within the Permian, the Partnership is well positioned to continue to add value through our gathering and processing services as a result of integrating our 3 Bear operations which complement our existing Permian Gathering System assets. Our positioning allows our customers the ability to control quality and adds optionality to place barrels in a variety of markets. Through our joint venture projects, we have increased our supply network to take advantage of growth opportunities in expanding markets and added additional flexibility which has delivered realized value through the entire Delek Logistics system.

Expectations of an economic downturn as well as initiatives to reduce carbon footprints through energy transition to renewables, have softened the demand expectations for hydrocarbons and natural gas. We are well positioned to manage through an economic downturn because of built-in recessionary protections which include minimum volume commitments on throughput and dedicated acreage agreements. The Partnership has embraced opportunities to enhance our environmental stewardship. It is expected that renewables, other than hydrocarbons, will continue to grow as a percentage of total energy consumption; however, a material reduction in the reliance on oil and gas for energy consumption is unlikely. Therefore, liquid transportation fuels will continue to be in high demand, and we aspire to be a leader in energy transformation while still providing affordable transportation fuels that improve the standard of living in the communities that we serve.

Our Reporting Segments and Assets

As of September 30, 2022, our business consists of the following four reportable segments:

Pipelines and Transportation

The operational assets and investments in our pipelines and transportation segment consist of pipelines, tanks, offloading facilities, trucks and ancillary assets, which provide crude oil gathering and crude oil, intermediate and refined products transportation and storage services primarily in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas. Additionally, the assets in this segment provide crude oil transportation services to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment.

The Partnership generates revenue in its pipelines and transportation segment by charging fees to customers, generally based on throughput or other relevant volumetric measures, for services associated with gathering, transporting, offloading and storing crude oil and refined products. Furthermore, a substantial majority of our pipelines and transportation segment revenues (and also contribution margin) is derived from commercial agreements with Delek Holdings with initial terms ranging from five to ten years, which gives us a contractual revenue base that we believe enhances the stability of our cash flows. As more fully described below, our commercial agreements with Delek Holdings typically include minimum volume or throughput commitments by Delek Holdings, which we believe will provide a stable revenue stream in the future. The fees charged under our agreements with Delek Holdings and third parties are indexed to inflation-based indices. In addition, the rates charged with respect to our assets that are subject to inflation indexing may increase or decrease, typically on July 1 of each year, by the amount of any change in various inflation-based indices, including FERC, provided that in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

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

For the Fiscal Year Ended **December 31, 2022**

OR

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

For the transition period from _____ to _____

Commission file number 001-35721

DELEK LOGISTICS PARTNERS, LP

(Exact name of registrant as specified in its charter)

Delaware

45-5379027



(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

310 Seven Springs Way, Suite 400 and 500

Brentwood Tennessee

37027

(Address of principal executive offices)

(Zip Code)

(615) 771-6701

(Registrant's telephone number, including area code)

Not applicable

(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	Name of each exchange on which registered
Common Units Representing Limited Partner Interests	DKL	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (Section 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 Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 4262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the registrant's common limited partner units held by non-affiliates as of June 30, 2022 was approximately \$427,504,859, based upon the closing price of its common units on the New York Stock Exchange on that date.

At February 24, 2023, there were 43,568,583 common limited partner units.

Documents incorporated by reference: None

Delek Logistics Partners, LP
Annual Report on Form 10-K
For the Annual Period Ending December 31, 2022

PART I

<u>Items 1 and 2. Business and Properties</u>	<u>5</u>
<u>Item 1A. Risk Factors</u>	<u>30</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>57</u>
<u>Item 3. Legal Proceedings</u>	<u>57</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>57</u>

PART II

<u>Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</u>	<u>58</u>
<u>Item 6. [RESERVED]</u>	<u>58</u>
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>59</u>
<u>Item 7A. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>88</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>88</u>
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>88</u>
<u>Item 9A. Controls and Procedures</u>	<u>89</u>
<u>Item 9B. Other Information</u>	<u>90</u>
<u>Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections</u>	<u>90</u>

PART III

<u>Item 10. Directors, Executive Officers of the Registrant and Corporate Governance</u>	<u>91</u>
<u>Item 11. Executive Compensation</u>	<u>97</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>102</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>105</u>
<u>Item 14. Principal Accountant Fees and Services</u>	<u>108</u>

PART IV

<u>Item 15. Exhibits and Financial Statement Schedules</u>	<u>F-1</u>
<u>Item 16. Form 10-K Summary</u>	<u>F-94</u>
<u>Signatures</u>	<u>F-95</u>



Delek Logistics Partners, LP is a registrant pursuant to the Securities Act of 1933 and is listed on the New York Stock Exchange ("NYSE") under the ticker symbol "DKL." Unless otherwise noted or the context requires otherwise, references in this report to "Delek Logistics Partners, LP," the "Partnership," "we," "us," or "our" or like terms, may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole. Unless otherwise noted or the context requires otherwise, references in this report to "Delek Holdings" refers collectively to Delek US Holdings, Inc. and any of its subsidiaries, other than the Partnership and its subsidiaries and its general partner.

Statements in this Annual Report on Form 10-K, other than purely historical information, including statements regarding our plans, strategies, objectives, beliefs, expectations and intentions are forward-looking statements. Forward-looking statements include, among other things, statements that refer to the recent acquisition of 3 Bear Delaware Holding – NM, LLC (the "3 Bear Acquisition"), including any statements regarding the expected benefits, synergies, growth opportunities, impact on liquidity and prospects, and other financial and operating benefits thereof, statements regarding the effect, impact, potential duration or other implications of, or expectations expressed with respect to, and statements regarding our efforts and plans in response to such events, the information concerning our possible future results of operations, business and growth strategies, including as the same may be impacted by the on-going war between Russia and Ukraine (the "Russia-Ukraine War"), financing plans, expectations that regulatory developments or other matters will or will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, and the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, including those discussed below and in Item 1A. Risk Factors, which may cause actual results to differ materially from the forward-looking statements. See also "Forward-Looking Statements" included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

Available Information

Our corporate headquarters are located at 310 Seven Springs Way, Suite 400 and 500, Brentwood, Tennessee 37027. Our phone number is 615-771-6701. Our Internet website address is www.DelekLogistics.com. Information contained on our website is not part of this Annual Report on Form 10-K. Our reports, proxy and information statements, and any amendments to such documents are filed electronically with the Securities and Exchange Commission ("SEC") and are available on our Internet website in the "Resources" section, free of charge, as soon as reasonably practicable after we file or furnish such material to the SEC. We also post our Corporate Governance Guidelines, Code of Business Conduct & Ethics and the charters of our Board of Directors' committees in the "Corporate Governance" section of our website. We will provide any of these documents to any stockholder that makes a written request to the Corporate Secretary, Delek Logistics, GP, LLC, general partner of Delek Logistics Partners, LP, 310 Seven Springs Way, Suite 400 and 500, Brentwood, Tennessee 37027.

Summary of Risk Factors

An investment in the Partnership involves a high degree of risk. Numerous factors, including those discussed below in Item 1A, Risk Factors, may limit our ability to successfully execute our business and growth strategies. You should carefully consider all of the information set forth and incorporated by reference in this Annual Report on Form 10-K in deciding whether to invest in the Partnership. Among these important risks are the following:

- An impairment of our long-lived assets or goodwill could reduce our earnings or negatively impact our financial condition and results of operations.
- Our ongoing review of strategic alternatives could materially impact our strategic direction, business and results of operations.
- If our cost efficiency measures are not successful, we may become less competitive.
- Our relationship with Delek Holdings and its financial condition subjects us to potential risks that are beyond our control.
- The COVID-19 Pandemic, any related subsequent waves of the COVID-19 Pandemic or an additional regional or global disease outbreak, and certain developments in the global oil markets have had, may continue to have, or may have an adverse impact on our business, our future results of operations and our overall financial performance.
- If we are unable to generate sufficient cash flow, our ability to pay quarterly distributions to our common unitholders, at all or at current levels or our ability to increase our quarterly distributions in the future could be impaired materially.
- Our assets and operations are subject to federal, state and local laws and regulations relating to environmental protection, pipeline integrity and safety that could require us to make substantial expenditures. In addition, our business involves the risks of spills, releases and emissions from our facilities, which could require us to make substantial expenditures and subject us to fines and penalties.
- A material decrease in wholesale fuel margins or in the quantity of barrels sold to wholesale customers could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distribution to unitholders.
- We may be unsuccessful in integrating the operations of the assets we have acquired or may acquire with our operations, and in realizing all or any part of the anticipated benefits of any such acquisitions.
- If Delek Holdings satisfies only its minimum obligations under, or if we are unable to renew or extend, the various commercial agreements we have with Delek Holdings, our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders could suffer.
- A material reduction in the volumes of crude oil or refined products that we handle for Delek Holdings could adversely affect our financial condition, results of operations, cash flows and ability to make distributions to unitholders. Our substantial dependence on Delek Holdings' Tyler, El Dorado and Big Spring refineries, as well as the lack of diversification of our assets and geographic locations, could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.
- A material decrease in the supply of attractively priced crude oil could materially reduce the volumes of crude oil and refined products that we transport and store, which could materially and adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.
- Our ability to expand may be limited if Delek Holdings' business does not grow as expected.
- The costs, scope, timelines and benefits of any construction projects we undertake may deviate significantly from our original plans and estimates, which could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.
- A shortage of skilled labor or disruptions in our labor force may make it difficult for us to maintain labor productivity.
- If we are unable to obtain needed capital or financing on satisfactory terms to fund expansions of our asset base, our ability to make quarterly cash distributions may be diminished or our financial leverage could increase.
- An interruption or reduction of supply and delivery of refined products to our wholesale marketing business could result in a decline in our sales and profitability.
- We are exposed to the credit risks and certain other risks of our key customers and other contractual counterparties, including Delek Holdings, and any material nonpayment or nonperformance by our key customers or other counterparties could adversely affect our business.
- Restrictions in our revolving credit facility and in the respective indentures governing the 2025 and 2028 Notes could adversely affect our business, financial condition, results of operations and ability to make quarterly cash distributions to our unitholders.
- Our debt levels may limit our flexibility to obtain financing and to pursue other business opportunities.
- Transportation on certain of our pipelines is subject to federal or state regulation, and the imposition and/or cost of compliance with such regulation could adversely affect our operations and cash flows available for distribution to our unitholders.

- Delek Holdings' level of indebtedness, the terms of its borrowings and any future credit ratings could adversely affect our ability to grow our business, our ability to make cash distributions to our unitholders and our credit profile. Our current and future credit ratings may also be affected by Delek Holdings' level of indebtedness and creditworthiness.
- Our right of first offer to acquire certain of Delek Holdings' existing logistics assets and certain assets that it may acquire or construct in the future is subject to risks and uncertainty, and we ultimately may not acquire any of those assets.
- Climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating and capital costs and reduced demand for our products and services.
- Our general partner and its affiliates, including Delek Holdings, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our other common unitholders.
- Our Partnership Agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties.
- Delek Holdings may compete with us.
- Holders of our common limited partner units have limited voting rights and are not entitled to elect our general partner or its directors.
- Our Partnership Agreement restricts the voting rights of certain unitholders owning 20% or more of our common limited partner units.
- The NYSE does not require a publicly traded limited partnership like us to comply with certain of its corporate governance requirements.
- Our unitholders are required to pay income taxes on their share of our taxable income even if they do not receive any cash distributions from us. A unitholder's share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance, transactions in which we engage or changes in law and may be substantially different from any estimate we make in connection with a unit offering.
- As a result of investing in our common limited partner units, our unitholders may be subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire properties.

PART I

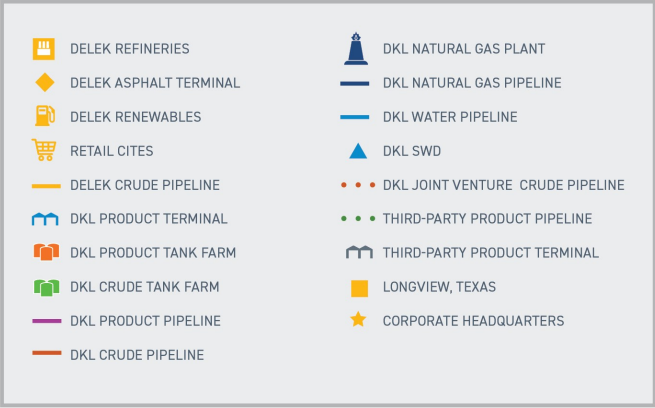
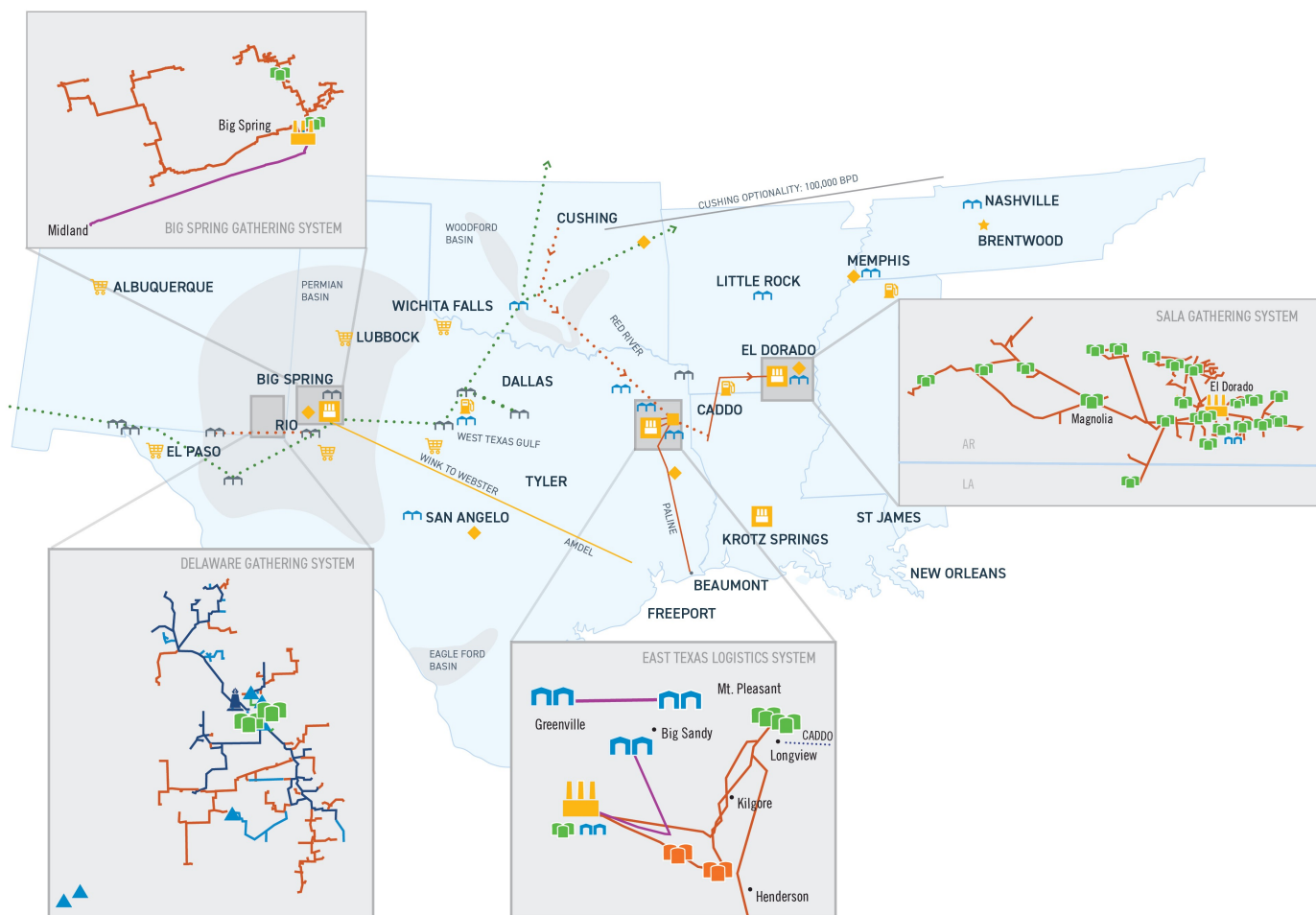
ITEMS 1 AND 2. BUSINESS AND PROPERTIES

Company Overview

The Partnership is a Delaware limited partnership formed in 2012 by Delek US Holdings, Inc. ("Delek Holdings") and its subsidiary Delek Logistics GP, LLC, our general partner (our "general partner"), and operates in the midstream energy sector. Through its owned assets and joint ventures located primarily in and around the Permian Basin, the Delaware Basin and other select areas in the Gulf Coast region, Delek Logistics provides gathering, pipeline and other transportation services primarily for crude oil and natural gas customers, storage, wholesale marketing and terminalling services primarily for intermediate and refined product customers, and water disposal and recycling services. Delek Holdings owns the general partner interest as well as a majority of the limited partner interests in the Partnership and is also a significant customer.

The Partnership primarily owns and operates crude oil, intermediate and refined products logistics and marketing assets as well as crude oil and natural gas gathering and water processing assets. We gather, transport, offload and store crude oil and intermediate products and market, distribute, transport and store refined products primarily in select regions of the southeastern United States and Texas for Delek Holdings and third parties. In June 2022, we acquired 100% of the interest in 3 Bear Delaware Holding – NM, LLC ("3 Bear"), which expands our third-party revenue and includes crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, in the Delaware Basin of New Mexico. As we continue the process of integrating these operations into our existing businesses and assessing the long-term impact to our business, management (including the designated Chief Operating Decision Maker or "CODM") has changed the way that the business is managed and reviewed, including from a financial reporting perspective. As a result, effective in the fourth quarter 2022, we have revised our reportable segments accordingly. The new reportable segments consist of Gathering and Processing, Wholesale Marketing and Terminalling, Storage and Transportation, and Investments in Pipeline Joint Ventures. The primary change in our segmentation as compared to prior presentations is that our pipeline operations are now viewed separately from our Storage and Transportation segment because of the integral nature of the pipeline operations in relation to our expanded gathering operations, and certain legacy gathering activities and operations are now managed as part of the Gathering and Processing segment. Additionally, we are also now segregating out certain non-segment specific costs and expenses and, when applicable, immaterial operating segments that may not fit into our existing reportable segments as Corporate and Other activities. A substantial portion of our existing assets are both integral to and dependent upon the success of Delek Holdings' refining operations, as many of our pipeline usage and gathered crude oil barrels are contracted either primarily or exclusively to Delek Holdings in support of its Tyler, El Dorado, and Big Spring refineries.

The following map outlines the location of our assets and operations, which are described in greater detail in the "Information About Our Segments" section below.



Principal Activities and Underlying Assets

The principal activities of the business are listed below:

Partnership Overview ⁽¹⁾	
Primary Operations:	we provide gathering, pipeline and other transportation services primarily for crude oil and natural gas customers, storage, wholesale marketing and terminalling services primarily for intermediate and refined product customers, and water disposal and recycling services through our owned assets and joint ventures located primarily in the Permian Basin (including the Delaware sub-basin) and other select areas in the Gulf Coast region
Fee-Based Revenue Sources ^{(2) (3)} :	crude oil gathering, transporting and storage of crude oil and natural gas; marketing, distributing, transporting and storing intermediate and refined products and disposing and recycling of water in select regions of the southeastern United States, the Delaware Basin in New Mexico and West Texas
Other Revenue Sources:	sales of wholesale products in the West Texas market.
Terminals	10 light product distribution terminals
Owned or Leased Pipeline Capacities (in approximate miles):	
Crude oil transportation pipelines	400
Refined product pipelines	450
Crude oil gathering system ⁽⁴⁾	approximately 1,120
Gas gathering pipelines	95 (150 MMcf/d pipeline capacity)
Water gathering pipelines	170 (220 MBbl/d of pipeline capacity)
Other Logistics Assets/Facilities:	
Gathering system crude oil capacity, intermediate and refined products storage tanks	approximately 10.8 million barrels of active shell capacity
Crude oil storage tanks located at our refineries	various capacities located on-site at Delek Holdings' Tyler, El Dorado and Big Spring refineries as well as at our Delaware Gathering Assets.
Trucking Assets	264 tractors and 353 trailers, which are owned or leased, and used to haul primarily crude oil and other products for related and third parties
Water disposal capacity	approximately 200 MBbl/d of water disposal capacity
Gas processing capacity	approximately 88 MMcf/d of gas processing capacity
Crude oil pipeline joint ventures:	Andeavor Logistics Rio Pipeline LLC (33% interest) Caddo Pipeline LLC (50% interest) Red River Pipeline Company LLC (33% interest)

(1) We are not a taxable entity for federal income tax purposes or the income taxes of those states that follow the federal income tax treatment of partnerships. Instead, for purposes of such income taxes, each partner of the Partnership is required to take into account its share of items of income, gain, loss and deduction in computing its federal and state income tax liabilities, regardless of whether cash distributions are made to such partner by the Partnership. The taxable income reportable to each partner takes into account differences between the tax basis and the fair market value of our assets and financial reporting bases of assets and liabilities, the acquisition price of the partner's units and the taxable income allocation requirements under the Partnership's Second Amended and Restated Agreement of Limited Partnership, as amended (the "Partnership Agreement").

(2) See "Commercial Agreements—Commercial Agreements with Delek Holdings" and Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a discussion of our material commercial agreements with Delek Holdings.

(3) Certain of these services are provided pursuant to contractual agreements with third parties. See "Commercial Agreements—Other Agreements with Third Parties."

(4) The mileage excludes the Midlands Connector System we are currently managing on behalf of Delek Holdings subject to the terms of the DPG Management Agreement.

Our operational assets are integral to and dependent on the success of Delek Holdings' refining operations, as the majority of our assets are contracted exclusively to Delek Holdings in support of Delek Holdings' refineries located in Tyler, Texas (the "Tyler Refinery"), El Dorado, Arkansas (the "El Dorado Refinery") and Big Spring, Texas (the "Big Spring Refinery"). Delek Holdings is our primary customer and is responsible, directly and indirectly, for the majority of our contribution margin (as defined in "—Major Customers").

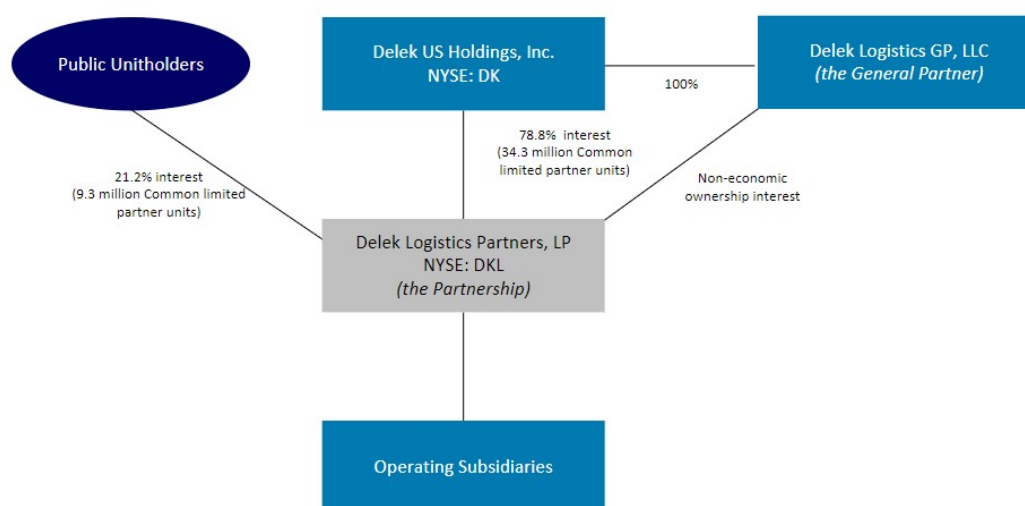
Reportable Operating Segments Overview

We aggregate our operating segments into four reportable segments: (i) gathering and processing; (ii) wholesale marketing and terminalling; (iii) storage and transportation; and (iv) investment in pipeline joint ventures. Operations that are not specifically included in the reportable segments are included in Corporate and Other, consisting primarily of general and administrative expenses.

Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Joint Ventures
The assets in our gathering and processing segment consist of pipelines, tanks, offloading facilities, which provide crude oil and natural gas gathering and processing, water disposal and recycling and storage services primarily in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas. Additionally, the assets in this segment provide crude oil transportation services to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment.	The operational assets in our wholesale marketing and terminalling segment consist of refined products terminals and pipelines in Texas, Tennessee, Arkansas and Oklahoma. We generate revenue in our wholesale marketing and terminalling segment by providing marketing services for the refined products output of the Tyler and Big Spring refineries, engaging in wholesale activity at our terminals in West Texas and at terminals owned by third parties, whereby we purchase light products for sale and exchange to third parties, and by providing terminalling services at our refined products terminals to independent third parties and Delek Holdings.	The operational assets and investments in our storage and transportation segment consist of tanks, offloading facilities, trucks and ancillary assets, which provide crude oil, intermediate and refined products transportation and storage services primarily in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas. Additionally, the assets in this segment provide crude oil transportation services to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment.	The Partnership owns a portion of three joint ventures (accounted for as equity method investments) that have constructed separate crude oil pipeline systems and related ancillary assets primarily in the Permian Basin and Gulf Coast regions and with strategic connections to Cushing, Midland and other key exchange points, which provide crude oil and refined product pipeline transportation to third parties and subsidiaries of Delek Holdings.

Ownership Structure

Delek Logistics Partners, LP is a Delaware limited partnership formed in 2012 by Delek US Holdings, Inc. ("Delek Holdings") and its subsidiary Delek Logistics GP, LLC, our general partner (our "general partner"). The following chart illustrates the Partnership's structure as of December 31, 2022:



Our Vision

We have a long history of operating successfully in our core segments by focusing on operating efficiencies and market fundamentals, balanced with the continued pursuit of strategic investments and acquisitions, both with our sponsor and with third parties. And while the oil and gas macroeconomic environment continues to be dynamic, we believe the world's reliance on hydrocarbons will not disappear, and oil and gas will continue to remain relevant in meeting global energy demand. At the same time, the emphasis on environmental responsibility and long-term economic and environmental sustainability is accelerating, with increased demand for transparency evolving out of the ESG movement. For these reasons, it is critical that we understand not only our current ESG positioning in the market, but also that we integrate a broader sustainability view to all of our activities, both operational and strategic. For these reasons, in partnership with our sponsor Delek Holdings, we have developed a **Long-Term Sustainability Framework**, representing a continuously evolving foundation out of which we identify our strategic objectives and initiatives, which collectively form our **Long-term Sustainability Strategy** for 2023.

Core Values

First and foremost, it's important to acknowledge that, despite evolving views on long-term sustainability in terms of our strategy and future growth, our core values remain solid and unchanging and representative of our foundational principles:



Long-Term Sustainability Framework: Overarching Objectives

Our Long-Term Sustainability Framework is simply a lens with which to view our strategic objectives, built upon the bedrock of our core values. As discussed above, we expect that our Long-Term Sustainability Framework will involve iterative, living evolution as we transform as a company. That said, certain fundamental principles are foundational, and direct us as we develop our guiding objectives. With that in mind, we have initially identified the following **overarching objectives**:

- I. Redirect Corporate Culture towards Innovation, Excellence, and Operating Discipline.
- II. Focus on Operational Optimization and Improved Margin Capture.
- III. Implement Digital Transformation Strategy.
- IV. Identify ESG-Conscious Investments with Clear Value Propositions and Sustainable Returns.
- V. Evaluate Strategic Priorities and Redefine Long-term Sustainable Business Model.

Long-Term Sustainability Framework: Key Initiatives

Integral to our Long-Term Sustainability Framework and the achievement of the initial overarching objectives are the following **key initiatives**:

- Maintain safe, reliable, and environmentally responsible operations.
- Create shareholder value by rewarding our shareholders with a competitive long-term capital allocation framework.
- Continuous evaluation of our business model in terms of long-term economic and operational sustainability.

See further discussion in the 'Executive Summary: Strategic Overview' Section of Item 7. Management's Discussion and Analysis, of this Annual Report on Form 10-K.

Core Strategy

Historically, our business strategy has been focused on capitalizing on and growing our integrated business model in ways that allow us to participate in all phases of the midstream process. This growth has come from acquisitions or new investments, as well as investments in our existing businesses, as we continue to broaden our existing geographic presence and integrated business model, while also reducing our reliance on Delek Holdings. As our most recent example of strategic investment, we recently completed the acquisition of 3 Bear Delaware Holding - NM, LLC ("3 Bear") from 3 Bear Energy - New Mexico LLC (the "Seller") related to the Seller's crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico (the "3 Bear Acquisition"). The integration of 3 Bear further diversifies our logistics customer base to include significantly more third-party customers, it allows us to provide comprehensive logistics services in the Delaware Basin, while also serving as a funnel into our existing midstream Permian activities.

A secondary focus of our strategic growth has been and continues to be to diversify our revenue streams and to ensure the longevity of those revenue streams and related cash flows to continue to support strong distributable cash flow coverage and healthy leverage ratios. As producers continue to ramp up production within the Permian, the Partnership is well positioned to continue to add value through our gathering and processing services as a result of diversifying our revenue streams through the addition of the 3 Bear operations which complement our existing Midland Gathering System assets. Our positioning allows our customers the ability to control quality and adds optionality to place barrels in a variety of markets. Additionally, through our joint venture projects, we have increased our supply network to take advantage of growth opportunities in expanding markets and added additional flexibility which has delivered realized value through the entire system. While our customers are subject to volatility in the demand for hydrocarbons and natural gas, we are well positioned to manage through economic volatility because of built-in recessionary protections which include minimum volume commitments on throughput and dedicated acreage agreements.

Aside from the 3 Bear Acquisition, we have a history of successful acquisitions that have added value to our business model and recurring cash flows while simultaneously strengthening our balance sheet. Here are some of our most significant transactions in recent years, all of which continue to have a lasting and important impact on our strategic positioning and long-term value proposition:

Date	Acquired Company/Assets	Acquired From	Approximate Purchase Price
March 1, 2020	Acquired from Delek Holdings, a crude oil gathering system located in Howard, Borden and Martin Counties, Texas (the "Midland Gathering Assets," formerly referred to as the "Permian Gathering Assets"), and certain related assets, such transaction the "Midland Gathering Assets Acquisition" (formerly referred to as the "Permian Gathering Assets Acquisition"). The Midland Gathering Assets are recorded in our gathering and processing segment and include crude oil pipelines, approximately 200 miles of gathering assets, approximately 65 tank battery connections, terminals with total storage capacity of approximately 650,000 barrels and applicable rights-of-way assets. The Midland Gathering Assets Acquisition was considered a transaction between entities under common control.	Delek Holdings	\$100 million and 5.0 million common limited partner units
May 1, 2020	Acquired Delek Trucking, LLC consisting of certain leased and owned tractors and trailers and related assets (the "Trucking Assets") from Delek Holdings, such transaction the "Trucking Assets Acquisition." The Trucking Assets are recorded in our transportation segment and include approximately 150 trucks and trailers. The Trucking Assets Acquisition was considered a transaction between entities under common control.	Delek Holdings	\$48 million
June 1, 2022	Acquired 100% of the limited liability company interests in 3 Bear from 3 Bear Energy – New Mexico LLC, related to their crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico, which enhanced our third party revenues, further diversified of our customer and product mix and, expanded our footprint into the Delaware basin.	3 Bear Energy – New Mexico LLC	\$628.3 million

See Note 3 to our consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information.

Evolving Strategic View

The Partnership has also embraced opportunities to enhance our environmental stewardship. While we expect that non-hydrocarbon renewables will continue to grow as a percentage of total energy consumption, liquid transportation fuels will continue to be in high demand during transition. For these reasons, we are consistently evaluating existing and arising market factors and technologies, as we look to the future of energy. In connection with the development of our Long-Term Sustainability Framework, we have expanded the scope of our growth and business development strategy to one that is also focused on operational, economic and environmental sustainability, including increased emphasis on sustainable carbon efficiency. As an initial foundational change, this expanded scope includes the implementation of an enhanced screening process for proposed future growth projects to incorporate key considerations regarding their environmental and social impact, including quantitative and qualitative data corresponding to several sustainability criteria, such as GHG emissions, carbon intensity, water usage, electricity usage, waste generation, biodiversity impact, and impact on indigenous peoples, among other environmental conscious considerations. This type of data provides management with a more thorough understanding of a project's potential environmental and social impacts to better make investment decisions that are aligned with our long-term sustainability view. As we move into the future and begin to execute on new growth transactions under the sustainability framework, this data will enable us not only to more closely track the impact we have on both the communities in which we operate and the environment at large, but also to realize the exponential impact of sustainable growth on the long-term value to our stakeholders.

Other Strategic Activity

We continued to successfully execute on several other strategic opportunities during 2022, including:

Right-sizing Leverage to Achieve Strategic Growth Objectives: Amendments to DKL Credit Facility

In May 2022, we entered into Second and Third Amendments to our Third Amended and Restated Credit Agreement, which provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") and also amended certain financial covenant calculations in order to provide flexibility in connection with the timing of the 3 Bear Acquisition. Additionally, on May 26, 2022, we entered into a Fourth Amendment to Third Amended and Restated Credit Agreement to, among other things, increase the U.S. Revolving Credit Commitments (as defined in the Credit Agreement) by an amount equal to \$150 million under an existing accordion feature, for an aggregate amount of commitments under our Existing Credit Agreement of \$1.0 billion. The exercise of the accordion feature gave us the flexibility to utilize borrowings under the Credit Agreement to help fund the acquisition of 3 Bear while continuing to maintain sufficient availability to continue to effectively manage our working capital needs and liquidity risk, and to evaluate longer term capitalization strategies.

On October 13, 2022, we entered into a Fourth Amended and Restated Credit Agreement with Fifth Third Bank, National Association ("Fifth Third"), as administrative agent and a syndicate of lenders (the "2022 DKL Credit Facility"). The 2022 DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and (ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024, and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances.

Expanding Innovation Through Diversification: Slurry Clarifying Services Agreement

We executed a series of agreements, effective January 1, 2022, with DK Trading & Supply, LLC ("DKT&S") and Alon Refining Krotz Springs, Inc. whereby the Partnership will operate and maintain a facility, located within the Krotz Springs, Louisiana refinery, to process slurry for DKT&S. Using a process that incorporates horizontal and vertical centrifuges, we remove metals, ash, and other solids from the slurry. The clarified product can then be sold to DKT&S or one of its affiliates. As consideration for the processing services, we will receive a fixed rate per barrel processing fee in addition to a margin-based payment. The Partnership and DKT&S have agreed to a minimum delivery commitment volume to be processed in the facility. The initial term of the agreement is for a period of three years, and thereafter, will continue a year-to-year basis unless canceled by either party.

Continued Investment in Logistics Footprint: Connectors Expansion Project

In connection with the Midland Gathering Assets Acquisition (formerly known as the Permian Gathering Assets Acquisition), we agreed to expend \$33.8 million to construct additional receipt points to our gathering pipeline at the request of Delek Holdings for producers with which they have dedicated acreage agreements, to be owned and operated by the Partnership. Such receipt points, once completed, result in incremental pipeline revenues, subject to the minimum volume commitments and other terms of the throughput and deficiency commercial agreement with Delek Holdings, entered into in connection with this acquisition. Additionally, both Delek Holdings and the Partnership identified and secured dedicated acreage and producer agreements that required construction of receipt points and also provided the opportunity for additional pipeline volumes, but that were not required under the original commitment. Related to these incremental agreements, the Partnership has completed construction of these receipt points as of December 31, 2022.

Contractual Rate Adjustments to Keep Pace with Inflation

On July 1, 2022, the tariffs on certain of our Federal Energy Regulatory Commission ("FERC") regulated pipelines and the throughput fees and storage fees under certain of our agreements with Delek Holdings and third parties that are subject to adjustments using FERC indexing increased by approximately 8.7%, which was the amount of the change in the FERC oil pipeline index. The tariff on FERC regulated system on our Delaware Gathering System has been adjusted as of January 1, 2023. Under certain of our agreements with Delek Holdings and third parties, the fees that are subject to adjustments using the consumer price index increased 7.1% and the fees that are subject to adjustments using the producer price index increased approximately 10.8%. These adjustments allow us to ensure that our results are reflective of current market conditions.

See further discussion regarding our specific '2022 Strategic Activities - A Look Back' in the 'Executive Summary' section as well as relevant discussion in our "Liquidity and Capital Resources" section located in Item 7. Management's Discussion and Analysis, of this Annual Report on Form 10-K. Additionally, see further discussion in Note 6, Note 7 and Note 10, respectively, of our consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Information About Our Segments

We prepare segment information on the same basis that we review financial information for operational decision-making purposes. Currently, we aggregate our operating segments into four reportable segments: (i) gathering and processing; (ii) wholesale marketing and terminalling; (iii) storage and transportation; and (iv) investment in pipeline joint ventures. Operations that are not specifically included in the reportable segments are included in Corporate and Other, consisting primarily of general and administrative expenses. Additional segment and financial information is contained in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations; and Note 15, Segment Data, of our consolidated financial statements included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Gathering and Processing

Overview

The operational assets in our gathering and processing segment, consist of assets acquired in connection with the Midland Gathering Assets Acquisition, including approximately 200 miles of gathering assets, approximately 65 tank battery connections, terminals with total storage capacity of approximately 650,000 barrels and applicable rights-of-way assets, as well as operational assets we acquired in connection with the 3 Bear Acquisition, consist of approximately 485 miles of pipelines, 88 million cubic feet ("MMcf") per day ("MMcf/d") of cryogenic natural gas processing capacity, 140 thousand barrels ("MBbl") per day ("MBbl/d") of crude gathering capacity, 120 MBbl of crude storage capacity and 200 MBbl/d of water disposal capacity located primarily in the Delaware Basin ("Delaware Gathering Assets"). The Midland Gathering Assets support our crude oil gathering activities which primarily serves Delek Holdings refining needs throughout the Midland Basin. The 3 Bear assets support our crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico, and serving primarily third-party producers and customers. Finally, our gathering and processing assets are integrated with our pipeline assets, which we use to transport gathered crude oil gathering as well as provide other crude oil, intermediate and refined products transportation in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas, as well as to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment. The combination of these operational assets provides a comprehensive, integrated midstream service offering to producers and customers.

Revenue Streams and Customers

With respect to our gathering and processing segment, we generate two principal types of revenues:

- Product sales - comprised of residual products as a result of our gathering services where 3 Bear meets the definition of the principal rather than an agent, and where such revenue is recognized upon satisfaction of the performance obligation, which is generally upon delivery
- Gathering and processing services - comprised of fees charged for one or more of the following services under dedicated acreage and other long-term fee-based contracts: gathering, processing and transportation of natural gas; gathering, transportation and storage of NGLs; gathering, recycling and disposal of wastewater; and transportation, storage and distribution of crude oil, and other hydrocarbon-based products. The contractual fees are generally related to the volume of natural gas, NGLs, water, crude oil that is gathered, transported, stored or processed and therefore is not directly impacted by commodity prices.
- Pipeline throughput fees - comprised of fees to customers, generally based on throughput or other relevant volumetric measures, for transporting crude oil and refined products via our pipeline assets. A substantial majority of these revenues (and also contribution margin) is derived from commercial agreements with Delek Holdings with initial terms ranging from five to ten years, which gives us a contractual revenue base that we believe enhances the stability of our cash flows. These commercial agreements with Delek Holdings typically include minimum volume or throughput commitments by Delek Holdings, which provides protection from market volatility related to commodity prices.

Competition

The Permian Basin has been one of the most prolific oil and gas producing regions in the U.S. It is fed by the remnants of a prehistoric seabed containing organic deposits and forming one of the thickest hydrocarbon structures in the world. It consists of three sub-regions: the Delaware Basin, which is the deepest of the Permian sub-basins and is located in the western section located in New Mexico, the Midland Basin which has been an active drilling region since the 1940s and is located in the eastern part of the Permian in Texas, and the Central Basin Platform which lies between the Delaware and Midland. The Permian Basin wells produce not only oil and gas, but also large volumes of salt water, resulting in an ancillary industry surrounding water disposal and transportation.

We primarily operate our gathering and processing operations in the Delaware and Midland Basins within the overall Permian Basin, with our Delaware Basin focused on crude and gas gathering as well as gas and water processing and primarily services third-party customers, and our Midland activities focused on crude gathering and transportation which ultimately services the refineries of Delek Holdings, our largest customer.

With respect to our Delaware Basin Gathering and Processing activities, competition is impacted by the prevalence of other midstream companies in the region with gathering lines, compression facilities, processing plants, and storage and transportation capabilities. Additionally, the demand for gathering and processing activities is dependent upon oil and gas production in the area. Because virtually all of our business in the Delaware Basin is third-party, our competitive position is dependent upon our ability to develop relationships with producers, to provide an integrated gathering and processing asset infrastructure, including rights-of-way, that allows us to demonstrate the breadth, quality, and relevance of our gathering and processing service offerings, and to secure strategic long-term contracts with those producers. For the year ended December 31, 2022, we have a customer base that is continuing to grow based on our success in these areas, and where our contract portfolio is comprised of long-term renewable contracts, often with minimum volume commitments and dedicated acreage which further contributes to the long-term stability of those associated cash flows.

With respect to the Midland Basin Gathering and Processing activities, we note many of the same factors in terms of securing a competitive position for providing gathering services to producers. These include having strategically located assets, including rights-of-way, and securing dedicated acreage and other competitive contracts. However, our Permian Gathering activities have a unique component that positions us well strategically. And that is, we have worked with our sponsor, Delek Holdings, to purchase first barrels of crude oil gathered from producers and then utilizing the Partnership's network of logistics assets, combined with physical exchange trades, in order to ultimately source those (or equivalent) barrels for production at Delek Holdings refineries. As a result, our producer arrangements are structured such that the Partnership, the producers, and our primary customer for those barrels (Delek Holdings) are mutually incentivized to continue those relationships. This includes rights of first refusal for barrels coming out of wellheads under agreements with producers. As a result, our access to those barrels, and our revenues for those gathering and related transportation activities, are well insulated from typical competitive pressures.

We face competition for the transportation of crude oil from other pipeline owners whose pipelines or gathering facilities (i) may have a location advantage over our pipelines or gathering facilities, (ii) may be able to transport more desirable crude oil or refined products to Delek Holdings or to third parties, or (iii) may be able to transport crude oil or refined product at a lower rate. Any or all such factors could cause Delek Holdings, or our third-party customers, to reduce throughput to a level that is below the minimum throughput commitments established in any contracts we may have with them or determine not to renew such contracts when the term expires. To the extent our pipeline assets are directly serving Delek Holdings into the refineries, the competition risk is significantly lower.

Seasonality

Our Processing and Gathering activities in the Delaware and Permian (Midland) Basins may be subject to seasonality to the extent that crude oil prices are impacted. The reason is that, unlike in the Appalachian Basin, where natural gas is produced from natural gas wells, most of the natural gas production in the Permian Basin relates to gas produced from crude oil well. Thus, producers' exploration and production activities, including whether to deploy drilling rigs or take them out of operation, are impacted by crude oil prices. While the price of crude oil is impacted by many factors, including the domestic and global crude oil supply and macro geopolitical factors, it may also be impacted by seasonality. However, to the extent that we have minimum volume commitments with producers, we are insulated from these seasonal/market conditions.

The volume and throughput of crude oil and refined products transported through our pipelines, particularly those originating from our Permian Gathering activities, are directly affected by the level of supply and demand for related products in the markets served directly or indirectly by our assets. Supply and demand for such products fluctuates during the calendar year. Demand for gasoline, for example, is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic. In addition, our refining customers, such as Delek Holdings, occasionally reduce or suspend operations to perform planned maintenance, which is more typically scheduled during the winter, when demand for their products is lower. Accordingly, these factors affect the need for crude oil or refined products by our customers and therefore limit our volumes or throughput during these periods, and our operating results will generally be lower during the first and fourth quarters of the year. We believe, however, that many of the potential effects of seasonality on our revenues and contribution margin will be substantially mitigated due to our commercial agreements with Delek Holdings which include minimum volume and throughput commitments.

See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information.

The rates and terms and conditions of service on certain of our pipelines are subject to regulation by the FERC under the Interstate Commerce Act (the "ICA") and by state regulatory commissions in the states in which we transport crude oil, intermediate and refined products, including the Texas Railroad Commission, the Louisiana Public Service Commission, the Arkansas Public Regulation Commission and the New Mexico Public Regulation Commission. Certain of our pipeline systems are subject to such regulation and have filed tariffs with the appropriate authorities. We also comply with all applicable reporting requirements for these pipelines. Some of our pipelines have received waivers from application of the FERC's tariff requirements, but comply with other applicable regulatory requirements. See "Governmental Regulation and Environmental Matters—Rate Regulation of Petroleum Pipelines" of this Annual Report on Form 10-K, for more information on the FERC imposed tariffs. In addition, the rates charged with respect to our assets that are subject to inflation indexing may increase or decrease, typically on July 1 of each year, by the amount of any change in various inflation-based indices, including FERC, provided that in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information. The tables below show the operating results for the wholesale marketing and terminalling segment.

Midland Gathering Assets

We own a system of common carrier pipelines that primarily gathers and transports crude oil. The Midland Gathering System (formerly referred to as Permian Gathering System) (the "Midland Gathering System") includes approximately 200 miles of crude oil gathering and transportation lines with approximately 350,000 bpd capacity located primarily near the Big Spring Refinery in Texas, which provide access to hydrocarbons directly from wellheads located in the Midland Basin.

The table below includes certain operating statistics for our Midland Gathering Assets:

Throughputs (average bpd)			
	Year Ended December 31,		
	2022	2021	2020
Midland Gathering System ⁽¹⁾	128,725	80,285	82,817
Plains Connection System ⁽¹⁾	183,827	124,025	104,770

(1) Throughputs for the year ended December 31, 2020 for the Midland Gathering System and the Plains Connection System are for approximately 275 days we owned the assets following the Midland Gathering Assets Acquisition (formerly known as Permian Gathering Assets Acquisition) effective March 31, 2020.

Delaware Gathering Assets

Delaware Gathering Assets is anchored by a high-quality diversified customer base across approximately 350,000 dedicated acres, it has integrated crude, gas and water infrastructure concentrated in the central Lea County, New Mexico core. These assets consist of approximately 485 miles of pipelines, 88 million cubic feet ("MMcf") per day ("MMcf/d") of cryogenic natural gas processing capacity, 140 thousand barrels ("MBbl") per day ("MBbl/d") of crude gathering capacity, 120 MBbl of crude storage capacity and 200 MBbl/d of water disposal capacity. These assets support our crude oil and natural gas gathering, processing and transportation business, as well as water disposal and recycling operations.

Volumes	
	Period from June 1 through December 31, 2022
Natural Gas Gathering and Processing (Mcf ⁽¹⁾)	60,971
Crude Oil Gathering (bpd ⁽²⁾)	87,519
Water Disposal and Recycling (bpd ⁽²⁾)	72,056

(1) Mcfd - average thousand cubic feet per day.

(2) bpd - average barrels per day.

Pipeline Assets

Pipeline, Diameter (inches)	Length (miles)	Throughput Capacity (bpd)	Commodity	Associated Refinery	Origin/Termination Point	Third-Party System Connections
El Dorado Assets ⁽¹⁾						
Magnolia Pipeline 12, 16 ⁽²⁾	77	68,500	crude oil	El Dorado	Shreveport, LA to Magnolia, AR	ETP/ExxonMobil's LOLA System
Magnolia Station ⁽³⁾	N/A	N/A	crude oil	El Dorado	N/A	N/A
El Dorado Pipeline 12 ⁽⁴⁾	31	22,000	crude oil	El Dorado	Magnolia Station to Delek Holdings' Sandhill Station	N/A
Refined Products Pipeline System ⁽⁵⁾						
12-inch diesel pipeline	8	N/A	diesel	El Dorado	El Dorado Refinery to the Enterprise TE Products Pipeline El Dorado Station	TE Products Pipeline
10-inch gasoline pipeline	8	N/A	gasoline	El Dorado	El Dorado Refinery to the Enterprise TE Products Pipeline El Dorado Station	TE Products Pipeline
Paline Pipeline System ⁽⁶⁾						
Longview to Nederland Pipeline 10 ⁽⁷⁾	195	42,000	crude oil	N/A	Longview, TX to the Phillips 66-operated Beaumont terminal in Nederland, TX	N/A
East Texas Crude Logistics System						
Nettleton Pipeline 8, 10	36	25,000	crude oil	Tyler	Tank Farms in Longview, TX to (a) Bullard Junction at the Tyler Refinery, and (b) our other tank farms in Longview, TX	N/A
McMurrey Pipeline System 6, 8, 12	59	24,000	crude oil	N/A	Tank Farms in Longview, TX, runs roughly parallel to the Nettleton Pipeline	N/A
Tyler Assets ⁽⁸⁾						
Tyler-Big Sandy Product Pipeline ⁽⁹⁾						
Hopewell Pipeline 8	13	30,000	crude oil	Tyler	Tyler Refinery to Hopewell Station	N/A
Big Sandy Pipeline 8	19	30,000	crude oil	Tyler	Hopewell Station to Big Sandy Station	N/A
Big Spring Logistics Assets ⁽¹⁰⁾						
Refined Product Pipeline 6	40	20,000 ⁽¹¹⁾	refined product	Big Spring	Big Spring, TX to Midland, TX	N/A
Primary crude oil pipeline	20	250,000	crude oil	Big Spring	N/A	N/A

(1) The pipelines in the El Dorado Assets have injection points where crude oil gathered from the El Dorado Gathering System can be injected and then transported to the El Dorado Refinery. The El Dorado Assets also have crude oil storage tanks and facilities ancillary to the operation of the pipeline system. Tankage assets include approximately 150 storage tanks and certain ancillary assets (such as pumps and piping) located at and adjacent to the El Dorado Refinery with an aggregate shell capacity of approximately 2.5 million barrels (the "El Dorado Tank Assets"). The El Dorado Assets are capable of transporting crude oil offloaded from rail cars at or near the El Dorado Refinery, including two crude oil rail offloading racks, which are designed to receive up to 25,000 bpd of light crude oil or 12,000 bpd of heavy crude oil, or any combination of the two and are located on property leased from third parties and Delek Holdings.

(2) Third-party pipelines connect to the Magnolia Pipeline near Shreveport, Louisiana, which allows for the receipt of crude oil transported from Longview, Texas.

(3) The Magnolia Station has a storage facility with approximately 230,000 barrels of active shell capacity. It is also where Magnolia and El Dorado Assets and El Dorado Gathering System have origination and destination points, as the case may be.

(4) Upon reaching Sandhill Station, the crude oil from the El Dorado Pipeline is transported, via multiple short crude oil pipelines owned by us, to Tank 192, a 150,000 barrel capacity storage tank ("Tank 192") or to Tank 120, an 80,000 barrel capacity storage tank ("Tank 120"), which receives heavier asphaltic crudes. At present, substantially all crude oil that enters the El Dorado Refinery, including the crude oil gathered on the El Dorado Gathering System, is routed through Sandhill Station. We own Tank 192 and Tank 120 and lease the underlying ground from Lion Oil Company, LLC (formerly known as Lion Oil Company) under a long-term ground lease.

(5) Pursuant to a capacity lease with Enterprise, we also lease capacity of approximately 14,000 bpd on the approximately 240-mile Enterprise Products Pipeline from Enterprise's El Dorado Station to our refined products terminal in Memphis, Tennessee.

(6) Operated as a common carrier pipeline.

(7) The Longview to Nederland Pipeline includes a three-mile section that runs north from Kilgore, Texas. In addition, there is a connection near Vidor, Texas which connects with a third-party pipeline terminating at the Jefferson Energy Terminal in Beaumont, Texas.

(8) The Partnership owns various pipeline and tankage assets that support the Tyler Refinery. These assets include a crude oil storage tank and certain ancillary assets located adjacent to the Tyler Refinery (the "Tyler Crude Tank"). The Tyler Crude Tank has approximately 350,000 barrels of shell capacity and is located on property leased from third parties and Delek Holdings. In addition, we own 96 storage tanks and certain ancillary assets (such as pumps and piping) located at and adjacent to the Tyler Refinery with an aggregate shell capacity of approximately 2.0 million barrels (the "Tyler Tank Assets").

(9) This pipeline runs between the Tyler Refinery and the Partnership's terminal at Big Sandy, Texas. The line consists of two segments: Hopewell Pipeline and the Big Sandy Pipeline. Service on the Tyler-Big Sandy Product Pipeline is not provided to third parties, and is classified as private intrastate carrier service.

(10) Our Big Spring Logistics Assets are located on property leased from third parties and Delek Holdings.

(11) We lease the capacity on this pipeline to Delek Holdings' Big Spring refinery for an annual fee of \$0.9 million annually.

Our East Texas Crude Logistics System includes five owned or leased crude oil storage terminals, at which we store crude oil owned by Delek Holdings for the Tyler Refinery. The following table summarizes information with respect to these terminals:

Terminal	Number of Tanks	Active Shell Capacity (barrels)	Shell capacity not in service (barrels)
LaGloria Station	2	450,000	N/A
Nettleton Station ⁽¹⁾	5	220,000	55,000
Bradford Station ⁽¹⁾	2	N/A	65,000
Arp Station	2	55,000	55,000
Big Sandy Station	6	176,000	N/A

(1) The Nettleton Station and the Bradford Station are located on properties that are owned by third parties in which we have leasehold interests.

El Dorado Assets

We own a system of common carrier pipelines that primarily gathers and transports crude oil and condensate that is purchased from various crude oil producers in Arkansas, Texas and Louisiana by Delek Holdings or a third party to whom Delek Holdings has assigned certain of its rights (the "El Dorado Gathering System"). The El Dorado Gathering System includes approximately 700 miles of two to eight inch crude oil gathering and transportation lines located primarily within a 60-mile radius of the El Dorado Refinery in southern Arkansas and northern Louisiana. In addition, the gathering system transports small volumes of crude oil that are received from other sources and condensate that is purchased from a third party in east Texas. All such crude oil and other products are ultimately transported to the El Dorado Refinery for processing. In addition, a pipeline within the El Dorado Gathering System transports minimal crude oil for third party shippers pursuant to a common carrier tariff.

The El Dorado Gathering System includes 59 crude oil storage tanks and breakout tanks with a total combined active shell capacity of approximately 0.6 million barrels (including Tank 120, Tank 192), 17 truck receipt locations, approximately 500 pipeline gathering and receiving stations and 17 relay stations to deliver crude oil to the Magnolia Station, the El Dorado Pipeline System or directly to the El Dorado Refinery. We also have approximately 0.6 million barrels of combined shell capacity that is currently not in service.

The table below includes certain operating statistics for our El Dorado Assets and El Dorado Gathering System:

Throughputs (average bpd)			
	Year Ended December 31,		
	2022	2021	2020
El Dorado Assets:			
Crude pipelines (Non-gathered) ⁽¹⁾	78,519	65,335	74,179
Refined Products Pipelines to Enterprise System	56,382	48,757	53,702
El Dorado Gathering System	15,391	14,460	13,466

(1) Excludes crude oil gathered on the El Dorado Gathering System and injected into our El Dorado Assets.

The table below sets forth historical average daily throughput for the East Texas Crude Logistics System.

Throughputs (average bpd)			
	Year Ended December 31,		
	2022	2021	2020
East Texas Crude Logistics System	21,310	22,647	15,960

We have a pipelines and tankage agreement with Delek Holdings to provide throughput on the East Texas Crude Logistics System. Delek Holdings has a 10-year agreement, with an initial term expiring in 2023, with third parties to transport a substantial majority of the Tyler Refinery's crude oil requirements on this pipeline system. As a result of the third parties' ability to transport crude oil on the pipeline system directly to the Tyler Refinery, the crude oil supplied through the Nettleton and McMurrey Pipelines is generally below the minimum aggregate throughput requirements of our pipelines and tankage agreement with Delek Holdings. However, under its commercial agreement with us, Delek Holdings is required to pay us throughput fees in an amount equal to the fees it would pay were we to throughput 35,000 bpd, based on the per barrel fees in our agreement. The current term of this agreement expires in March 2024.

Wholesale Marketing and Terminalling

Overview

Our wholesale marketing and terminalling segment provides wholesale marketing and terminalling services to Delek Holdings' refining operations and to independent third parties from whom we receive fees for marketing, transporting, storing and terminalling refined products and to whom we wholesale market refined products. In providing certain of these services, we take ownership of the products and are therefore exposed to market risks related to the volatility of commodity and refined product prices in our West Texas operations, which depend on many factors, including demand and supply of refined products in the West Texas market, the timing of refined product deliveries and downtime at refineries in the surrounding area.

Revenue Streams and Customers

We generate revenue in our wholesale marketing and terminalling segment by (i) providing marketing services for the refined products output of the Tyler Refinery and the Big Spring Refinery, (ii) engaging in wholesale activity at our Abilene and San Angelo, Texas terminals, as well as at terminals owned by third parties, whereby we purchase light products for sale and exchange to third parties, and (iii) providing terminalling services to independent third parties and Delek Holdings. See "Commercial Agreements—Other Agreements with Third Parties—West Texas."

Competition

The wholesale marketing and terminalling business is generally very competitive. Our owned refined product terminals, as well as the other third-party terminals we use to sell refined product, compete with other independent terminal operators as well as integrated oil companies on the basis of terminal location, price, versatility and services provided. The costs associated with transporting products from a loading terminal to end users usually limit the geographic size of the market that can be served economically by any terminal. Two key markets in West Texas that we serve from our owned facilities are Abilene and San Angelo, Texas. However, there are no competitive fuel loading terminals in close proximity to our Abilene terminal or within approximately 90 miles of our San Angelo terminal. Our Nashville terminal competes with a significant number of other terminals located in the greater Nashville area. As a result of our exclusive terminalling agreements, we do not believe we will face significant competition from third parties with respect to terminalling services provided to Delek Holdings at our Memphis and North Little Rock terminals during the terms of these agreements.

Pursuant to separate exclusive marketing agreements with Delek Holdings, we market 100% of the refined products output of the Tyler Refinery (other than jet fuel and petroleum coke) and certain refined products located at or sold from the Big Spring Refinery to various customers in return for a marketing fee. The current terms of the agreements for services provided with respect to products produced at the Tyler Refinery and the Big Spring Refinery expire in 2026 and 2028, respectively. As a result, we do not believe that we will face significant competition for these services from third parties. In addition, as a result of our physical integration with the Tyler Refinery and the Big Spring Refinery, and our contractual relationships with Delek Holdings related to both refineries, we do not believe that we will face significant competition for the storage or throughput of intermediate or refined products at the refineries, particularly during the term of our agreements with Delek Holdings. Delek Holdings' Tyler Refinery and Big Spring Refinery are the only full-range product supplier within 100 miles; therefore, we believe their location gives the refineries a natural advantage over more distant competitors. However, should Delek Holdings' wholesale customers reduce their purchases of refined products due to the increased availability of more competitively priced products from other suppliers or for other reasons, the volumes we sell under the aforementioned agreements could decrease below the minimum volume commitment under the contract.

Seasonality

The volume and throughput of crude oil and refined products sold through our terminals and to third parties are directly affected by the level of supply and demand for all of such products in the markets served directly or indirectly by our assets. Supply and demand for such products fluctuates during the calendar year. Demand for gasoline, for example, is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic. While demand for asphalt products, which are a substantial portion of the El Dorado Refinery's product mix, is also lower in the winter months. In addition, our refining customers, such as Delek Holdings, occasionally reduce or suspend operations to perform planned maintenance, which is more typically scheduled during the winter, when demand for their products is lower. Accordingly, these factors affect the need for crude oil or refined products by our customers and therefore limit our marketing and terminalling activities during these periods. While these season fluctuations may impact our revenues and margins, we do not hold inventory and therefore are not subject to inventory risk.

See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information. The tables below show the operating results for the wholesale marketing and terminalling segment. For the years ended December 31, 2022, 2021 and 2020, we present the results for the period during which we owned the relevant assets, as delineated in any notes accompanying the tables.

Wholesale Marketing

East Texas

Pursuant to a marketing agreement with Delek Holdings, we market 100% of the refined products output of the Tyler Refinery, other than jet fuel and petroleum coke. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for additional information. The table below sets forth the historical sales volumes under this marketing agreement.

	Year Ended December 31,		
	2022	2021	2020
Sales volumes (average bpd):	66,058	68,497	71,182

West Texas

In our West Texas marketing operations, we generate revenue by purchasing refined products from independent third-party suppliers and from Delek Holdings for sale and exchange to third parties at our Abilene and San Angelo, Texas terminals and at third-party terminals located elsewhere in Texas.

We own approximately 100 miles of product pipelines in West Texas that connect our Abilene and San Angelo, Texas terminals to the Magellan Orion Pipeline. We purchase products from Delek Holdings and third parties at our Abilene and San Angelo terminals. To facilitate these purchases, we constructed a pipeline into our Abilene Terminal to receive product from the pipeline owned by Holly Energy Partners, L.P. (NYSE: HEP) through which Delek Holdings shipped product that was produced at the Big Spring Refinery. We completed constructing a connection to a Magellan Midstream Partners, L.P. ("Magellan") pipeline that allows Magellan to supply our Abilene and San Angelo terminals with product transported from the Gulf Coast. We also have active connections to the Magellan Orion Pipeline that enable us to ship product to our terminals and to acquire product from other shippers. The table below provides the number of tanks, their storage capacities, number of truck loading lanes and maximum daily available truck loading capacity for the year ended December 31, 2022 at the Abilene and San Angelo terminals associated with our marketing activities. See "Commercial Agreements—Other Agreements with Third Parties—West Texas."

Terminal Location	Number of Tanks	Active Aggregate Shell Capacity (bbls)	Number of Truck Loading Lanes	Maximum Daily Available Truck Loading Capacity (bpd)
Abilene, TX ⁽¹⁾	9	363,000	2	15,000
San Angelo, TX	5	93,000	2	15,000
Total	14	456,000	4	30,000

(1) Excludes approximately 47,000 barrels of shell capacity that is out of service.

The table below details the average aggregate daily number of barrels of refined products, and the margins associated with such products, that we sold in our West Texas wholesale operations for the periods indicated.

	Year Ended December 31,		
	2022	2021	2020
Throughput (average bpd)	10,206	10,026	11,264
Gross margin (in thousands)	\$ 15,457	\$ 13,631	\$ 9,775
Gross margin per barrel	\$ 4.15	\$ 3.72	\$ 2.37

Terminalling

We provide terminalling services for products to third parties and Delek Holdings through light products terminals we own in Nashville, Tennessee and to Delek Holdings, or certain third parties to whom Delek Holdings has assigned its rights, through our light products terminals in Memphis, Tennessee; Tyler, Texas; Big Sandy, Texas; Mount Pleasant, Texas; Duncan, Oklahoma; El Dorado, Arkansas; and North Little Rock, Arkansas. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for additional information pertaining to our material agreements. See "Commercial Agreements—Delek Holdings' Crude Oil and Refined Products Intermediation Agreement" for a description of a third party's involvement in certain agreements.

The table below provides the locations of our refined product terminals associated with our terminalling activities and their storage capacities, number of truck loading lanes and maximum daily available truck loading capacity for the year ended December 31, 2022.

Terminal Location	Number of Tanks	Active Aggregate Shell Capacity (bbls)	Number of Truck Loading Lanes	Maximum Daily Available Truck Loading Capacity (bpd)
Duncan, OK ⁽¹⁾	6	180,000	—	—
Mount Pleasant, TX ⁽²⁾	8	200,000	3	10,000
Nashville, TN ⁽³⁾	10	137,000	2	15,000
Memphis, TN	10	126,000	3	20,000
North Little Rock, AR ⁽⁴⁾			2	17,100
Big Sandy, TX ⁽⁴⁾			3	25,000
El Dorado, AR ⁽⁴⁾			3	35,000
Tyler, TX ⁽⁴⁾			11	91,000
Total	34	643,000	27	213,100

(1) The Duncan Terminal does not have a truck rack. It is a light products distribution terminal that includes storage, loading and unloading facilities and ancillary assets. Excludes approximately 90,000 barrels of shell capacity that is currently not in use.

(2) Excludes approximately 40,000 barrels of shell capacity that is currently not in service.

(3) Excludes approximately 2,300 barrels of shell capacity that is currently not in service.

(4) See "Gathering and Processing Segment—Tyler Assets," "Gathering and Processing Segment—El Dorado Gathering System and El Dorado Assets," and "Storage and Transportation Segment—Other Transportation Assets" above for a discussion of the storage tanks associated with these terminals. The North Little Rock Terminal, the El Dorado Terminal and tank farm and the Tyler Terminal and tank farm are located on property leased from third parties and Delek Holdings.

The table below sets forth historical average daily throughput for each of our terminals.

	Year Ended December 31,		
	2022	2021	2020
Throughput (average bpd):			
Tyler, TX	68,722	69,284	72,484
Duncan, OK	23,473	30,163	34,214
El Dorado, AR	11,580	12,553	10,334
Memphis, TN	7,422	7,000	9,912
North Little Rock, AR	10,828	6,971	9,033
Nashville, TN	6,100	6,247	5,524
Mount Pleasant, TX	2,642	4,520	4,048
Big Sandy, TX	1,495	1,563	1,702
Total	132,262	138,301	147,251

Storage and Transportation Segment

Overview

The operational assets in our storage and transportation segment consist of tanks, offloading facilities, trucks and ancillary assets, which provide crude oil, intermediate and refined products transportation and storage services primarily in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas. Additionally, the assets in this segment provide crude oil transportation services to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment.

Revenue Streams and Customers

The Partnership generates revenue in its Storage and Transportation segment by charging fees to customers, generally based on throughput or other relevant volumetric measures, for services associated with transporting, offloading and storing crude oil and refined products. Furthermore, a substantial majority of our Storage and Transportation segment revenues (and also EBITDA) is derived from commercial agreements with Delek Holdings with initial terms ranging from five to ten years, which gives us a contractual revenue base that we believe enhances the stability of our cash flows. As more fully described below, our commercial agreements with Delek Holdings typically include minimum volume or throughput commitments by Delek Holdings, which we believe will provide a stable revenue stream in the future. The fees charged under our agreements with Delek Holdings and third parties are indexed to inflation-based indices.

Competition

We face competition for the transportation and storage of crude oil from pipeline owners whose storage facilities (i) may have a location advantage over our pipelines offtake or storage facilities, (ii) may be able to transport or store more desirable crude oil or refined products to Delek Holdings or to third parties, (iii) may be able to transport or store crude oil or refined product at a lower rate, or (iv) may be able to store more crude oil or refined product. Any or all such factors could cause Delek Holdings, or our third-party customers, to reduce throughput to a level that is below the minimum throughput commitments established in any contracts we may have with them or determine not to renew such contracts when the term expires.

As certain of our logistic assets are on site at certain of Delek Holdings refineries and as a result of our contractual relationships with Delek Holdings related to its refineries, we do not believe that we face significant competition for the transportation and storage of crude oil or refined products to or from the refineries, particularly during the terms of the commercial agreements applicable to our pipeline and transportation assets.

Seasonality

The volume and throughput of crude oil and refined products transported through our other segments and sold through our terminals and to third parties are directly affected by the level of supply and demand for all of such products in the markets served directly or indirectly by our assets. Supply and demand for such products fluctuates during the calendar year. Demand for gasoline, for example, is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic. While demand for asphalt products, which are a substantial portion of the El Dorado Refinery's product mix, is also lower in the winter months. As a result, the need for our storage services may actually fluctuate in opposition to seasonal demand, but may also be impacted by our customers' strategic decisions on whether to store or sell excess committed volumes. Our transportation activities within this segment, which consists primarily of ancillary trucking services and which supplement and provide alternative transportation for barrels in times when supply or demand are disrupted, can be responsive to seasonal as well as other unexpected changes in demand.

The rates and terms and conditions of service on certain of our pipelines are subject to regulation by the FERC under the Interstate Commerce Act (the "ICA") and by state regulatory commissions in the states in which we transport crude oil, intermediate and refined products, including the Texas Railroad Commission, the Louisiana Public Service Commission, the Arkansas and the New Mexico Public Service Commission. Certain of our pipeline systems are subject to such regulation and have filed tariffs with the appropriate authorities. We also comply with all applicable reporting requirements for these pipelines. Some of our pipelines have received waivers from application of the FERC's tariff requirements, but comply with other applicable regulatory requirements. See "Governmental Regulation and Environmental Matters—Rate Regulation of Petroleum Pipelines" of this Annual Report on Form 10-K, for more information on the FERC imposed tariffs. In addition, the rates charged with respect to our assets that are subject to inflation indexing may increase or decrease, typically on July 1 of each year, by the amount of any change in various inflation-based indices, including FERC, provided that in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information. The tables below show the operating results for the wholesale marketing and terminalling segment.

Other Transportation Assets

The Partnership also owns additional assets or leases capacity on additional assets that are used to support Delek Holdings' refineries or that are used in our operations but may not be adjacent to or directly on the properties owned by such refineries. These include tankage assets and trucking assets listed below:

- five tanks with an aggregate active shell capacity of approximately 180,000 barrels at a terminal in North Little Rock, Arkansas; and
- 264 tractors and 353 trailers, which are owned or leased, and used to haul primarily crude oil and other products for related and third parties.

Investments in Pipeline Joint Ventures

Overview

The Partnership owns a portion of three joint ventures (accounted for as equity method investments) that have constructed separate crude oil pipeline systems and related ancillary assets primarily in the Permian Basin and Gulf Coast regions and with strategic connections to Cushing, Midland and other key exchange points, which provide crude oil and refined product pipeline transportation to third parties and subsidiaries of Delek Holdings.

Revenue Streams and Customers

We do not directly earn revenues from our joint venture investments. Rather, we earn income (loss) from the equity method investment, which is inclusive of our proportionate share of net income (loss) of the joint venture for each period. These pipelines serve numerous customers and generally charge spot or contractual rates pursuant to FERC regulations.

Competition

Our joint venture entities may compete with other pipeline owners including those affiliated with major integrated petroleum companies in terms of transportation fees, reliability and quality of customer service. Competition in any geographic area is affected significantly by the volume of crude oil gathered and transported, volume of products produced by refineries and the availability of products and cost of transportation to that area from other locations. Due to the strategic location of these pipelines, Delek Holdings is one of the major shippers and customer on certain of the joint venture pipelines. During the term of these agreements, the joint venture entities do not face any significant competition from third parties. To maintain a competitive advantage during agreement negotiations, the joint venture pipelines have to offer competitive transportation fees to Delek Holdings or other related party shippers.

Seasonality

The volume and throughput of crude oil and refined products transported through our pipelines, including those in which we own a joint venture interest, are directly affected by the level of supply and demand for all of such products in the markets served directly or indirectly by our assets. Supply and demand for such products fluctuates during the calendar year. Demand for gasoline, for example, is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic. In addition, our refining customers, such as Delek Holdings, occasionally reduce or suspend operations to perform planned maintenance, which is more typically scheduled during the winter, when demand for their products is lower. Accordingly, these factors affect the need for crude oil or refined products by our customers and therefore limit our volumes or throughput during these periods, and our operating results will generally be lower during the first and fourth quarters of the year. We believe, however, that many of the potential effects of seasonality on our revenues and contribution margin are substantially mitigated due to throughput and deficiency agreements with Delek Holdings and other customers of the pipeline joint ventures, many of which are related to our joint venture partners. Additionally, because of the related party nature of many of the customers of these joint ventures, they are incentivized to continue working with our pipeline joint ventures to create and maintain mutually beneficial contractual arrangements.

Our investments in pipeline joint ventures include the following:

JV Name	Ownership Interest	Description
Andeavor Logistics Rio Pipeline LLC ("Andeavor Logistics")	33%	Joint venture that operates a 109-mile crude oil pipeline with a capacity of 145,000 bpd, that originates in north Loving County, Texas near the Texas-New Mexico border and terminates in Midland, Texas (the "Rio Pipeline")
Caddo Pipeline LLC ("CP LLC")	50%	Joint venture that operates an 80-mile crude oil pipeline with a capacity of 80,000 bpd that originates in Longview, Texas, with destinations in the Shreveport, Louisiana area (the "Caddo Pipeline")
Red River Pipeline Company LLC ("Red River")	33%	Joint venture that operates a 16-inch crude oil pipeline between Oklahoma and Texas with prior capacity of 150,000 bpd and increased capacity of 235,000 bpd after completion of the expansion project in October 2020 (the "Red River Pipeline")

The Rio Pipeline, which was completed in September 2016, is strategically located to benefit from increased drilling activity in the Delaware Basin area. This pipeline which offers connection to the Midland takeaway pipelines.

The Caddo Pipeline, completed in January 2017, strategically provides essential additional logistics support to nearby refineries with a third crude supply source.

We acquired a 33% ownership stake in Red River in May 2019. The expansion project to increase the crude oil pipeline capacity from 150,000 bpd to 235,000 bpd was completed in October 2020. Delek Holdings is a major shipper on the Red River Pipeline. Following the completion of the expansion project, Delek Holdings increased its crude oil options, increasing the flow of Cushion crude oil into Longview, TX. Strategically, at Longview TX we have access to the Delek Holdings refining system providing ability to reduce dependence on Midland crude oil at Tyler, El Dorado and Krotz Springs, Gulf Coast markets through Paline and other third-party pipelines and increases potential WTI Brent exposure with limited cost to the Partnership.

Corporate and Other

The corporate and other segment primarily consists of general and administrative expenses not allocated to a reportable segment. When applicable, it may also contain operating segments that are not reportable and do not meet the criteria for aggregation with any of our existing reportable segments.

Commercial Agreements

Commercial Agreements with Delek Holdings

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering and crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be extended for various renewal terms at the option of Delek Holdings. The fees under each agreement are payable to us monthly by Delek Holdings or certain third parties to whom Delek Holdings has assigned certain of its rights and are generally subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, however, in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

Under each of these agreements, we are required to maintain the capabilities of our pipelines and terminals, such that Delek Holdings may throughput and/or store, as the case may be, specified volumes of crude oil, intermediate and refined products.

See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a complete discussion of our material commercial agreements with Delek Holdings.

Other Agreements with Delek Holdings

In addition to the commercial agreements described above, the Partnership has entered into the following agreements with Delek Holdings:

Slurry Clarifying Services Agreement

We executed a series of agreements, effective January 1, 2022, with DK Trading & Supply, LLC ("DKT&S") and Alon Refining Krotz Springs, Inc. whereby the Partnership will operate and maintain a facility, located within the Krotz Springs, Louisiana refinery, to process slurry for DKT&S. Using a process that incorporates horizontal and vertical centrifuges, we will remove metals, ash, and other solids from the slurry. The clarified product can then be sold to DKT&S or one of its affiliates. As consideration for the processing services, we will receive a fixed rate per barrel processing fee in addition to a margin-based payment. The Partnership and DKT&S have agreed to a minimum delivery commitment volume to be processed in the facility. The initial term of the agreement is for a period of three years, and thereafter, will continue a year-to-year basis unless canceled by either party.

Omnibus Agreement

The Partnership entered into an omnibus agreement with Delek Holdings, Delek Logistics Operating, LLC, Lion Oil Company, LLC (formerly known as Lion Oil Company) and certain of the Partnership's and Delek Holdings' other subsidiaries on November 7, 2012, which has been amended and restated from time to time in connection with acquisitions from Delek Holdings (collectively, as amended, the "Omnibus Agreement"). The Omnibus Agreement governs the provision of certain operational services and reimbursement obligations, among other matters, between the Partnership and Delek Holdings.

Other Transactions

The Partnership manages long-term capital projects on behalf of Delek Holdings pursuant to a construction management and operating agreement (the "DPG Management Agreement") for the construction of gathering systems in the Permian Basin. The majority of the gathering systems have been constructed, however, additional costs pertaining to a pipeline connection that was not acquired by the Partnership continue to be incurred and are still subject to the terms of the DPG Management Agreement. The Partnership is also considered the operator for the project and is responsible for oversight of the project design, procurement and construction of project segments and provides other related services. Pursuant to the terms of the DPG Management Agreement, the Partnership receives a monthly operating services fee and a construction services fee, which includes the Partnership's direct costs of managing the project plus an additional percentage fee of the construction costs of each project segment. The agreement extends through December 2023.

Other Agreements with Third Parties

West Texas

In our West Texas marketing operations, we generate revenue by purchasing refined products from independent third-party suppliers and Delek Holdings for sale and exchange to third parties at our Abilene and San Angelo, Texas terminals and at third-party terminals located elsewhere in Texas. Substantially all of our product sales in West Texas are on a wholesale basis. Product purchased from Delek Holdings is produced by the Big Spring Refinery. Products purchased from Delek Holdings are generally based on daily market prices at the time of sale limiting exposure to fluctuating prices. Products purchased from third parties are generally based on daily market prices at the time of purchase requiring price hedging risk management activities between the time of purchase and sale. Existing price risk hedging programs have been adjusted to correspond to the volume of product purchased from third parties.

Delek Holdings' Crude Oil and Refined Products Intermediation Agreement

Pursuant to financing arrangements between Delek Holdings and its subsidiaries, Lion Oil Company, LLC, DK Trading & Supply, LLC and Alon USA, LP (all hereinafter referred to together as "Delek Holdings"), to which we are not a party, and Citigroup Energy ("Citi"), Delek Holdings assigned to Citi certain of its rights under our specific terminalling agreements, pipelines, storage and throughput facilities agreements, and asphalt services agreements. This is a financing arrangement for Delek Holdings whereby Citi holds crude oil and product for Delek Holdings. Citi retains these storage and transportation rights for the term of the financing arrangement, which currently expires on December 30, 2024, with Citi having the option to further extend to December 30, 2025. The Inventory Intermediation Agreement with Citi replaces the Supply and Offtake Agreements with J. Aron that expired on December 30, 2022.

See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a complete discussion of the Delek Holdings' Inventory Intermediation Agreement.

Major Customers

We are dependent upon Delek Holdings as our primary customer, and the loss of Delek Holdings as a customer would have a material adverse effect on both of our operating segments. We derive a substantial majority of our contribution margin (defined as net revenues less cost of materials and other and operating expenses, excluding depreciation and amortization) from fee-based commercial agreements with Delek Holdings or as a direct result of its operations.

For more information pertaining to these agreements, see "Commercial Agreements." Our other customers include major oil companies, independent refiners and marketers, jobbers, distributors, utility and transportation companies and independent retail fuel operators.

Delek Holdings, directly or indirectly, accounted for 46.3%, 59.8% and 67.4% of our total revenues for the years ended December 31, 2022, 2021 and 2020, respectively.

Employees

We have no employees. Rather, all of the employees that conduct our business are employed by our general partner and its non-Partnership affiliates, and we believe that our general partner and its non-Partnership affiliates have a satisfactory relationship with those employees.

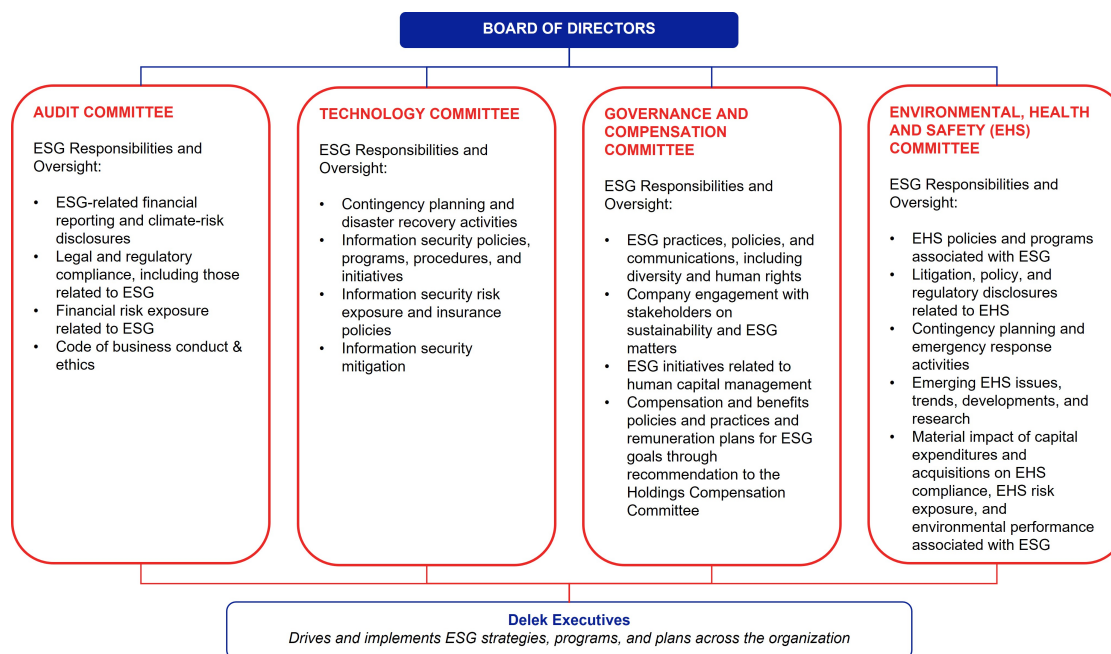
Working Capital

We primarily fund our business operations from operating cash flows, borrowings under our revolving credit facility and any potential future issuances of equity and debt securities. Our working capital needs are limited, as we typically do not take ownership of the products or crude oil that we transport or store. For additional information, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

Governance

Board of Directors Oversight

The strategy and direction of our business begins with the Board of Directors of our general partner. The Board of Directors is committed to developing and implementing the Partnership's ESG-related goals, taking an active role in overseeing management's efforts. To assist in these efforts, Board of Directors of our general partner has delegated a number of sustainability-related responsibilities to its standing committees.



The primary responsibility for overseeing ESG-related matters has been assigned to the Governance and Compensation Committee of the Board of Directors of our general partner. The Governance and Compensation Committee, which has been helping to guide these activities, is focused on elevating the Partnership's ESG performance to that of a leader amongst its peers. The Governance and Compensation Committee's responsibilities include making recommendations to Delek Holdings' Human Capital and Compensation Committee related to executive and employee compensation for the achievement of ESG-related goals.

The Environment, Health and Safety Committee of the Board of Directors of our general partner exercises direct oversight over a number of ESG-related matters such as the implementation of our first GHG reductions goals, the continual improvement of our workforce health and safety performance, spill prevention, waste minimization, and air emission reduction efforts.

The Audit Committee of the Board of Directors of our general partner oversees certain ESG-related matters, such as all financial reporting disclosures related to ESG, the Partnership's legal and regulatory compliance, and any potential financial risk exposure related to ESG.

Management Oversight

The strategy provides for clear lines of ownership and accountability, in addition to regular and clear communication between the Board of Directors of our general partner and executives, are critical to effectively managing our ESG-related risks and opportunities. As such, Delek Holdings' leadership has created several ESG-related strategic groups. For example, the New Energy Task Force was developed to examine how to tactically reduce our GHG emissions, as well as to evaluate product and service offerings that will be sustainable in the post-2050 net carbon neutral environment.

In addition, the Joint Risk Committee, which consists of our President, Chief Financial Officer, Chief Operating Officer and General Counsel, acts as the executive sponsors and overseers of our Enterprise Risk Management Framework and reports quarterly to the Board of Directors. Moreover, Delek Holdings implemented three standing subcommittees underneath the Joint Risk Committee: the Systems Risk Management Subcommittee, the Financial Markets Risk Subcommittee, and the ESG Risk Subcommittee, which was established in the beginning of 2022. Specifically, the ESG Risk Subcommittee, led by our Vice President of Public Affairs and ESG, is composed of experts and leaders across our business functions, including our executives responsible for Refining, Retail, Human Resources, Investor Relations and Delek Logistics, as well as our Chief Financial Officer and General Counsel. To ensure continued progress, the ESG subcommittee meets quarterly to assess, manage and oversee relevant risks, including those related to safety, the workforce and decarbonization.

Governmental Regulation and Environmental Matters

Rate Regulation of Petroleum Pipelines

The rates, terms and conditions of service on certain of our pipelines are subject to regulation by the FERC under the ICA and by state regulatory commissions in the states in which we transport crude oil, intermediate and refined products, including the Texas Railroad Commission, the Louisiana Public Service Commission, the Arkansas Public Service Commission and the New Mexico Public Regulation Commission. The FERC regulates interstate transportation under the ICA, the Energy Policy Act of 1992 and the rules and regulations promulgated under those laws. The ICA and its implementing regulations require that tariff rates for interstate service on oil pipelines, including pipelines that transport crude oil, intermediate and refined products in interstate commerce (collectively referred to as "petroleum pipelines"), be just and reasonable and non-discriminatory and that such rates and terms and conditions of service be filed with the FERC. Under the ICA, shippers may challenge new or existing rates or services. The FERC is authorized to suspend the effectiveness of a challenged rate for up to seven months, though rates are typically not suspended for the maximum allowable period. Tariff rates are typically contractually subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, including the FERC oil pipeline index, the consumer price index and the producer price index; provided, however, that in no event will the fees be adjusted below the amount initially set forth in the applicable agreement. See Item 1A, "Risk Factors—Risks Relating to Our Business."

While the FERC regulates rates for shipments of crude oil or refined products in interstate commerce, state agencies may regulate rates and service for shipments in intrastate commerce. We own pipeline assets in Texas, Arkansas, Louisiana and New Mexico; accordingly, such assets may be subject to additional regulation by the applicable governmental authorities in those states. Without limitation, certain of our pipeline assets in Texas, including the Greenville-Mount Pleasant Pipeline, are operated under the regulation of the Texas Railroad Commission and subject to filed tariffs and other regulatory requirements of that agency. In Texas, a pipeline, with some exceptions, is required to operate as a common carrier by publishing tariffs and providing transportation on a non-discriminatory basis. Arkansas provides that all intrastate oil pipelines are common carriers. In Louisiana, all pipelines conveying petroleum from a point of origin within the state to a destination within the state are declared common carriers. The Louisiana Public Service Commission is empowered with the authority to establish reasonable rates and regulations for the transport of petroleum by a common carrier, mandating public tariffs and providing transportation on a non-discriminatory basis. New Mexico Public Regulation Commission may prescribe reasonable maximum rates for the transportation of oil, and the products derived from oil, by a pipeline common carrier from any point in New Mexico to an ultimate destination in New Mexico.

Whether a pipeline provides service in interstate commerce or intrastate commerce is highly fact-dependent and determined on a case-by-case basis. We cannot provide assurance that the FERC will not at some point assert that some or all of the transportation service we provide, and for which we do not have a tariff on file at the FERC, is within its jurisdiction. If the FERC were successful with any such assertion, we may be required to pay refunds to customers and the FERC's ratemaking methodologies may subject us to potentially burdensome and expensive operational, reporting and other requirements. Service on the East Texas Crude Logistics System is currently subject to a temporary waiver issued by the FERC. The temporary waiver for the East Texas Crude Logistics System (the "East Texas Waiver Order") was issued by the FERC on October 23, 2012, and waives the otherwise applicable tariff filing and reporting requirements for common carrier interstate service providers. The continuing effectiveness of the East Texas Waiver Order depends upon the continuation in effect of the following conditions: (1) our affiliates continuing to own 100% of the throughput; (2) there being no demonstrated third party interest in shipping on the system; (3) our not anticipating any such interest materializing; and (4) there remaining no demonstrated opposition to the continuing effectiveness of the East Texas Waiver Order.

If the conditions to the continued effectiveness of that East Texas Waiver Order are no longer satisfied at any point, service on that system may become subject to the FERC tariff filing requirements and other the FERC regulatory requirements for the provision of interstate transportation service.

Department of Transportation

The Pipeline and Hazardous Materials Safety Administration ("PHMSA") of the United States Department of Transportation ("DOT") regulates the design, construction, testing, operation, maintenance, safety and reporting and emergency response of crude oil, petroleum products and other hazardous liquids pipelines and other facilities, including certain tank facilities used in the transportation of such liquids. These requirements are complex, subject to change and, in certain cases, costly with which to comply. We believe our operations are in compliance with these regulations, but cannot assure you that substantial expenditures on our part will not be required to maintain such compliance. Moreover, certain of these requirements are difficult to insure adequately, and we cannot assure you that we will have adequate insurance to address costs and damages from any noncompliance.

The United States Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 (the "Pipeline Safety Act") gives the PHMSA the power to assess penalties of up to \$257,664 per violation per day of violation, and up to \$2,576,627 for a series of related violations. These amounts are subject to inflation adjustments as well. A number of the provisions of the Pipeline Safety Act have the potential to cause owners and operators of pipeline facilities to incur significant capital expenditures and/or operating costs. We work closely with our industry associations to participate with and monitor PHMSA's efforts.

In January 2017, PHMSA finalized a new regulation that imposes additional responsibilities concerning (i) the operation, maintenance, and inspection of hazardous liquid pipelines; (ii) the reporting of pipeline incidents; (iii) reference standards for in-line pipeline inspection and the direct assessment of stress corrosion cracking; and (iv) other requirements. Additional potential new pipeline regulations have been proposed by PHMSA and we are monitoring these developments to the extent applicable to our operations.

The DOT has additionally issued guidelines with respect to securing regulated facilities against terrorist attack. We have instituted security measures and procedures in accordance with such guidelines to enhance the protection of certain of our facilities. We cannot provide any assurance that these security measures would fully protect our facilities from a potential attack.

The Federal Motor Carrier Safety Administration of the DOT regulates safety standards and monitors drivers and equipment of commercial motor carrier fleets. Such standards include vehicle and maintenance inspection requirements, limitations on the number of hours drivers may operate vehicles and financial responsibility requirements. We believe that the operations of our fleet of crude oil and refined products truck transports are substantially in compliance with these regulations and safety requirements.

Environmental, Health and Safety

We are subject to extensive federal, state and local environmental and safety laws and regulations enforced by various agencies, including, but not limited to, the Environmental Protection Agency (the "EPA"), the United States Department of Transportation, the Occupational Safety and Health Administration, as well as numerous state, regional and local environmental, safety and pipeline agencies. These laws and regulations govern the discharge, release, and spillage of materials into the environment, waste management practices, pollution prevention measures, as well as the safe operation of our pipelines and the safety of our workers and the public. Numerous permits or other authorizations are required under these laws and regulations for the operation of our terminals, pipelines, saltwells, trucks, and related operations, and such permits and authorizations may be subject to revocation, modification and renewal. Any failure to comply with these laws and permits may raise potential exposure to future claims and lawsuits involving environmental and safety matters as a result of soil and water contamination, air pollution, personal injury and property damage allegedly caused by substances which we handled, used, released, disposed of, transported, or that relate to pre-existing conditions for which we have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety and permitting requirements. However, there have been, and we expect that there will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required to comply with existing and new requirements, as well as evolving interpretations and enforcement of existing laws and regulations.

Releases of hydrocarbons or hazardous substances into the environment may, to the extent the event is not insured, or is not a reimbursable event under the Omnibus Agreement, subject us to substantial expenses, including costs to respond to, contain and remediate a release, to comply with applicable laws and regulations and to resolve claims by federal, state, or local authorities under applicable laws or permits or third parties for personal injury, property damage or natural resources damages. See "Hazardous Substances and Waste" below for additional information on regulations pertaining to releases into the environment. These impacts may directly and indirectly affect our business. We cannot currently determine the amounts of such future impacts. See Note 17 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a discussion of commitments and contingencies related to crude oil releases.

Indemnification

Under the Omnibus Agreement, Delek Holdings has agreed to indemnify us for certain environmental matters associated with the ownership of our assets as specified therein, including matters arising from operations by Delek Holdings at or before the time of our acquisition of these assets from Delek Holdings.

Air Emissions and Climate Change

A number of our operations are subject to the Clean Air Act (the "CAA") and its regulations and comparable state and local statutes. Under these laws, permits may be required before construction can commence on certain new source of air emissions, and operating permits may be required for sources following construction. These permits may require controls on our air emission sources, and we may become subject to more stringent regulations requiring the installation of additional or different emission control technologies. Any such future obligations may require us to incur significant additional capital or operating costs. These air emissions requirements also affect Delek Holdings' refineries, from which we receive a substantial portion of our revenues. In the future, Delek Holdings may be required to incur significant capital expenditures to comply with new legislative and regulatory requirements relating to its operations. To the extent these capital expenditures have a material effect on Delek Holdings, they may have a material effect on our business and results of operations.

Environmental advocacy groups and regulatory agencies in the United States and other countries have focused considerable attention on the emissions of carbon dioxide, methane and other greenhouse gases ("GHGs") and their potential role in climate change. Developments in GHG initiatives that result in GHG-related requirements that disproportionately affect the cost of energy from oil in comparison to competing energy sources may affect demand for our services. Due to the uncertainties surrounding the risks and regulatory framework associated with greenhouse gas emissions, the financial impact of such developments cannot be estimated at this time.

Renewable Fuel Standard

The Energy Independence and Security Act of 2007 ("EISA") was enacted into federal law in December 2007 created the Renewable Fuel Standard - 2 ("RFS-2") rule. RFS-2 requires the amounts of renewable fuel sold or introduced in the United States to increase each year, reaching 36 billion gallons by 2022. Meeting RFS-2 requires displacing increasing amounts of petroleum-based transportation fuels with biofuels. Although Delek Holdings' refineries are obligated parties under this rule, our entities are not obligated parties and have no requirement to blend specific volumes of renewable fuels. However, the requirements may reduce future demand for petroleum products and thereby have an indirect effect on certain aspects of our business. Alternatively, it may increase demand for our ethanol and biodiesel fuel blending services at our truck loading racks.

Hazardous Substances and Waste

Many of the environmental laws and regulations affecting our operations relate to the release of hazardous substances or solid wastes into water or soils and include measures to control pollution of the environment. These laws generally regulate the generation, storage, treatment, transportation and disposal of solid and hazardous waste. They also require corrective action, including investigation and remediation, at a facility where such waste may have been released or disposed. For instance, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), which is also known as Superfund, and comparable state laws, impose liability without regard to fault or to the legality of the original conduct, on certain classes of persons that contributed to the release of a "hazardous substance" into the environment. These persons include the owner or operator of the site where the release occurred and companies that disposed of, or arranged for the disposal of, the hazardous substances found at the site. Under CERCLA, these persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. In the course of our ordinary operations, we generate waste that falls within CERCLA's definition of a "hazardous substance" and, as a result, may be jointly and severally liable under CERCLA for all or part of the costs required to clean up certain sites to which such substances may have been transported, treated, or disposed. However, we have not been identified as a potentially responsible party at any Superfund-regulated sites by any federal or state agency or any other person.

We also generate small quantities of solid wastes, including solid wastes that are also considered hazardous wastes, that are subject to the requirements of the federal Resource Conservation and Recovery Act ("RCRA"), and comparable state laws. From time to time, the EPA considers the adoption of stricter disposal standards for non-hazardous wastes, including crude oil and refined products wastes. We are not currently required to comply with a substantial portion of the RCRA requirements, because our operations generate minimal quantities of hazardous wastes. However, it is possible that additional solid wastes, which could include solid wastes currently generated during operations, will in the future be designated as "hazardous wastes." Hazardous wastes are subject to more rigorous and costly disposal requirements compared to non-hazardous wastes. Any changes in these regulations could increase our, and our competitors', maintenance, capital expenditures and operating expenses.

We currently own and lease, and Delek Holdings has in the past owned and leased, properties where hydrocarbons are being or have been managed for many years. Although we have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other waste may have been disposed of or released on or under the properties owned or leased by us or on or under other locations where these wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes were not under our control. These properties and wastes disposed thereon may be subject to CERCLA, RCRA, and analogous state laws. Under these laws, we may be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators) to clean up contaminated property (including contaminated groundwater), to perform remedial operations to prevent future contamination or to reimburse costs incurred by federal or state agencies or other persons who are allowed to seek such costs under applicable law.

Water

Our operations may result in the discharge of pollutants, including crude oil and refined products. Several of our pipelines and terminals are located near, or cross under or over, environmentally sensitive waters, such as streams, creeks, rivers, lakes and wetlands. The transportation and storage of crude oil and refined products over and adjacent to water involves risk and subjects us to the provisions of the Oil Pollution Act of 1990 (the "OPA"), the Water Pollution Control Act of 1972 (the "Clean Water Act") and related state requirements. These requirements subject owners of covered facilities to strict, joint and potentially unlimited liability for containment and removal costs, natural resource damages and certain other consequences of an oil spill where the spill is into navigable waters, along shorelines or in the exclusive economic zone of the

United States. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. States in which we operate have also enacted similar and, in some cases, more stringent laws.

Regulations under the Clean Water Act, the OPA and state laws also impose additional regulatory burdens on our operations. Spill prevention control and countermeasure requirements of federal laws and some state laws require containment to mitigate or prevent contamination of navigable waters in the event of an oil overflow, rupture or leak. For example, the Clean Water Act requires us to maintain spill prevention control and countermeasure plans at many of our facilities. In addition, the OPA requires that most oil transport and storage companies maintain and update various oil spill prevention and oil spill contingency plans. We maintain such plans, and where required have submitted plans and received federal and state approvals necessary to comply with the OPA, the Clean Water Act and related regulations. We regularly review and modify our crude oil and refined product spill prevention plans and procedures to help prevent crude oil and refined product releases and to minimize potential impacts should a release occur.

The Clean Water Act also imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters. Our facilities contract with third parties for wastewater disposal, discharge to local Publicly Owned Treatment Works, or discharge to identify receiving waters under the terms of a National Pollutant Discharge Elimination System permit for wastewater, stormwater or both. In the event regulatory requirements change, or interpretations of current requirements change, and our facilities are required to undertake different wastewater management arrangements, we could incur substantial additional costs. The Clean Water Act imposes substantial potential liability for the violation of permits or permitting requirements and for the costs of removal, remediation, and damages resulting from such discharges. In addition, some states maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions.

Title to Properties and Permits

While we own the physical improvements consisting of our pipelines, substantially all of these pipelines are constructed on rights-of-way granted by the apparent record owners of the property, and in some instances these rights-of-way are revocable at the election of the grantor. In many instances, lands over which rights-of-way have been obtained are subject to prior liens that have not been subordinated to the right-of-way grants. We have obtained permits from public authorities to cross over or under, or to lay facilities in or along, watercourses, county roads, municipal streets and state highways, and, in some instances, these permits are revocable at the election of the grantor. We have also obtained permits from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. In some states and under some circumstances, we have the right of eminent domain to acquire rights-of-way and lands necessary for our common carrier pipelines.

We believe that we are the owner of valid easement rights and rights-of-way or fee ownership or leasehold interests to the lands on which our assets are located. Under the Omnibus Agreement (as defined in Note 4 to our accompanying consolidated financial statements), Delek Holdings has agreed to indemnify us for certain title defects and for failures to obtain certain consents and permits necessary to conduct our business, in each case, that are identified prior to the relevant date in the Omnibus Agreement, subject to an annual deductible. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with acquisition of real property, liens that can be imposed in some jurisdictions for government-initiated action to clean up environmental contamination, liens for current taxes and other burdens, and easements, restrictions, and other encumbrances to which the underlying properties were subject at the time of acquisition by our predecessor or us, we believe that none of these burdens should materially detract from the value of these properties or from our interest in these properties or should materially interfere with their use in the operation of our business.

Liens and Encumbrances

The majority of the assets described in this Annual Report on Form 10-K are pledged under and encumbered by our credit agreement. See Note 11 of the consolidated financial statements included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for further information.

Corporate Headquarters

Delek Holdings leases its corporate headquarters at 310 Seven Springs Way, Suite 400 and 500, Brentwood, Tennessee 37027. The lease is for 56,141 square feet and expires in January 2030. We pay Delek Holdings a proportionate share of the costs to operate the building pursuant to the Omnibus Agreement. Please read Items 1 and 2. "Business and Properties—Commercial Agreements—Other Agreements with Delek Holdings."

ITEM 1A. RISK FACTORS

We are subject to numerous known and unknown risks, many of which are presented below and elsewhere in this Annual Report on Form 10-K. You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10-K in evaluating us and our common stock. Any of the risk factors described below, or additional risks and uncertainties not presently known to us, or that we currently deem immaterial, could have a material adverse effect on our business, financial condition, cash flows and results of operations. The headings provided in this Item 1A are for convenience and reference purposes only and shall not limit or otherwise affect the extent or interpretation of the risk factors.

Risks Relating to Our Business

Our relationship with Delek Holdings and their financial condition subjects us to potential risks that are beyond our control.

Delek Holdings is the only customer for a majority of our assets, including but not limited to our assets used to support the Tyler Refinery and the majority of our terminalling assets. In addition, Delek Holdings, through inventory intermediation agreements with its assignee, is effectively the principal customer for our Big Spring Logistics Assets used to support the Big Spring Refinery and our Lion Pipeline System, the Gathering Assets, and our El Dorado, Memphis and North Little Rock terminals. Please see Items 1 and 2. "Business and Properties—Delek Holdings' Crude Oil and Refined Products Intermediation Agreement." As we expect to continue to derive the substantial majority of our margins from Delek Holdings, either directly or indirectly, for the foreseeable future, we are subject to the risk of nonpayment, nonperformance or underperformance by Delek Holdings under our commercial agreements. In addition, we are subject to the risk of nonpayment, nonperformance or underperformance by Delek Holdings' assignees. If Delek Holdings were to significantly decrease, or cause the significant decrease of, the materials transported on our pipelines or the volumes of refined products handled at our terminals, whether because of business or operational difficulties or strategic decisions by Delek Holdings' management, it is unlikely that we would be able to utilize any additional capacity on our pipelines or terminal facilities to service third-party customers without substantial capital outlays and delays, if at all, which could materially and adversely affect our results of operations, financial condition and cash flows. Likewise, the terms of Delek Holdings' obligations under its agreements with us are for initial terms ranging from five years to ten years, with options to extend at the election of Delek Holdings. If Delek Holdings fails to renew these contracts as they come up for renewal, or if Delek Holdings fails to use our assets and services after the expiration of the agreements, or should our agreements be invalidated as a result of our performance failure or for any other reason, and we are unable to generate revenue from third parties with respect to such assets, we could be materially and adversely affected. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a complete discussion of our material commercial agreements with Delek Holdings. Additionally, any event, whether in our areas of operation or otherwise, that materially and adversely affects Delek Holdings' or its assignees' operations, financial condition, results of operations or cash flows may adversely affect us and our business and, therefore, our ability to sustain or increase cash distributions to our unitholders. Accordingly, we are indirectly subject to the operational and business risks of Delek Holdings and its assignees, including, but not limited to, the following:

- the timing and extent of changes in the costs and availability of crude oil and other refinery feedstocks (including prolonged periods of low crude oil prices that could impact production of inland crude oil and reduce the amount of cost advantaged crude oil available and/or the discount of such crude oil as compared to other crude oil) and in the price and demand for Delek Holdings' refined products;
- the risk of contract cancellation, non-renewal or failure to perform by Delek Holdings' suppliers or customers, and Delek Holdings' inability to replace such suppliers, contracts, customers and/or revenues;
- disruptions due to equipment interruption or failure or other events at Delek Holdings' facilities, or at third-party facilities on which Delek Holdings' business is dependent;
- the effects of economic downturns on Delek Holdings' business and the business of its suppliers, customers, business partners and lenders;
- changes in global and local economic conditions, e.g., as a result of the outbreak of the COVID-19 Pandemic;
- Delek Holdings' ability to remain in compliance with its contracts;
- Delek Holdings' ability to remain in compliance with the terms of its outstanding and any future indebtedness;
- changes in the cost or availability of third-party pipelines, terminals and other means of delivering and transporting crude oil, feedstocks and refined products;
- state and federal environmental, economic, health and safety, energy and other policies and regulations, and any changes in those policies and regulations;
- environmental incidents and violations and related remediation costs, fines and other liabilities; and
- changes in crude oil and refined product inventory levels and carrying costs.

Additionally, Delek Holdings continually considers opportunities presented by third parties with respect to its refinery assets. These opportunities may include offers to purchase certain assets and joint venture propositions. Delek Holdings may also change its refineries' operations by constructing new facilities, suspending or reducing certain operations, or modifying or closing facilities. Changes may be considered to meet market demands, to satisfy regulatory requirements or environmental and safety objectives, to improve operational efficiency or for other reasons. Delek Holdings actively manages its assets and operations, and, therefore, changes of some nature, possibly material to its business relationship with us, could occur in the future.

Furthermore, conflicts of interest may arise between Delek Holdings and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. We have no control over Delek Holdings or our general partner, and Delek Holdings may elect to pursue a business strategy or make other decisions that do not favor us or our business. See "Risks Relating to Our Partnership Structure—Our general partner and its affiliates, including Delek Holdings, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our other common unitholders."

The COVID-19 Pandemic, any related subsequent waves of the COVID-19 Pandemic or an additional regional or global disease outbreak, and certain developments in the global oil markets have had, may continue to have, or may have an adverse impact on our business, our future results of operations and our overall financial performance.

The COVID-19 Pandemic and spread of new variants of the virus could materially adversely affect our business and operations for the foreseeable future. The COVID-19 Pandemic has significantly destabilized beyond and will likely continue to impact worldwide economic and commercial activity, financial markets, and the demand for and prices of oil and gas products for the foreseeable future. In particular, there remains considerable tension in the OPEC-Russia relationship, uncertainty in the global oil markets, substantial global supply chain issues, and significant disruptions in the labor market. These impact of the COVID-19 Pandemic may precipitate a prolonged economic slowdown and recession.

Global economic growth drives demand for energy from all sources, including fossil fuels. Should the U.S. and global economies experience weakness, demand for energy may decline. Should growth in global energy production outstrip demand, excess supplies may arise. Declines in demand and excess supplies may result in accompanying declines in commodity prices and deterioration of our financial position along with our ability to operate profitably and our ability to obtain financing to support operations. Conversely, should demand for energy outstrip global supply, commodity prices are likely to rise. With respect to our business, we have experienced periodic declines in demand thought to be associated with slowing economic growth in certain markets, including the effects of the COVID-19 Pandemic, coupled with new oil and gas supplies coming on line and other circumstances beyond our control that resulted in oil and gas supply exceeding global demand which, in turn, resulted in steep declines in prices of oil and natural gas. At times, we have also experienced declines in the supply of inputs thought to be associated with supply chain issues and disruptions in the labor market arising from the effects of the COVID-19 Pandemic. There can be no assurance as to how long the current uncertainty will persist or that a recurrence of price weakness will not arise in the future.

The COVID-19 Pandemic has resulted in modifications to our business practices, including limiting employee and contractor presence at certain work locations, limiting travel, and reducing capital expenditures. We may take further actions as required by government authorities or that we determine are in the best interests of our contractors, customers, suppliers and communities. However, there is no assurance that such measures will be sufficient to mitigate the risks posed by the virus, and our ability to successfully execute our business operations could be adversely impacted. In addition, while we have not recorded any goodwill impairment to date, the continued effects of the COVID-19 Pandemic could result in impairments of long-lived or indefinite-lived assets, including goodwill, at some point in the future. Such impairment charges could be material.

The full impact of the ongoing COVID-19 Pandemic is unknown and continues to rapidly evolve. It is difficult to predict how significant the impact of the COVID-19 Pandemic, any related subsequent waves of the COVID-19 Pandemic, an additional regional or global disease outbreak, and any responses to such events, will be on the U.S. and global economies and our business or for how long disruptions are likely to continue. The extent of such impact will depend on future developments and factors outside of our control, including new information which may emerge concerning the severity or duration of the COVID-19 Pandemic, the evolving governmental and private sector actions to contain the pandemic or treat its health, economic, and other impacts, and the timing and effectiveness of the ongoing rollout of currently available vaccines.

The ultimate extent of the impact of the volatile conditions in the oil and gas industry on our business, financial condition, results of operation and liquidity will also depend largely on future developments, including the extent and duration of any price reductions, any additional decisions by OPEC and disputes between the members of OPEC+.

To the extent COVID-19 and the developments in the global oil markets adversely affects our business, financial condition, results of operation and liquidity, they may also have the effect of heightening many of the other risks described below.

Our operations are subject to many risks and operational hazards, some of which may result in business interruptions and shutdowns of our facilities and liability for damages. If a significant accident or event occurs that results in a business interruption or shutdown, our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders could be adversely affected.

Our operations are subject to all of the risks and operational hazards inherent in gathering, transporting and storing crude oil and intermediate and refined and other products, including:

- business interruption due to maintenance and repairs or mechanical or structural failures with respect to our assets, or our facilities or with respect to third-party assets or facilities on which our operations are dependent, including Delek Holdings' assets or facilities;
- operational errors that result in a loss of physical integrity or performance in our pipelines and facilities;
- deterioration of the condition of our pipelines and facilities through age, use and disuse;
- damages to our assets and surrounding properties caused by earthquakes, floods, fires, severe weather, explosions and other natural disasters and acts of sabotage or terrorism;
- damages to and loss of availability of interconnecting third-party pipelines, terminals and other means of delivering crude oil, feedstocks and refined petroleum products;
- the inability of third-party facilities on which our operations are dependent, including Delek Holdings' facilities, to complete capital projects and to restart timely refining operations following a shutdown;
- curtailments of operations as a result of severe seasonal weather;
- inadvertent damage to pipelines from construction, farm and utility equipment;
- constrained pipeline and storage infrastructure;
- disruption or failure of information technology systems and network infrastructure due to various causes, including unauthorized access or attacks; and
- other hazards.

These risks could result in substantial losses due to personal injury and/or loss of life, damage to and destruction of property and equipment and pollution or other environmental damage, as well as business interruptions or shutdowns of our assets and facilities. Any such event or unplanned shutdown could have a material adverse effect on our business, financial condition and results of operations. In addition, Delek Holdings' refining operations, on which our operations are substantially dependent and over which we have no control, are subject to these and other operational hazards and risks inherent in refining crude oil. A significant accident or event, such as described above at Delek Holdings' facilities, could damage or destroy our assets, expose us to significant liability and affect Delek Holdings' ability and/or obligation to satisfy the minimum volume commitments under our commercial agreements with Delek Holdings, any of which could have a material adverse effect on our business, financial condition and results of operations.

Further, significant portions of our pipeline systems, including our gathering system, and storage and terminalling facilities have been in service for many decades, which could enhance the risks and operational hazards discussed above. The age and condition of our systems could also result in increased maintenance or repair expenditures, and any downtime associated with increased maintenance and repair activities could materially reduce our revenue. Any significant increase in maintenance and repair expenditures or loss of revenue due to the age or condition of our systems could adversely affect our business and results of operations and our ability to make cash distributions to our unitholders.

We may be unsuccessful in integrating the operations of the assets we have acquired or may acquire with our operations, and in realizing all or any part of the anticipated benefits of any such acquisitions.

From time to time, we evaluate and acquire assets and businesses that we believe complement our existing assets and businesses. Acquisitions may require substantial capital or the incurrence of substantial indebtedness. Our capitalization and results of operations may change significantly as a result of completed or future acquisitions. Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them, and new geographic areas and the diversion of management's attention from other business concerns. Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions.

On June 1, 2022, we completed the 3 Bear Acquisition, which will require management to devote significant attention and resources to integrating the 3 Bear business with our business. Potential difficulties that may be encountered in the integration process include, among others:

- the inability to successfully integrate the 3 Bear business into our business in a manner that permits us to achieve the revenue and cost savings that we announced as anticipated from the acquisition;
- complexities associated with managing the larger, integrated business;
- potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the 3 Bear Acquisition;
- integrating personnel from the two companies while maintaining focus on providing consistent, high-quality products and services;
- loss of key employees;
- integrating relationships with customers, vendors and business partners;

- performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the acquisition and integration of 3 Bear's operations into the Partnership; and
- the disruption or loss in momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies.

Delays or difficulties in the integration process could adversely affect our business, financial results, financial condition and common unit price. Even if we are able to integrate our business operations successfully, there can be no assurance that the integration will result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or have communicated from this integration or that these benefits will be achieved within the anticipated timeframe.

Our insurance policies and contractual protections from Delek Holdings do not cover all losses, costs or liabilities that we may experience, and insurance companies that currently insure companies in the energy industry may cease to do so or substantially increase premiums.

We are insured under Delek Holdings' insurance policies, subject to the terms, retentions and limits under those policies. To the extent Delek Holdings experiences losses under the insurance policies, the limits of our coverage may be decreased. In addition, we are not insured against all potential losses, costs or liabilities. We could suffer losses for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. In addition, because Delek Holdings' time element insurance has up to a 60 day waiting period, a significant part, or all, of a business interruption loss or additional expenses loss could be uninsured. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

The energy industry is highly capital intensive, and the entire or partial loss of individual facilities or multiple facilities can result in significant costs to both energy industry companies, such as us, and their insurance carriers. Events which could result in such losses, and in some cases already have impacted our operations, include unplanned maintenance requirements, catastrophic events such as fire, mechanical breakdown, explosion, or contamination, natural disasters and orders issued by environmental authorities. Large energy industry claims could result in significant increases in the level of premium costs and deductibles for participants in the energy industry. Insurance companies that have historically participated in underwriting energy-related facilities may discontinue that practice, may reduce the insurance coverage they are willing to offer or demand significantly higher premiums or deductibles. If we experience significant claims, or if there are significant changes occur in the number or financial solvency of insurance underwriters for the energy industry, or if other adverse conditions over which we have no control prevail in the insurance market, we may be unable to obtain and maintain adequate insurance at a reasonable cost.

Furthermore, any losses under the insurance policies experienced by Delek Holdings may impact our ability to obtain, renew or arrange for adequate alternative coverage. As a result of market conditions and our claims history, premiums and deductibles for Delek Holdings' insurance policies have increased, and some of Delek Holdings' insurers have declined to renew policies. The unavailability of full insurance coverage to cover events in which we suffer significant losses could have a material adverse effect on our business, financial condition and results of operations.

Under the Omnibus Agreement, Delek Holdings has also agreed to reimburse us for certain losses related to certain asset failures, which provisions expire at various times depending on the asset involved. See Items 1 and 2. "Business and Properties—Commercial Agreements—Other Agreements with Delek Holdings." However, upon such expiration, or if Delek Holdings were to default under the Omnibus Agreement or otherwise fail to satisfy its obligations to us, and insurance coverage was not otherwise available or was otherwise available only at substantial retention levels or cost, we could suffer significant losses that could have a material adverse effect on our business, financial condition and results of operations.

The physical effects of climate change and severe weather present risks to our operations.

The potential physical effects of climate change and severe weather on our operations are highly uncertain and depend upon the unique geographic and environmental factors present. We have systems in place to manage potential acute physical risks, including those that may be caused by climate change, but if any such events were to occur, they could have an adverse effect on our assets and operations. Examples of potential physical risks include floods, hurricane-force winds, wildfires, freezing temperatures and snowstorms. We have incurred, and will continue to incur, costs to protect our assets from physical risks, and to employ processes, to the extent available, to mitigate such risks.

Any extreme weather events may disrupt the ability to operate our facilities or to transport crude oil, refined petroleum or petrochemical and plastics products in these areas. In addition, substantial weather-related conditions could impact our relationships and arrangements with our major customers and suppliers by materially affecting the normal flow of crude oil and refined products. For example, severe weather events could damage transportation infrastructures and lead to interruptions of our operations, including our ability to deliver products or increases in costs. Extended periods of such disruption could have an adverse effect on our results of operations. We could also incur substantial costs to prevent or repair damage to these facilities. Finally, depending on the severity and duration of any extreme weather events or climate conditions, our operations may need to be modified and material costs incurred, which could materially and adversely affect our business, financial condition and results of operations.

If we are unable to generate sufficient cash flow, our ability to pay quarterly distributions to our common unitholders at all or at current levels or our ability to increase our quarterly distributions in the future could be impaired materially.

Our ability to pay quarterly distributions depends primarily on cash flow, including cash flow from operations, cash from financial reserves, cash from credit facilities and cash from potential capital markets transactions, and not solely on profitability, which is affected by non-cash items. As a result, we may pay cash distributions during periods of losses and may be unable to pay cash distributions during periods of income. Our ability to generate sufficient cash flow is largely dependent on our ability to manage our business successfully, but may also be affected by economic, financial, competitive, regulatory and other factors beyond our control. For example, we may not be able to obtain debt or equity financing on terms that are favorable to us, if at all, and we may be required to fund our working capital requirements principally with cash generated by our operations and borrowings under our credit facilities and not to increase or pay distributions.

We may not have sufficient available cash each quarter to enable us to pay distributions at current levels or at all. In addition, even if we are able to make distributions, because the cash we generate will fluctuate from quarter to quarter, quarterly distributions, or any period over period growth in such distributions, may also fluctuate, or even decrease, from quarter to quarter. Any failure to pay distributions at expected levels could result in a loss of investor confidence and a decrease in the trading price of our units.

The Russia-Ukraine War, and events occurring in response thereto, including sanctions brought by the United States and other countries against Russia and any expansion of hostilities, may have an adverse impact on our business, our future results of operations, and our overall financial performance.

The effects of the military conflict that began with the Russian invasion of Ukraine in February 2022 on our business, financial condition, and results of operations are impossible to predict. Sanctions brought by the United States and other countries against Russia or any of its allies, any escalation of the conflict, including the regional or global expansion of hostilities, and other future developments could significantly affect the global economy, lead to market volatility and supply chain disruptions, have an adverse impact on energy prices, including prices for crude oil, other feedstocks, and refined petroleum products, have an adverse impact on the margins from our petroleum product marketing operations, and have a material adverse effect on our business, financial condition, and results of operations.

Our assets and operations are subject to federal, state and local laws and regulations relating to environmental protection, pipeline integrity and safety that could require us to make substantial expenditures. In addition, our business involves the risks of spills, releases and emissions from our facilities, which could require us to make substantial expenditures and subject us to fines and penalties. These expenditures could have a material impact on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

Our assets and operations involve the transportation and storage of crude oil and products, which are subject to increasingly stringent and extensive federal, state and local laws and regulations related to the discharge and remediation of materials in the environment, greenhouse gas emissions, waste management, species and habitat preservation, pollution prevention, pipeline integrity and other safety-related regulations, and characteristics and composition of fuels. These laws and regulations require us to comply with various safety requirements regarding the design, installation, testing, construction and operational management of certain of our assets. These requirements have raised operating costs, and compliance with such laws and regulations may cause us to incur potentially material capital expenditures associated with the construction, maintenance and upgrading of equipment and facilities. Environmental laws and regulations, in particular, are subject to frequent change, and many of them have become and may continue to become more stringent.

Transportation and storage of crude oil and products involves inherent risks of spills and releases and emissions into the air from our facilities, and can subject us to various federal and state laws governing spills and releases, including reporting and remediation obligations. We have historically experienced multiple releases and spills from our facilities and are subject to ongoing remediation and/or monitoring projects and enforcement actions. The costs associated with such obligations can be substantial, as can costs associated with related enforcement matters, including possible fines and penalties. Transportation of crude oil and products over water, or proximate to navigable bodies of water, involves inherent risks (including risks of spills) and could subject us to the provisions of the OPA, the Clean Water Act and similar state environmental laws should a spill occur from our facilities. See Items 1 and 2. "Business and Properties—Governmental Regulation and Environmental Matters—Water." Among other things, the OPA requires us to prepare a facility response plan identifying the personnel and equipment necessary to remove, to the maximum extent practicable, a "worst case discharge." While our plans are designed to mitigate environmental impacts, such plans may not protect us from all liability associated with the discharge of crude oil or products into navigable waters.

With respect to the releases that have occurred, or for an event that occurs or is discovered in the future, whether in connection with any of our assets or any other facility to which we send or have sent waste or by-products for treatment or disposal, or a facility or assets that we may acquire from time to time as part of our ongoing growth strategy, we could be liable for all costs and penalties associated with the remediation of such facilities under federal, state and local environmental laws or common law. We may also be liable for personal injury, property damage and natural resource damage claims from third parties alleging contamination from spills or releases from our facilities or operations. In addition, even if we are insured against such risks, we may be responsible for costs or penalties to the extent our insurers do not fulfill their obligations to us or our insurance policies do not cover such items. Our failure to comply with these, or any other environmental, pipeline integrity or safety-related laws or regulations, could result in the assessment of administrative, civil or criminal penalties, the imposition of investigatory and remedial liabilities and the issuance of injunctions that may subject us to additional operational constraints. In addition, we could incur potentially significant additional expenses should we determine that any of our assets are not in compliance with such laws or regulations in order to bring our assets into compliance. Any such expenses, penalties or liabilities could have a material adverse effect on our business, financial condition or results of operations. While we are entitled to reimbursement or indemnification from Delek Holdings for certain

environmental liabilities under the Omnibus Agreement, such reimbursement or indemnification may not fully cover any damages we may incur, or Delek Holdings may default on or otherwise fail to satisfy its obligations to us, which could have a material adverse effect on our business, financial condition or results of operations.

Further, certain of our pipeline facilities are subject to the pipeline safety regulations of the PHMSA. The PHMSA regulates the design, construction, testing, operation, maintenance, reporting and emergency response of crude oil, petroleum products and other hazardous liquid pipeline facilities.

The PHMSA has adopted regulations requiring pipeline operators to develop integrity management programs for hazardous liquids pipelines located where a leak or rupture could affect "high consequence areas" that are populated or environmentally sensitive areas, although recent rulemaking is extending certain requirements beyond high consequence areas. The PHMSA has also issued regulations that subject certain rural low-stress hazardous liquids pipelines to the integrity management requirements. The integrity management regulations require operators, including us, to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a high consequence area;
- maintain processes for data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

The PHMSA also carries out the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 (the "2011 Pipeline Safety Act"), which increased penalties for safety violations, established additional safety requirements for newly constructed pipelines, imposed new emergency response and incident notification requirements and required studies of certain safety issues that could result in the adoption of new regulatory requirements for existing pipelines. The Protecting our Infrastructure of Pipelines and Enhancing Safety Act (the "PIPES Act") was finalized in 2016, reauthorizing the PHMSA's pipeline safety programs through 2019 and directing PHMSA to complete unfinished mandates of the 2011 Pipeline Safety Act. The PIPES Act of 2020 was enacted on December 27, 2020 and reauthorizes the U.S. federal pipeline safety program after the PIPES Act of 2016 expired on September 30, 2019.

We may incur significant costs and liabilities associated with compliance with pipeline safety regulations, and any corresponding repair, remediation, preventive or mitigation measures required for our non-exempt pipeline facilities, including lost cash flows resulting from shutting down our pipelines during the pendency of such repairs. Moreover, changes to pipeline safety laws and regulations that result in more stringent or costly pipeline integrity management or safety standards could have a material adverse effect on us and similarly situated operators.

A material decrease in wholesale fuel margins or in the quantity of barrels sold to wholesale customers could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distribution to unitholders.

Our wholesale fuel sales in our West Texas business are made to third party customers. The margins we earn on these sales, and the quantity of barrels we sell, are dependent on a number of factors outside our control, including the overall supply of refined products, overall market conditions, the demand for these products, competition from third parties, the price of ethanol and the value of renewable identification numbers ("RINs") we receive from blending renewable fuels. Specifically, among other circumstances, the margins we earn through these activities may be adversely impacted in the event of excess supply of refined products or decreased customer demand. Political instability and global health crises, such as the COVID-19 Pandemic, can also impact the global economy and decrease worldwide demand for oil and refined products. These supply and demand dynamics are subject to day-to-day variability and may result in volatility in the margins that we achieve. These, and other dynamics, may also result in our customers reducing their purchases of product from us in favor of purchasing more product from other refiners or suppliers. Further, decreases in the value of RINs could impact our margins in our wholesale business. In addition, our margins are affected by the price we pay for ethanol, which is blended into certain refined products. We occasionally lock in ethanol prices by committing to purchase ethanol in the future at a certain price. If the spot price for ethanol at the time we actually take delivery of such product is less than what we paid for it, our margins could be negatively impacted. Price risk management programs established to hedge price volatility may not perform as intended, which may negatively impact our margins. Extended periods of market conditions that result in us earning margins lower than anticipated or in us selling fewer barrels of product to wholesale customers, for any of the reasons set forth above or otherwise, could adversely affect our financial condition, results of operations and cash flows.

Our contract counterparties may suspend, reduce or terminate their obligations under our various commercial agreements in certain circumstances, including events of force majeure, which could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

Our commercial agreements with Delek Holdings and third parties provide that the counterparty may, depending on the commercial agreement, suspend, reduce or terminate its obligations to us under the applicable agreement, including the requirement to pay the fees associated with the applicable minimum volume commitments, in the event of (i) a material breach of the agreement by us, (ii) in the case of Delek Holdings, Delek Holdings deciding to permanently or indefinitely suspend refining operations at one or more of its refineries, or (iii) the occurrence of certain force majeure events that would prevent us or the third party from performing our or its obligations under the applicable agreement. Force majeure events may include any acts or occurrences that prevent services from being performed either by us or such third party under the applicable agreement, such as:

- acts of God;
- strikes, lockouts or other industrial disturbances;
- acts of the public enemy, wars, blockades, insurrections, riots or civil disturbances;
- storms, floods or washouts;
- arrests or the order of any court or governmental authority having jurisdiction while the same is in force and effect;
- explosions, breakage or accident to machinery, storage tanks or lines of pipe;
- any inability to obtain, or unavoidable delay in obtaining, material or equipment;
- any inability to deliver crude oil or refined products because of a failure of third-party pipelines; and
- any other causes not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

Our counterparties have discretion in certain circumstances to decide to suspend, reduce or terminate their obligations under our commercial agreements notwithstanding the fact that their decisions may significantly and adversely affect us.

Accordingly, there exists a broad range of events that could result in our being unable to utilize our assets, and Delek Holdings or its assignee or a third party, as the case may be, no longer having an obligation to meet its minimum volume commitments or pay the amounts otherwise owing under the applicable agreement. Furthermore, a single event relating to one of Delek Holdings' refineries could have a material impact on multiple of our commercial agreements with Delek Holdings or its assignee. Any reduction, suspension or termination of any of our commercial agreements could have a material adverse effect on our financial condition, results of operations, cash flows and ability to make distributions to unitholders.

If Delek Holdings satisfies only its minimum obligations under, or if we are unable to renew or extend, the various commercial agreements we have with Delek Holdings, our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders could suffer.

Delek Holdings is not obligated to use, or to pay us with respect to our services, for volumes of crude oil or refined products in excess of the minimum volume commitments under the various commercial agreements with us. During refinery maintenance and inspection turnarounds, which typically last 30 to 60 days and are performed every four to five years, and during other planned or unplanned maintenance periods, Delek Holdings is only required to satisfy its minimum volume commitments during such periods with respect to our assets that serve the refinery. In addition, the initial terms of Delek Holdings' obligations under those agreements range from five to ten years, unless earlier terminated as described above, with Delek Holdings having the option to renew. If Delek Holdings fails to use our services for volumes of crude oil or refined products in excess of the minimum volume commitments or fails to use our facilities and services after expiration of those agreements, or if Delek Holdings terminates those agreements prior to their expiration, and we are unable to generate additional revenues from third parties, our ability to make cash distributions to unitholders may be impaired.

A material reduction in the volumes of crude oil or refined products that we handle for Delek Holdings could adversely affect our financial condition, results of operations, cash flows and ability to make distributions to unitholders. Our substantial dependence on Delek Holdings' Tyler, El Dorado and Big Spring refineries, as well as the lack of diversification of our assets and geographic locations, could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

If the demand for refined products, particularly in Delek Holdings' primary market areas, decreases significantly, or if there were a material increase in the price of crude oil supplied to the Tyler, El Dorado or Big Spring refineries without an increase in the value of the refined products produced by those refineries, either temporary or permanent, which caused Delek Holdings to reduce production of refined products at its refineries, there would likely be a reduction in the volumes of crude oil and refined products we handle for Delek Holdings. Any such reduction could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.

We believe that a substantial majority of our gross and contribution margins for the foreseeable future will be derived from the operation of our pipelines, gathering systems and terminal and storage facilities that support the Tyler, El Dorado and Big Spring refineries and are primarily located in Arkansas and Texas and, to a lesser degree, Louisiana and Tennessee. Any event that renders any Delek Holdings refinery temporarily or permanently unavailable could have a material adverse effect on our financial condition, results of operations, cash flows and ability to make distributions to our unitholders. Due to our lack of diversification in assets and geographic location, an adverse development in our businesses or areas of operations, including adverse developments due to catastrophic events, weather, regulatory action and decreases in demand for crude oil and refined products, could have a significantly greater impact on our results of operations and cash available for distribution to our common unitholders than if we maintained more diverse assets and locations. Such events may constitute force majeure events under our commercial agreements, potentially resulting in the suspension, reduction or termination of multiple commercial agreements in the affected geographic area. In addition, during planned maintenance periods or a refinery turnaround, we expect that Delek Holdings, or its assignee, may only satisfy its minimum volume commitments with respect to our assets that serve such refinery. Please see “Our contract counterparties may suspend, reduce or terminate their obligations under our various commercial agreements in certain circumstances, including events of force majeure, which could have a material adverse effect on our financial condition, results of operations, cash flows and ability to make distributions to unitholders” and “If Delek Holdings satisfies only its minimum obligations under, or if we are unable to renew or extend, the various commercial agreements we have with Delek Holdings, our cash flow and results of operations could suffer.”

There are certain environmental hazards and risks inherent in our operations that could adversely affect those operations and our financial results.

The operation of refineries, pipelines, terminals and vessels is inherently subject to the risks of spills, discharges or other inadvertent releases of petroleum or hazardous substances. If any of these events had previously occurred or occurs in the future in connection with any of our refineries, pipelines or refined petroleum products terminals, or in connection with any facilities that receive our wastes or byproducts for treatment or disposal, other than events for which we are indemnified, we could be liable for all costs and penalties associated with their remediation under federal, state, local and international environmental laws or common law, and could be liable for property damage to third parties caused by contamination from releases and spills.

A material decrease in the supply of attractively priced crude oil could materially reduce the volumes of crude oil and refined products that we transport and store, which could materially and adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.

The volumes of crude oil and refined products that we may transport on our pipelines will depend on the volumes of crude oil processed and refined products produced at Delek Holdings' refineries that we serve, as well as third parties' desire to transport crude on our systems, including our Paline Pipeline. The volumes of crude oil processed and refined products produced depend, in part, on the availability of attractively priced crude oil. For example, if a shipper on one of our pipeline systems is unable to locate or purchase attractively priced crude, which could happen due to a large number of market factors, and their shipments on our system are made in large part because of the pipeline's proximity to such attractively priced crude, then our pipeline may not be utilized. If the capacity of such pipeline is not under contract, or the pipeline is not utilized at all or to its capacity, then our results may be adversely affected. Our Paline Pipeline is such a pipeline. If we are unable to secure capacity agreements on our Paline Pipeline, our Paline Pipeline may go unused or underused for a period of time, which could affect our operating results if third parties are no longer interested in transporting crude oil along that route for economic reasons associated with the price of crude or other reasons.

Further, in order to maintain or increase production levels at Delek Holdings' refineries, Delek Holdings must continually contract for new crude oil supplies or connect to alternative sources of crude oil. Adverse developments in major oil producing regions around the world could have a significant impact on our financial condition, results of operations and cash flows because of our lack of industry and geographic diversity and substantial reliance on Delek Holdings as a direct or indirect customer. Accordingly, in addition to risks related to accessing, gathering, transporting and storing crude oil and refined products, we are disproportionately exposed to risks inherent in the broader oil and gas industry, including:

- the volatility and uncertainty of regional pricing differentials for crude oil and refined products;
- the action by the members of the Organization of the Petroleum Exporting Countries, or OPEC, individually or in the aggregate, regarding production levels and prices;
- the nature and extent of governmental regulation and taxation; and
- the anticipated future prices of crude oil and refined products in markets served by Delek Holdings' refineries.

If, as a result of any of these or other factors, the volumes of attractively priced crude oil available to Delek Holdings' refineries are materially reduced for a prolonged period of time, the volumes of crude oil and refined products that we transport and store, and the related fees for those services, could be materially reduced, which could materially and adversely affect our financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

A portion of our operations are conducted through joint ventures, over which we do not have full control and which have unique risks.

A portion of our operations are conducted through joint ventures, in which we have been making investments since 2015. We are able to appoint members to the managing boards of each of the joint ventures and maintain certain rights of approval over certain actions of our partners and/or their affiliates. However, our partners in each of our joint ventures, or their affiliates, serve as, or are responsible for, the contractor and the operator of the joint ventures' assets, and we have limited control over the same. In addition, we have limited control over the cash distribution policies of each of the joint ventures.

We share ownership in the joint ventures with partners that may not always share our goals and objectives. Differences in views among the partners may result in delayed decisions or failures to agree on major matters, such as large expenditures or contractual commitments, the construction of assets or borrowing money, among others. Delay or failure to agree may prevent action with respect to such matters, even though such action may not serve our best interest or that of the joint venture. Accordingly, delayed decisions and disagreements could adversely affect the business and operations of the joint ventures and, in turn, our business and operations. From time to time, our joint ventures may be involved in disputes or legal proceedings which may negatively affect our investments. Accordingly, any such occurrences could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.

We are exposed to direct commodity price risk and interest rate risk, both of which may increase in the future. We may incur losses as a result of our forward contract activities and derivative transactions.

We typically own and hold a certain amount of inventory of light products in our business with respect to our wholesale marketing business in West Texas. Depending on our ability to sell such inventory, and the timing in which we do so, we could be exposed to risks related to the volatility of commodity prices in West Texas. Such volatility depends on many factors, including general market conditions and prices, demand for refined products in the West Texas market, the timing of refined product deliveries and downtime at refineries in the surrounding area. In addition, our actual product acquisitions from suppliers versus the amount we nominated to acquire may result in us being effectively long or short with respect to a given product and thus subject to further commodity price risk. This exposure to the volatility of commodity prices could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.

To partially mitigate the risk of various financial exposures inherent in our business, including commodity price risk and interest rate risk on our floating rate debt, we selectively use derivative financial instruments, such as fuel-related derivative transactions, and may use interest rate swaps and interest rate cap agreements. In connection with such derivative transactions, we may be required to make payments to maintain margin accounts and to settle the contracts at their value in accordance with their terms and upon termination. The maintenance of required margin accounts, and the settlement of derivative contracts, could cause us to suffer losses or limit gains. In particular, derivative transactions could expose us to the risk of financial loss upon unexpected or unusual variations in the sales price of wholesale gasoline and diesel relative to the derivative instrument. We cannot assure you that the strategies underlying these transactions will be successful. If any of the strategies we utilize to manage our exposure to various types of risk is not effective, we may incur losses.

Our ability to expand may be limited if Delek Holdings' business does not grow as expected.

Part of our growth strategy depends on the growth of Delek Holdings' business. For example, in our terminals and storage business, we believe our growth will be driven in part by identifying and executing organic expansion or new construction projects that will result in increased or new throughput volumes from Delek Holdings, its assignees and third parties. Our organic growth opportunities will be limited if Delek Holdings is unable to acquire new assets for which our execution of organic projects is needed. Additionally, if Delek Holdings focuses on other growth areas that our business does not serve, or does not make capital expenditures to fund the organic growth of its operations, we may not be able to fully execute our growth strategy.

We may not be able to significantly increase or retain our third-party revenue due to competition and other factors, which could limit our ability to grow and may increase our dependence on Delek Holdings.

We can provide no assurance that we will be able to retain or attract third-party revenues, which could limit our ability to grow and increase our dependence on Delek Holdings. Our ability to increase our third-party revenue is subject to numerous factors beyond our control, including competition from third parties and the extent to which we have available capacity when third-party shippers require it. Further, under certain of our commercial agreements with Delek Holdings, we may not provide service to third parties with respect to certain assets without Delek Holdings' consent, subject to limited exceptions. Furthermore, to the extent that we have capacity at our refined products terminals available for third-party volumes, competition from other existing or future refined products terminals owned by our competitors may limit our ability to utilize this available capacity.

The costs, scope, timelines and benefits of any construction projects we undertake may deviate significantly from our original plans and estimates, which could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

One of our business strategies is to evaluate and make capital investments to expand our existing asset base through the development and construction of new or expanded assets. At the same time, we also will need to devote significant resources to maintaining our asset base.

However, in developing or maintaining such assets, we may experience unanticipated increases in the cost, scope and completion time for our construction or maintenance and repair projects. Equipment that we require to complete these projects may be unavailable to us at expected costs or within expected time periods. Additionally, labor expense may exceed our expectations. Moreover, pipeline construction projects requiring federal approvals are generally subject to environment review requirements under the National Environmental Policy Act and must also comply with other natural resources review requirements imposed pursuant to the Endangered Species Act, the National Historic Preservation Act and other federal and state laws and regulations and potential permitting requirements. Due to these or other factors beyond our control, we may be unable to complete these projects within anticipated cost parameters and timelines. In addition, the benefits we realize from completed projects may take longer to realize and/or be less than we anticipated. Our inability to complete and/or realize the benefits of construction and/or maintenance projects in a cost-efficient and timely manner could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.

A shortage of skilled labor or disruptions in our labor force may make it difficult for us to maintain labor productivity.

Our future success depends to a large extent on the services of our, and our general partner's senior executives and other key employees and the same is true of Delek Holdings and its senior executives and key employees. Our business depends on our continuing ability to recruit, train and retain highly qualified employees in all areas of our operations, including engineering, accounting, business operations, finance and other key back-office and mid-office personnel, or those of Delek Holdings that we rely upon. Furthermore, our operations require skilled and experienced employees with proficiency in multiple tasks. The competition for these employees is intense, and the loss of these executives or employees could harm our business. If any of these executives or other key personnel resigns or becomes unable to continue in his or her present role and is not adequately replaced, either by us or Delek Holdings, our business operations could be materially adversely affected.

If we are unable to obtain needed capital or financing on satisfactory terms to fund expansions of our asset base, our ability to make quarterly cash distributions may be diminished or our financial leverage could increase.

In order to expand our asset base, we will need to make significant capital expenditures. If we do not make sufficient or effective expansion capital expenditures, we will be unable to expand our business operations and may be unable to maintain or raise the level of our quarterly cash distributions. We will be required to use cash from our operations or incur borrowings or sell additional limited partner units or interests in order to fund our expansion capital expenditures. Using cash from operations will reduce cash available for distribution to our common unitholders. Our ability to obtain financing or to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering, as well as the covenants in our debt agreements, general economic conditions and contingencies and uncertainties that are beyond our control. Even if we are successful in obtaining funds for expansion capital expenditures through equity or debt financings, the terms thereof could limit our ability to pay distributions to our common unitholders. Moreover, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional limited partner interests may result in significant common unitholder dilution and increase the aggregate amount of cash required to maintain the then-current distribution rate, which could materially decrease our ability to pay distributions at the then-current distribution rate.

If third-party pipelines, terminals or other facilities interconnected to our pipeline systems or terminals become partially or fully unavailable, or if we are unable to fulfill our contractual obligations, our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders could be adversely affected.

Our pipelines and terminals connect to other pipelines, terminals and facilities owned and operated by unaffiliated third parties. Our shippers often need to use such pipelines, terminals and facilities; however, the continuing operation of such third-party pipelines, terminals and other facilities is not within our control.

These pipelines, terminals and other facilities may become unavailable because of testing, turnarounds, line repair, reduced operating pressure, lack of operating capacity, regulatory requirements, curtailments of receipt or deliveries due to insufficient capacity, corporate business decisions or because of damage from hurricanes or other operational hazards. In addition, we do not have interconnect agreements with all of these pipelines, terminals and other facilities, and the interconnect agreements we do have may be terminated in certain circumstances, including circumstances beyond our control, and on short notice. If any of these pipelines, terminals or other facilities becomes unable to receive or transport crude oil or refined products, we may be unable to perform our obligations under our commercial agreements with Delek Holdings and third parties, and our financial condition, results of operations, cash flows and ability to make distributions to our unitholders could be adversely affected.

Similarly, if additional shippers begin transporting volumes of refined products or crude oil over interconnecting pipelines, the allocations to us and other existing shippers on these interconnecting pipelines could be reduced, which could also reduce volumes distributed through our terminals or transported through our crude oil pipelines. Allocation reductions of this nature are not infrequent and are beyond our control. Any significant reduction in volumes could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.

An interruption or reduction of supply and delivery of refined products to our wholesale marketing business could result in a decline in our sales and profitability.

In our West Texas wholesale marketing business, we sell refined products that we purchase from Delek Holdings and unaffiliated third parties. The prior contract under which we purchased the majority of the products we sold in West Texas expired in December 2017. We are now purchasing the majority of product we sell in West Texas from Delek Holdings. The remainder of the barrels we sell in West Texas are spot purchased from various suppliers or refiners. We could experience an interruption or reduction in the supply or delivery of refined products if our suppliers, the refineries who supply us or our suppliers, or the pipelines that deliver that product partially or completely ceased operations, temporarily or permanently, or ceased to supply us with refined products for any reason. The ability of these refineries and our suppliers to supply refined products to us could be disrupted by anticipated events, such as scheduled upgrades or maintenance, as well as events beyond their control, such as unscheduled maintenance, the COVID-19 Pandemic, fires, floods, storms, explosions, power outages, accidents, acts of terrorism or other catastrophic events, labor difficulties and work stoppages, governmental or private party litigation, or legislation or regulation that adversely impacts refinery operations. An interruption or reduction in the volume of refined products supplied to our wholesale business could adversely affect our sales and profitability.

We are exposed to the credit risks and certain other risks of our key customers and other contractual counterparties, including Delek Holdings and its assignees, and any material nonpayment or nonperformance by our key customers or other counterparties could adversely affect our business, which could have a material adverse effect on our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

We are subject to risks of loss resulting from nonpayment or nonperformance by our customers and other contractual counterparties. Any material nonpayment or nonperformance or default by our key customers or other contractual counterparties, including Delek Holdings or its assignees, could adversely affect our business, financial condition, results of operations and our ability to make distributions to our unitholders. Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks. Any loss of our key customers, including Delek Holdings, could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to our unitholders.

Restrictions in our revolving credit facility and in the respective indentures governing the 2025 Notes and 2028 Notes could adversely affect our business, financial condition, results of operations and ability to make quarterly cash distributions to our unitholders.

Our revolving credit facility and the respective indentures governing the 2025 Notes and 2028 Notes (as defined in Note 11 to our consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K) contain, and any future financing agreements may contain, operating and financial restrictions and covenants that could limit our ability to finance future operations or capital needs, or to expand or pursue our business activities, which may, in turn, limit our ability to make cash distributions to our unitholders.

For example, our revolving credit facility limits our ability to, among other things:

- incur or guarantee additional debt;
- incur certain liens on assets;
- dispose of assets;
- make certain cash distributions or redeem or repurchase units;
- change the nature of our business;
- engage in certain mergers or acquisitions or make certain investments (including in joint ventures); and
- enter into certain transactions with affiliates.

Our revolving credit facility contains covenants requiring us to maintain certain financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and we cannot assure you that we will meet those ratios. In addition, our revolving credit facility contains events of default customary for agreements of this nature, including the occurrence of certain change of control events.

Similarly, the respective indentures governing the 2025 Notes and 2028 Notes contain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to (i) incur, assume or guarantee additional indebtedness or issue certain convertible or redeemable equity securities; (ii) create liens to secure indebtedness; (iii) pay distributions on equity interests, repurchase equity securities or redeem subordinated securities; (iv) make investments; (v) make distributions, loans or other asset transfers from our restricted subsidiaries; (vi) consolidate with or merge with or into, or sell substantially all of our properties to, another person; (vii) sell or otherwise dispose of assets, including equity interests in subsidiaries; and (viii) enter into transactions with affiliates.

The provisions of our revolving credit facility and of the respective indentures governing the 2025 Notes and 2028 Notes may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our revolving credit facility or the indentures governing the 2025 Notes and 2028 Notes could result in a default or an event of default that could enable our lenders to declare the outstanding principal of that debt, together with accrued and unpaid interest and certain other indebtedness and other outstanding amounts, to be immediately due and payable. Such event of default would also permit our lenders to foreclose on our assets serving as collateral for our obligations under the revolving credit

facility. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our unitholders could experience a partial or total loss of their investment. The revolving credit facility and the respective indentures governing the 2025 Notes and 2028 Notes also have cross-default provisions that would apply to certain other indebtedness we may have.

Our debt levels may limit our flexibility to obtain financing and to pursue other business opportunities.

As of December 31, 2022, we had approximately \$1,670.5 million in debt outstanding. We have the ability to incur additional debt; however, such ability is subject to limitations under our revolving credit facility and the respective indentures governing the 2025 Notes and 2028 Notes. Our level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired, or such financing may not be available on favorable terms;
- our funds available for operations, future business opportunities and distributions to unitholders will be reduced by that portion of our cash flows required to make payments on our debt and any interest thereon;
- we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; and
- our flexibility in responding to changing business and economic conditions may be limited.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, which is within our control, or such as reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets or seeking additional equity capital, which actions we may not be able to effect on satisfactory terms or at all.

Transportation on certain of our pipelines is subject to federal or state regulation, and the imposition and/or cost of compliance with such regulation could adversely affect our operations and cash flows available for distribution to our unitholders. In addition, certain of our other contracts are eligible for fee increases tied to other inflationary indexes, which could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

Certain of our pipelines provide services subject to regulation by the FERC and/or state regulators. The FERC uses prescribed rate methodologies for developing regulated tariff rates for interstate oil and product pipelines. The FERC's primary rate-making authority is currently price-indexing; if the methodology changes, the new methodology may result in tariffs that generate lower revenues and cash flows. The indexing method annually adjusts the maximum rate for a given transportation service based on a percentage change in the producer price index for refined goods and is not based on pipeline-specific costs. If the index in a given year results in an increase in the applicable rate ceiling, pipelines are allowed to raise rate to the new ceiling. If the index in a given year results in a decrease in the applicable rate ceiling, we will be required to reduce our rates that are based on the FERC's price indexing methodology if they exceed the new maximum available rate. In addition, changes in the index might not be large enough to fully reflect actual increases in our costs. The FERC's rate-making methodologies may limit our ability to set rates based on our true costs or may delay the use of rates that reflect increased costs. Any of the foregoing could adversely affect our revenues and cash flows. We note that the FERC index has been set at a level for the period from 2021-2025 that is lower than that which was in effect from 2016-2021; this is likely to result in lower annual rate increases, where there are increases permitted, for the coming period for our transportation rates that are subject to the FERC index for annual adjustments, compared to the previous five-year period, and has in the past and may in the future require us to decrease our interstate transportation rates to comply with the reduced ceiling level.

Shippers may protest, and the FERC may investigate, the lawfulness of new or changed tariff rates. The FERC can suspend those tariff rates for up to seven months. It can also require refunds of amounts collected, based on rates that are ultimately found to be unlawful, and prescribe new rates prospectively. The FERC and interested parties can also challenge tariff rates that have become final and effective.

The FERC can order new rates to take effect prospectively and order refunds for past rates that exceed the just and reasonable level for time periods up to two years prior to the date of a complaint. Due to the complexity of rate making, the lawfulness of any rate is never assured. A successful challenge of our rates could adversely affect our revenues. In addition, the FERC issued a final order on March 15, 2018 (Docket No. PL17-1-000) in which the FERC found that an impermissible double recovery results from granting a Master Limited Partnership pipeline, such as the Partnership, both an income tax allowance and a return on equity pursuant to the discounted cash flow methodology. Accordingly, the FERC revised its policy and no longer permits an MLP to recover an income tax allowance in its cost of service. These changes could require us to change our rate design and potentially lower our rates if they are challenged on a cost of service basis. The FERC also regulates the terms and conditions of service, including access rights, for interstate transportation on common carrier pipelines subject to its jurisdiction.

While the FERC regulates rates and terms and conditions of service for transportation of crude oil or refined products in interstate commerce by pipeline, state agencies may regulate rates and terms and conditions of service for petroleum pipeline transportation in intrastate commerce. Whether a pipeline provides service in interstate commerce or intrastate commerce is highly fact-dependent and determined on a case-by-case basis. We cannot provide assurance that the FERC will not, at some point, assert that some or all of the transportation service we provide that is not currently subject to our FERC tariffs within its jurisdiction. If the FERC were successful with any such assertion, we may be required to pay refunds to customers and the FERC's rate-making methodologies may limit our ability to set rates based on our actual costs, delay the use of rates that reflect increased costs and subject us to potentially burdensome and expensive operational, reporting and other requirements.

Service on the East Texas Crude Logistics System is currently subject to a temporary waiver issued by the FERC. If the conditions to the continued effectiveness of that East Texas Waiver Order are no longer true at any point, service on that system would become fully subject to the FERC tariff filing requirements and other regulatory requirements for the provision of transportation service. If we file tariffs, we may be required to provide a cost justification for the transportation charge. We would also be required to provide service to all prospective shippers making reasonable requests for service without undue discrimination and to operate in a manner that does not provide any undue preference to shippers. The rates under such tariffs may be insufficient to allow us to recover fully our cost of providing service on the affected pipelines, which could adversely affect our business, financial condition and results of operations.

In addition, regulation by the FERC may subject us to potentially burdensome and expensive operational, reporting and other requirements. We own pipeline assets in Texas, Arkansas, Louisiana and Oklahoma. In Texas, a pipeline, with some exceptions, is required to operate as a common carrier and provide transportation without discrimination. Arkansas provides that all intrastate oil pipelines are common carriers, but it exercises light-handed regulation over petroleum pipelines. In Louisiana, all pipelines conveying petroleum from a point of origin within the state to a destination within the state are declared common carriers. The Louisiana Public Service Commission is empowered with the authority to establish reasonable rates and regulations for the transport of petroleum by a common carrier, mandating public tariffs and providing of transportation without discrimination. In Oklahoma, oil and gas companies engaged in transporting oil or gas by pipeline within the state operate as common carriers, and are not permitted to engage in unlawful discrimination. State commissions have generally not been aggressive in regulating common carrier pipelines, have generally not investigated the rates or practices of petroleum pipelines in the absence of shipper complaints and generally resolve complaints informally. If the regulatory commissions in the states in which we operate change their policies and aggressively regulate the rates or terms of service of pipelines operating in those states, it could adversely affect our business, financial condition and results of operations.

The Federal Trade Commission, the FERC and the Commodity Futures Trading Commission ("CFTC") hold statutory authority to monitor certain segments of the physical and futures energy commodities markets. These agencies have imposed broad regulations prohibiting fraud and manipulation of such markets. With regard to our physical sales of oil or other energy commodities, and any related hedging activities that we undertake, we are required to observe the market-related regulations enforced by these agencies, which hold substantial enforcement authority. Failure to comply with such regulations, as interpreted and enforced, could have a material adverse effect on our business, results of operations and financial condition.

In addition, the fees we charge on certain of our other contracts not involving regulated or other pipelines are also subject to change based on inflation-based indices, such as certain sub-indices of the producer price index or the consumer price index. If the index rises, we will be able to increase our rates. However, if the index falls, we will be required to reduce our rates.

Delek Holdings' level of indebtedness, the terms of its borrowings and any future credit ratings could adversely affect our ability to grow our business, our ability to make cash distributions to our unitholders and our credit profile. Our current and future credit ratings may also be affected by Delek Holdings' level of indebtedness and creditworthiness.

Delek Holdings must devote a substantial portion of its cash flows from operations to service its debt and lease obligations, thereby reducing the availability of its cash flows to fund its growth strategy, including capital expenditures, acquisitions and other business opportunities that would expand its needs for logistics operations. Furthermore, a higher level of indebtedness at Delek Holdings may increase the risk that it may default on its obligations, including commercial agreements with us. The covenants contained in the agreements governing Delek Holdings' outstanding and future indebtedness may limit its ability to borrow additional funds for development and make certain investments and may directly or indirectly impact our operations in a similar manner. For example, Delek Holdings' indebtedness requires that any transactions it enters into with us must be on terms no less favorable to Delek Holdings than those that could have been obtained with an unrelated person. There is also the risk that if Delek Holdings were to default under certain of its debt obligations, Delek Holdings' creditors would attempt to assert claims against our assets during the litigation of their claims against Delek Holdings. The defense of any such claims could be costly and could materially impact our financial condition, even absent any adverse determination. In the event these claims were successful, our ability to meet our obligations to our creditors, make distributions and finance our operations could be materially and adversely affected.

Although we are not contractually bound by and are not liable for Delek Holdings' debt under its credit arrangements, we may be indirectly affected by certain prohibitions and limitations contained therein. Due to its ownership and control of our general partner, Delek Holdings has the ability to prevent us from taking actions that would cause Delek Holdings to violate any covenants in its credit arrangements, or otherwise to be in default under any of its credit arrangements. In deciding whether to prevent us from taking any such action, Delek Holdings will have no fiduciary duty to us or our unitholders. Delek Holdings' compliance with the covenants in its credit arrangements may restrict our ability to undertake certain actions that might otherwise be considered beneficial, including borrowing under our revolving credit facility.

Any debt instruments that Delek Holdings or any of its affiliates enter into in the future, including any amendments to existing credit facilities, may include additional or more restrictive limitations on Delek Holdings that may impact our ability to conduct our business. These additional restrictions could adversely affect our ability to finance our future operations or capital needs or engage in, expand or pursue our business activities.

Our current and future credit ratings may be adversely affected by any current and future credit rating of Delek Holdings, as credit rating agencies may consider the leverage and credit profile of Delek Holdings and its affiliates, because of their ownership interest in and control of us and because Delek Holdings accounts for a substantial majority of our contribution margin. Any adverse effect on our current and future

credit ratings could increase our cost of borrowing or hinder our ability to raise financing in the capital markets, which could impair our ability to grow our business and make cash distributions to our unitholders.

Increases in interest rates could adversely impact the price of our common units, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels.

Floating interest rates on our revolving credit facility, to the extent not hedged, and interest rates under future credit facilities and debt offerings, could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, our unit price is impacted by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our common units, and a rising interest rate environment could have an adverse impact on the price of our common units, our ability to issue equity or incur debt for acquisitions or other purposes and our ability to make cash distributions at our intended levels.

Further, the administrator for LIBOR ceased publishing one-week and two-month U.S. dollar LIBOR at the end of 2021 and will cease publishing all remaining U.S. dollar LIBOR tenors in mid-2023. Concurrently, the United Kingdom's Financial Conduct Authority announced the cessation or loss of representativeness of the U.S. dollar LIBOR tenors from those dates. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of, among other entities, large U.S. financial institutions, has recommended replacing U.S. dollar LIBOR with a new index, the Secured Overnight Financing Rate ("SOFR"), that measures the cost of borrowing cash overnight, backed by U.S. Treasury securities. SOFR is observed and backward-looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgement of submitting panel members. We are evaluating the potential impact of the eventual replacement of the LIBOR benchmark interest rate, including the possibility of SOFR as the dominant replacement. Certain of our agreements use LIBOR as a "benchmark" or "reference rate" for various terms. Some agreements contain an existing LIBOR alternative. Where there is not an alternative, we expect to replace the LIBOR benchmark with an alternative reference rate. While we do not expect the transition to an alternative rate to have a significant impact on our business or operations, it is possible that the move away from LIBOR could materially impact our borrowing costs on our variable rate indebtedness.

Fixed rate debt, such as the 2025 Notes and 2028 Notes, exposes us to changes in the fair value of our debt due to changes in market interest rates. Fixed rate debt also exposes us to the risk that we may need to refinance maturing debt with new debt at higher rates.

Our right of first offer to acquire certain of Delek Holdings' existing logistics assets and certain assets that it may acquire or construct in the future is subject to risks and uncertainty, and we ultimately may not acquire any of those assets.

The Omnibus Agreement provides us with a right of first offer on certain of Delek Holdings' existing logistics assets and certain assets that it may acquire or construct in the future, subject to certain exceptions and time limitations. The consummation and timing of any future acquisitions pursuant to this right will depend on, among other things, Delek Holdings' willingness to offer such assets for sale and obtain any necessary consents, our ability to negotiate acceptable purchase agreements and commercial agreements with respect to such assets and our ability to obtain financing on acceptable terms. We can offer no assurance that we will be able to successfully consummate any future acquisitions pursuant to our right of first offer, and Delek Holdings is under no obligation to accept any offer that we may choose to make. In addition, we may decide not to exercise our right of first offer, if and when any assets are offered for sale, and our decision will not be subject to unitholder approval. In addition, our right of first offer may be terminated by Delek Holdings at any time in the event that it no longer controls our general partner.

If we are unable to make investments in joint ventures or acquisitions on economically acceptable terms, our future growth could be limited, and any investments or acquisitions we may make may negatively impact our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

A portion of our strategy to grow our business and increase distributions to unitholders is dependent on our ability to make acquisitions or invest in joint ventures that result in an increase in cash flow. If we are unable to make acquisitions from Delek Holdings or third parties or invest in joint ventures, because we are unable to identify attractive acquisition or project candidates or negotiate acceptable purchase contracts, or if we are unable to obtain financing for these acquisitions or investments on economically acceptable terms, or if we are outbid by competitors or if we or the seller are unable to obtain any necessary consents, our future growth and ability to increase distributions to unitholders may be limited. Furthermore, even if we do consummate acquisitions or investments in joint ventures that we believe will be accretive, they may in fact result in a decrease in cash flow. Any acquisition or investment involves potential risks, including, among other things:

- mistaken assumptions about revenues and costs, including synergies;
- the assumption of known or unknown liabilities;
- limitations on rights to indemnity from the seller;
- mistaken assumptions about the overall costs of equity or debt;
- the diversion of management's attention from other business concerns;
- ineffective or poor integration of such acquisitions;

- unforeseen difficulties operating multi-customer and product assets in new product areas or new markets; and
- customer or key employee losses at the acquired businesses.

If we consummate any future acquisitions or investments in joint ventures, our capitalization and results of operations may change significantly, and unitholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of these funds and other resources.

The expansion of existing assets and construction of new assets, including through joint venture investments, may not result in revenue increases and will be subject to regulatory, environmental, political, legal, economic and other risks, which could adversely affect our financial condition, results of operations, cash flows, ability to service our indebtedness and ability to make distributions to unitholders.

A portion of our strategy to grow and increase distributions to unitholders is dependent on our ability to expand existing assets and to construct additional assets, including through investments in joint ventures. The construction of a new pipeline or terminal, or the expansion of an existing pipeline or terminal, involves numerous regulatory, environmental, political and legal uncertainties, most of which are beyond our control. If we, or joint ventures we invest in, undertake these types of projects, they may not be completed on schedule, or at all, or at the budgeted cost. Moreover, we, or the joint ventures we invest in, may not receive sufficient long-term contractual commitments from customers to provide the revenue needed to support such projects. Even if such commitments are received, an increase in revenue may not be realized for an extended period of time. For instance, if we build, or invest in a joint venture that builds, a new pipeline, the construction will occur over an extended period of time, and we will not receive any material increases in revenues until after completion of the project, if at all. In addition, we, or the joint ventures we invest in, may construct facilities to capture anticipated future growth in production in a region or gain access to crude supplies at lower costs, and such growth or access may not materialize. As a result, new facilities may not be able to attract enough throughput to achieve the expected return on investment, which could adversely affect our results of operations and financial condition and our ability to make distributions to our unitholders.

We do not own all of the land on which most of our pipelines and several of our facilities are located, which could result in disruptions to our operations.

We do not own all of the land on which most of our pipelines, tank farms and terminal facilities are located, and we are therefore subject to the possibility of more onerous terms and/or increased costs to retain necessary land use if we do not have valid rights-of-way or leases, if such rights-of-way or leases lapse or terminate or if our facilities are not properly located within the boundaries of such leases or rights-of-way. We obtain the rights to construct and operate our pipelines on land owned by third parties and governmental agencies, and some of those agreements may grant us those rights for only a specific period of time. Our loss of such rights, through our inability to renew any rights-of-way contracts, or a significant increase in the costs of these rights, could have a material adverse effect on our business, financial condition, results of operations and cash flows and our ability to make distributions to our unitholders.

We could incur substantial costs or disruptions in our business if we cannot obtain or maintain, or otherwise fail to maintain, necessary permits and authorizations or otherwise comply with health, safety, environmental and other laws and regulations.

Our operations require numerous permits and authorizations under various laws and regulations. These authorizations and permits are subject to revocation, renewal or modification and can require operational changes to limit impacts or potential impacts on the environment and/or health and safety. A violation of authorization or permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations, injunctions and/or facility shutdowns. In addition, material modifications of our operations or changes in applicable laws could require modifications to our existing permits or upgrades to our existing pollution control equipment. Any or all of these matters could have a negative effect on our business, results of operations and cash flows.

Climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating and capital costs and reduced demand for our products and services.

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of greenhouse gases, or "GHGs" as well as to restrict or eliminate such future emissions. As a result, our operations are subject to a series of regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHGs.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, following the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the Clean Air Act, the EPA has adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, implement New Source Performance Standards directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States.

Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of GHG emissions. At the international level, in April 2016, the U.S. became a signatory to the 2015 United Nations Conference on Climate Change, which led to the creation of the Paris Agreement. After beginning the process to withdraw from participation in the Paris Agreement in 2017, in 2021 the U.S. rejoined the Paris Agreement. The adoption and implementation of new or more stringent legislation or regulations could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas, which could reduce demand for our services and products.

Concern over the threat of climate change may also result in political action deleterious to our interests. Separately, increased attention to climate change risks has increased the possibility of claims brought by public and private entities against oil and gas companies in connection with their GHG emissions. While courts have generally declined to assign direct liability for climate change to large sources of GHG emissions, new claims for damages and increased government scrutiny, especially from state and local governments, will likely continue. Moreover, to the extent societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to the company's causation of or contribution to the asserted damage, or to other mitigating factors.

There are also increasing financial risks for fossil fuel producers as shareholders currently invested in fossil-fuel energy companies concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Additionally, the lending practices of institutional lenders have been the subject of intensive lobbying efforts in recent years, oftentimes public in nature, by environmental activists, proponents of the international Paris Agreement, and foreign citizenry concerned about climate change. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation.

Finally, it should be noted that many scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our operations or our customers' exploration and production operations, which in turn could affect demand for our services.

In 2010, the EPA and the National Highway Transportation Safety Administration ("NHTSA") finalized new standards, raising the required Corporate Average Fuel Economy, or CAFE, standard of the nation's passenger fleet by 40% to approximately 35 miles per gallon by 2016 and imposing the first ever federal GHG emissions standards on cars and light trucks. In September 2011, the EPA and the DOT finalized first-time standards for fuel economy of medium and heavy duty trucks. On August 28, 2012, the EPA and NHTSA announced final regulations that mandated further decreases in passenger vehicle GHG emissions and increases in fuel economy beginning with 2017 model year vehicles and increasing to the equivalent of 54.5 miles per gallon by 2025. During 2016, the EPA conducted a mid-term evaluation of progress in meeting vehicle GHG standards and in January 2017 the EPA issued a determination to maintain the current GHG emissions standards for model year (MY) 2022-2025 vehicles, but that action was subsequently withdrawn on April 13, 2018. In March 2017, EPA announced its decision to reopen the mid-term evaluation process and reconsider the January 2017 determination. As a result, GHG emissions standards for MY 2022-2025 vehicles remain uncertain. In August 2016, the EPA and the NHTSA jointly finalized standards for medium- and heavy-duty vehicles regulating fuel efficiency and carbon pollution. On August 10, 2021, the NHTSA proposed to amend the CAFE standards previously published in 2020 (for model years 2024-2026) to increase the stringency at a rate of 8% a year, rather than the 1.5% set previously. Such increases in fuel economy standards and potential electrification of the vehicle fleet, along with mandated increases in use of renewable fuels discussed above, could result in decreasing demand for petroleum fuels. Decreasing demand for petroleum fuels could materially affect profitability at Delek Holdings' refineries, which could adversely impact our business, results of operations and cash flows.

Our operations are subject to federal and state laws and regulations relating to product quality specifications, and we could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of products we distribute to meet certain quality specifications.

Various federal and state agencies prescribe specific product quality specifications for refined products, including vapor pressure, sulfur content, benzene content, ethanol content and biodiesel content. Changes in product quality specifications or blending requirements could reduce our throughput volume, require us to incur additional handling costs or require capital expenditures. For example, mandated increases in use of renewable fuels could require the construction of additional storage and blending equipment. If we are unable to recover these costs through increased revenues, our cash flows and ability to pay cash distributions to our unitholders could be adversely affected. Violations of product quality laws attributable to our operations could subject us to significant fines and penalties as well as negative publicity. In addition, changes in the product quality of the products we receive on our pipeline system could reduce or eliminate our ability to blend products.

Increasing attention to environmental, social and governance matters may impact our business, financial results or stock price.

In recent years, increasing attention has been given to corporate activities related to environmental, social and governance ("ESG") matters in public discourse and the investment community. A number of advocacy groups, both domestically and internationally, have campaigned for governmental and private action to promote change at public companies related to ESG matters, including through the investment and voting practices of investment advisers, public pension funds, universities and other members of the investing community.

These activities include increasing attention and demands for action related to climate change, promoting the use of substitutes to fossil fuel products, and encouraging the divestment of companies in the fossil fuel industry. For example, in recent years, private litigation has been increasingly initiated against oil and gas companies by local and state agencies and private parties alleging climate change impacts arising from their operations and seeking damages and equitable relief. We have not had any climate change litigation initiated against us to date and we cannot reasonably predict whether any such litigation will be initiated against us or, if initiated, what the outcome would be. If any such litigation were to be initiated against us, at a minimum, we would incur legal and other expenses to defend such lawsuits, which amounts may be significant. If we failed to prevail in any such litigation and were required to pay significant damages and/or materially alter the manner in which we conduct our business, there could be a material adverse impact on our operations, financial condition or results of operations. These activities could reduce demand for our products, reduce our profits, increase the potential for investigations and litigation, impair our brand and have negative impacts on our common limited partner unit price and access to capital markets.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings systems for evaluating companies on their approach to ESG matters. These ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital.

Acts of terror or sabotage, threats of war, armed conflict or war may hinder or prevent us from conducting our business.

Acts of sabotage or terrorist attacks (including cyber-attacks) in the U.S., as well as events occurring in response to or in connection with them, including political instability in significant oil producing regions such as the Middle East, Africa, the former Soviet Union and South America, may harm our business. Energy-related assets (which could include refineries, pipelines and terminals) may be at greater risk of future terrorist attacks than other possible targets in the U.S. In addition, the State of Israel, where Delek Holdings Group, the former parent company of Delek Holdings, is based, has suffered armed conflicts and political instability in recent years. We may be more susceptible to a direct attack as a result of our connection to Israel.

A direct attack on our assets, or the assets of others used by us, could have a material adverse effect on our business, financial condition and results of operations.

Uncertainty surrounding new or continued global hostilities or other sustained military campaigns, and the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror, armed conflict or war, may affect our operations in unpredictable ways, including disruptions of crude oil supplies and markets for refined products. In addition, any terrorist attack, armed conflict, war or political instability in the significant oil producing regions such as the Middle East, Africa, the former Soviet Union and South America could have an adverse impact on energy prices, including prices for crude oil, other feedstocks and refined petroleum products, and an adverse impact on the margins from our petroleum product marketing operations. The long-term impacts of terrorist attacks and the threat of future terrorist on the energy transportation terrorist attacks or vandalism could result in increased costs to our business. In addition, disruption or significant increases in energy prices could result in government-imposed price controls. Any one of, or a combination of, these occurrences could have a material adverse effect on our business, financial condition and results of operations.

Further, changes in the insurance markets attributable to terrorist attacks or acts of sabotage could make certain types of insurance more difficult for us to obtain. Moreover, the insurance that may be available to us may be significantly more expensive than our existing insurance coverage. Instability in the financial markets as a result of terrorism, sabotage or war could also affect our ability to raise capital, including our ability to repay or refinance debt.

Our customers' operating results are seasonal and generally lower in the first and fourth quarters of the year. Our customers depend on favorable weather conditions in the spring and summer months.

The volume and throughput of crude oil and refined products transported through our pipelines and sold through our terminals and to third parties is directly affected by the level of supply and demand for all of such products in the markets served directly or indirectly by our assets. Supply and demand for such products fluctuates during the calendar year. Demand for gasoline, for example, is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic and demand for asphalt products, which is a substantial product of Delek Holdings' El Dorado Refinery, is lower in the winter months. In addition, our refining customers, such as Delek Holdings, occasionally slow or shut down operations to perform planned maintenance during the winter, when demand for their products is lower. Accordingly, these factors can affect the need for crude oil or refined products by our customers, and therefore limit our volumes or throughput during these periods, and could adversely affect our customers' business, financial condition and results of operations, which may adversely affect our business, financial condition and results of operations.

Legislative and regulatory measures could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.

Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and certain rules and regulations promulgated by the CFTC, the SEC, and other governmental bodies may have a material adverse effect on our ability to hedge our exposure to commodity prices, interest rates and other risks to the extent that we use derivatives to do so.

We rely on information technology in our operations, and any material failure, inadequacy, interruption, cyber-attack or security failure of that technology could harm our business.

We rely on information technology across our operations, including in the monitoring of the movement of petroleum through our pipelines and terminals and of various other processes and transactions. We utilize information technology systems and controls throughout our operations to capture accounting, technical and regulatory data for subsequent archiving, analysis and reporting. Disruption, failure, or cyber security breaches affecting or targeting our computer and telecommunications, our infrastructure, or the infrastructure of our cloud-based IT service providers may materially impact our business and operations. An undetected failure of these systems, because of power loss, unsuccessful transition to upgraded or replacement systems, unauthorized access or other cyber breach or attack could result in disruption to our business operations, access to or disclosure or loss of data and/or proprietary information, personal injuries and environmental damage, which could have an adverse effect on our business, reputation, and effectiveness. We could also be subject to resulting investigation and remediation costs as well as regulatory enforcement of private litigation and related costs, which could have a material adverse impact on our cash flow and results of operations.

We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as payment card and personal credit information.

The implementation of social distancing measures and other limitations on the workforce of our affiliates in response to the COVID-19 Pandemic have necessitated portions of the workforce of our affiliates switching to remote work arrangements. The increase in companies and individuals working remotely has increased the frequency and scope of cyber-attacks and the risk of potential cybersecurity incidents, both deliberate attacks and unintentional events. Despite our security measures, we experience attempts by external parties to penetrate and attack our networks and systems. Although such attempts to date have not, to our knowledge, resulted in any material breaches, disruptions, or loss of business-critical information, our systems and procedures for protecting against such attacks and mitigating such risks may prove to be insufficient in the future and such attacks could have an adverse impact on our business and operations, including damage to our reputation and competitiveness, remediation costs, litigation or regulatory actions. In addition, as technologies evolve, and cyber-attacks become more sophisticated, we may incur significant costs to upgrade or enhance our security measures to protect against such attacks and we may face difficulties in fully anticipating or implementing adequate preventive measures or mitigating potential harm. We could also be liable under laws that protect the privacy of personal information, subject to regulatory penalties, experience damage to our reputation or a loss of consumer confidence, or incur additional costs for remediation and modification or enhancement of our information systems to prevent future occurrences, all of which could adversely affect our reputation, business, operations or financial results.

We may be adversely affected by the effects of inflation.

Inflation has the potential to adversely affect our liquidity, business, financial condition and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of inflation in the economy has the potential to result in higher interest rates and capital costs, supply shortages, increased costs of labor, weakening exchange rates and other similar effects. As a result of inflation, we have experienced and may continue to experience, cost increases. Although we may take measures to mitigate the impact of this inflation, if these measures are not effective our business, financial condition, results of operations and liquidity could be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when these beneficial actions impact our results of operations and when the cost inflation is incurred.

Our business could be adversely impacted as a result of Delek Holdings' and our general partner's failure to retain or attract key talent.

We are dependent on the services of Delek Holdings' and our general partner's employees. Their failure to retain or attract key talent with specific capabilities could interfere with our ability to execute our business strategy, and could diminish our ability to execute and integrate strategic transactions. As a result, our ability to remain competitive in our industry sector and/or to operate effectively could be adversely impacted.

Evolving employee preferences and values, inflationary pressures, shortages in the labor market, increased employee turnover, and changes in the availability of workers could make it more difficult for Delek Holdings and our general partner to retain or attract key talent and could increase their labor costs, which could have a material adverse effect on our liquidity, business, financial condition and results of operations.

Inflation, and other factors, could increase Delek Holdings' and our general partner's costs of providing employee benefits. Their failure, or any perceived failure to provide such benefits, could impact our competitive position, which could in turn negatively affect our liquidity, business, financial condition and results of operations.

Our business is subject to complex and evolving laws, regulations and security standards regarding privacy, cybersecurity and data protection ("data protection laws"). Many of these data protection laws are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations or other harm to our business.

The constantly evolving regulatory and legislative environment surrounding data privacy and protection poses increasingly complex compliance challenges, and complying with such data protection laws could increase the costs and complexity of compliance. While we do not collect significant amounts of personal information from consumers, we do have personal information from our employees, job applicants and some business partners, such as contractors and distributors.

Any failure, whether real or perceived, by us to comply with applicable data protection laws could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business. Our compliance with emerging privacy/security laws, as well as any associated inquiries or investigations or any other government actions related to these laws, may increase our operating costs.

In the second quarter of 2021, the Department of Homeland Security's Transportation Security Administration ("TSA") announced two new security directives. These directives require critical pipeline owners to comply with mandatory reporting measures, including, among other things, to appoint personnel, report confirmed and potential cybersecurity incidents to the DHS Cybersecurity and Infrastructure Security Agency ("CISA") and provide vulnerability assessments. As legislation continues to develop and cyber incidents continue to evolve, we may be required to expend significant additional resources to respond to cyberattacks, to continue to modify or enhance our protective measures, or to detect, assess, investigate and remediate any critical infrastructure security vulnerabilities and report any cyber incidents to the applicable regulatory authorities. Any failure to remain in compliance with these government regulations may result in enforcement actions which may have a material adverse effect on our business and operations.

An impairment of our long-lived assets or goodwill could reduce our earnings or negatively impact our financial condition and results of operations.

An impairment of our long-lived assets or goodwill could reduce our earnings or negatively impact our results of operations and financial condition. We continually monitor our business, the business environment and the performance of our operations to determine if an event has occurred that indicates that a long lived asset or goodwill may be impaired. If a triggering event occurs, which is a determination that involves judgment, we may be required to utilize cash flow projections to assess our ability to recover the carrying value based on the ability to generate future cash flows. We may also conduct impairment testing based on both the guideline public company and guideline transaction methods. Our long-lived assets and goodwill impairment analyses are sensitive to changes in key assumptions used in our analysis, estimates of future tariff rates, forecasted throughput levels, operating costs and capital expenditures. If the assumptions used in our analysis are not realized, it is possible a material impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any additional impairments of long-lived assets or goodwill in the future.

The Partnership's ongoing study of strategic options could materially impact our strategic direction, business and results of operations.

Delek Holdings' board of directors, with the assistance of outside advisors, is evaluating a wide range of strategies for Delek Holdings to unlock and enhance stockholder value. This process, including any uncertainty created by this process, involves a number of risks which could impact our business and our unitholders, including the following: significant fluctuations in our unit price could occur in response to developments or actions relating to the process or market speculation regarding any such developments or actions; we may encounter difficulties in hiring, retaining and motivating key personnel who provide services to us during this process or as a result of uncertainties generated by this process or any developments or actions relating to it; we may incur substantial increases in general and administrative expense associated with increased legal fees and the need to retain and compensate third-party advisors; and we may experience difficulties in preserving the commercially sensitive information that may need to be disclosed to third parties during this process or in connection with an assessment of our strategic alternatives. The review process also requires significant time and attention from management, which could distract them from other tasks in operating our business or otherwise disrupt our business. Such disruptions could cause concern to our customers, strategic partners, or other constituencies and may have material impact on our business and operating results and volatility in our unit price. There can be no assurance that this process will result in the pursuit or consummation of any potential transaction or strategy, or that any such potential transactions or strategy, if implemented, will provide greater value to our unitholders than that reflected in the price of our units representing limited partner interest. Any outcome of this process would be dependent upon a number of factors that may be beyond our control, including, among other things, market conditions, industry trends, regulatory approvals, and the availability of financing on reasonable terms. The occurrence of any one or more of the above risks could have a material adverse impact on our business, financial condition, results of operations and cash flows.

If our cost efficiency measures are not successful, we may become less competitive.

We continue to focus on minimizing operating expenses through cost improvements and simplification of our corporate structure. We may experience delays or unanticipated costs in implementing our cost efficiency plans, which could prevent the timely or full achievement of expected cost efficiencies and adversely affect our competitive position.

Risks Relating to Our Partnership Structure

Our general partner and its affiliates, including Delek Holdings, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our other common unitholders.

Delek Holdings controls our general partner and appoints all of the officers and directors of our general partner. In addition, all of the officers and three of the directors of our general partner are also officers and/or directors of Delek Holdings. See Item 10. Directors, Executive Officers and Corporate Governance. Although our general partner has a contractual obligation to manage us in a manner that is beneficial to us and our unitholders, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner that is beneficial to Delek Holdings. Conflicts of interest will arise from time to time between Delek Holdings, and our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of Delek Holdings over our interests and the interests of our unitholders. These conflicts include the following situations, among others:

- Our Partnership Agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limits our general partner's liabilities and restricts the remedies available to our unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty.
- Neither our Partnership Agreement nor any other agreement requires Delek Holdings to pursue a business strategy that favors us or utilizes our assets, including whether to increase or decrease refinery production, whether to shut down or reconfigure a refinery or what markets to pursue or grow. The directors and officers of Delek Holdings have a fiduciary duty to make these decisions in the best interests of the stockholders of Delek Holdings, which may be contrary to our interests. Delek Holdings may choose to shift the focus of its investment and growth to areas not served by our assets.
- Delek Holdings, as our primary customer, has an economic incentive to cause us not to seek higher service fees, even if such higher fees could be obtained in arm's-length, third-party transactions. Furthermore, under many of our commercial agreements with them, Delek Holdings' consent is required before we may enter into an agreement with any third party with respect to certain of our assets, including those that serve the El Dorado, Tyler and Big Spring Refineries, and Delek Holdings has an incentive to cause us not to pursue such third-party contracts in certain circumstances.
- Our general partner is allowed to take into account the interests of parties other than us, such as Delek Holdings, in resolving conflicts of interest.
- All of the officers and three of the directors of our general partner are also officers and/or directors of Delek Holdings and owe fiduciary duties to Delek Holdings. These officers will also devote significant time to the business of Delek Holdings and will be compensated by Delek Holdings accordingly.
- Delek Holdings may be constrained by the terms of its debt instruments from taking actions, or refraining from taking actions, that may be in our best interests.
- Except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval.
- Disputes may arise under our commercial agreements with Delek Holdings.
- Our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership units and the creation, reduction or increase of cash reserves, each of which can affect the amount of cash available for distribution to our unitholders.
- Our general partner determines the amount and timing of any capital expenditures and whether a capital expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion or investment capital expenditure, which does not reduce operating surplus. This determination can affect the amount of cash that is distributed to our unitholders.
- Our general partner determines which costs incurred by it are reimbursable by us.
- Our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on their common units.
- Our Partnership Agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf.
- Our general partner intends to limit its liability regarding our contractual and other obligations.
- If at any time our general partner and its affiliates together own 85% or more of our outstanding common units, then our general partner may exercise its right to call and purchase all of the common units not owned by it and its affiliates. This 85% threshold will automatically decrease to 80% if at any time our general partner and its affiliates together own less than 77% of our outstanding common units.
- Our general partner decides whether to retain separate counsel, accountants or other advisers to perform services for us.

Our Partnership Agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties.

Our Partnership Agreement contains provisions that eliminate the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law and replaces those duties with several different contractual standards. For example, our Partnership Agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, free of any duties to us and our unitholders other than the implied contractual covenant of good faith and fair dealing, which means that a court will enforce the reasonable expectations of the partners where the language in the Partnership Agreement does not provide for a clear course of action. This provision entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate corporate opportunities among us and its other affiliates;
- whether to exercise its limited call right;
- whether to seek approval of the resolution of a conflict of interest by the conflicts committee of the board of directors of our general partner;
- how to exercise its voting rights with respect to the units it owns;
- whether to exercise its registration rights;
- whether to elect to reset target distribution levels; and
- whether or not to consent to any merger or consolidation of the Partnership or amendment to the Partnership Agreement.

Delek Holdings may compete with us.

Delek Holdings may compete with us. Under the Omnibus Agreement, Delek Holdings and its affiliates have agreed not to engage in, whether by acquisition or otherwise, the business of owning or operating crude oil or refined products pipelines, terminals or storage facilities in the United States that are not within, directly connected to, substantially dedicated to, or otherwise an integral part of, any refinery owned, acquired or constructed by Delek Holdings. This restriction, however, does not apply to:

- any assets that were owned by Delek Holdings upon the completion of our initial public offering (including replacements or expansions of those assets);
- any asset or business that Delek Holdings acquires or constructs that has a fair market value of less than \$5.0 million; and
- any asset or business that Delek Holdings acquires or constructs that has a fair market value of \$5.0 million or more if we have been offered the opportunity to purchase the asset or business for fair market value not later than six months after completion of such acquisition or construction, and we decline to do so.

As a result, Delek Holdings has the ability to construct assets which directly compete with our assets. The limitations on the ability of Delek Holdings to compete with us are terminable by either party if Delek Holdings ceases to control our general partner.

Pursuant to the terms of our Partnership Agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates, including its executive officers and directors and Delek Holdings. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us and our common unitholders.

If unitholders are not eligible holders, their common limited partner units may be subject to redemption.

We have adopted certain requirements regarding those investors who may own our common units. Eligible holders are limited partners whose (i) federal income tax status is not reasonably likely to have a material adverse effect on the rates that can be charged by us on assets that provide services that are subject to regulation by the FERC or an analogous regulatory body and (ii) nationality, citizenship or other related status would not create a substantial risk of cancellation or forfeiture of any property in which we have an interest, in each case as determined by our general partner with the advice of counsel. If you are not an eligible holder, in certain circumstances as set forth in our Partnership Agreement, your units may be redeemed by us at the then-current market price. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our general partner.

Our Partnership Agreement requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions.

We expect that we will distribute all of our available cash quarterly to our unitholders and, to the extent not otherwise reserved for, will rely primarily upon cash flows from operations, borrowings under our revolving credit facility and potential future issuances of debt and equity securities, to fund our acquisitions and expansion capital expenditures. As a result, to the extent we are unable to finance growth, our cash distribution policy could significantly impair our ability to grow.

In addition, because we intend to distribute all of our available cash, our growth may not be as fast as that of businesses that reinvest some of their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion of capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per-unit distribution level. There are no limitations in our Partnership Agreement, and we do not anticipate there being limitations in any of our credit facilities, on our ability to issue additional units, including units ranking senior to the common limited partner units. The incurrence of additional borrowings, or other debt, to finance our growth strategy would result in increased interest expense, which in turn may impact the available cash that we have to distribute to our unitholders.

Our Partnership Agreement restricts the remedies available to holders of our common limited partner units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our Partnership Agreement contains provisions that restrict the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our Partnership Agreement provides that:

- whenever our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) makes a determination or takes, or declines to take, any other action in their respective capacities, our general partner, the board of directors of our general partner and any committee thereof (including the conflicts committee), as applicable, is required to make such determination, or take or decline to take such other action, in good faith, meaning that it subjectively believed that the decision was in the best interests of the Partnership, and, except as specifically provided by our Partnership Agreement, will not be subject to any other or different standard imposed by our Partnership Agreement, Delaware law, or any other law, rule or regulation, or at equity;
- our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as such decisions are made in good faith;
- our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors, as the case may be, acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and
- our general partner will not be in breach of its obligations under the Partnership Agreement (including any duties to us or our unitholders) if a transaction with an affiliate or the resolution of a conflict of interest is:
 - approved by the conflicts committee of the board of directors of our general partner, although our general partner is not obligated to seek such approval;
 - approved by the vote of a majority of the outstanding common limited partner units, excluding any common units owned by our general partner and its affiliates;
 - determined by the board of directors of our general partner to be on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
 - determined by the board of directors of our general partner to be fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our general partner or its conflicts committee must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee and the board of directors of our general partner determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in the third and fourth sub bullets above, then it will be presumed that, in making its decision, the board of directors of our general partner acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the Partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. The general partner may still take action with respect to any affiliate transactions or the resolution of a conflict of interest without satisfying any of the sub bullets above. In such case, it is not entitled to the presumption of good faith discussed above.

The administrative services fee and reimbursements due to our general partner and its affiliates for services provided to us or on our behalf will reduce our cash available for distribution to our common unitholders. The amount and timing of such reimbursements will be determined by our general partner.

Prior to making any distribution on our common limited partner units, we will reimburse our general partner and its affiliates, including Delek Holdings, for costs and expenses they incur and payments they make on our behalf. Under the Omnibus Agreement, we will pay Delek

Holdings an annual fee and reimburse Delek Holdings and its subsidiaries for Delek Holdings' provision of various centralized corporate services. Additionally, we will reimburse Delek Holdings for direct or allocated costs and expenses incurred on our behalf, including administrative costs, such as compensation expense for those persons who provide services necessary to run our business, and insurance expenses. We also expect to incur incremental annual general and administrative expense as a result of being a publicly traded partnership. Our Partnership Agreement provides that our general partner will determine in good faith the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates will reduce the amount of available cash to pay cash distributions to our common unitholders.

Holders of our common limited partner units have limited voting rights and are not entitled to elect our general partner or its directors.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to elect our general partner or its board of directors. Rather, the board of directors of our general partner will be appointed by the sole member of the general partner, Delek Logistics Services Company. Furthermore, if the unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. As a result of these limitations, the price at which the common limited partner units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price. Our Partnership Agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

Even if holders of our common limited partner units are dissatisfied, they cannot remove our general partner without its consent.

Unitholders are unable to remove our general partner without its consent, because our general partner and its affiliates, including Delek Holdings, own sufficient units to be able to prevent its removal. The vote of the holders of at least 66 2/3% of all outstanding common limited partner units is required to remove our general partner. As of February 24, 2023, Delek Holdings owned 78.8% of our outstanding common limited partner units.

Our Partnership Agreement restricts the voting rights of unitholders owning 20% or more of our common limited partner units.

Unitholders' voting rights are further restricted by a provision of our Partnership Agreement providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot vote on any matter.

Our general partner's interest in us and the control of our general partner may be transferred to a third party without unitholder consent.

Our Partnership Agreement does not restrict the ability of Delek Holdings to transfer all or a portion of its general partner interest or its ownership interest in our general partner to a third party. Our general partner, or the new owner of our general partner, would then be in a position to replace the board of directors and officers of our general partner with its own designees and thereby exert significant control over the decisions made by the board of directors and officers of our general partner.

We may issue additional units without unitholder approval, which would dilute unitholder interests.

Our Partnership Agreement does not limit the number of additional limited partner interests, including limited partner interests that rank senior to the common limited partner units that we may issue at any time without the approval of our unitholders. The issuance by us of additional common limited partner units or other equity securities of equal or senior rank will have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common limited partner units may decline.

Delek Holdings may sell units in the public or private markets, and such sales could have an adverse impact on the trading price of the common units.

As of February 24, 2023, Delek Holdings held 34,311,278 common limited partner units. In addition, we have agreed to provide Delek Holdings with certain registration rights on a portion of these units. We have filed a shelf registration statement with the SEC for the re-sale or other disposition from time to time by Delek Holdings of up to 14.0 million common limited partner units. We will not receive any proceeds from the sale of these units by Delek Holdings. The sale of these units in the public or private markets could have an adverse impact on the price of the common units or on any trading market that may develop.

Our general partner intends to limit its liability regarding our obligations.

Our general partner intends to limit its liability under contractual arrangements, so that the counterparties to such arrangements have recourse only against our assets and not against our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or

other obligations that are nonrecourse to our general partner. Our Partnership Agreement permits our general partner to limit its liability, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

Our general partner has a limited call right that may require our unitholders to sell their units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 85% of our common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price that is not less than their then-current market price, as calculated pursuant to the terms of our Partnership Agreement. The ownership threshold will drop to 80% automatically if the ownership of common units by our general partner and its affiliates falls below 77% of the outstanding common units. As a result, our unitholders may be required to sell their common units at an undesirable time or price and may not receive any positive return on their investment. Our unitholders may also incur a tax liability upon any such sale of their units to Delek Holdings. At February 24, 2023, Delek Holdings owned 34,311,278 common limited partner units, or 78.8% of our total outstanding common limited partner units.

Our unitholders' liability may not be limited if a court finds that unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. The Partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. Our unitholders could be held liable for any and all of our obligations as if they were general partners if a court or government agency were to determine that:

- we were conducting business in a state but had not complied with that particular state's partnership statute; or
- our unitholders' right to act with other unitholders to remove or replace our general partner, to approve some amendments to our Partnership Agreement or to take other actions under our Partnership Agreement constitute "control" of our business.

Unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Transferees of common limited partner units are liable both for the obligations of the transferor to make contributions to the Partnership that were known to the transferee at the time of transfer and for those obligations that were unknown if the liabilities could have been determined from the Partnership Agreement. Neither liabilities to partners on account of their partnership interest nor liabilities that are non-recourse to the partnership are counted for purposes of determining whether a distribution is permitted.

The NYSE does not require a publicly traded limited partnership like us to comply with certain of its corporate governance requirements.

Our common limited partner units are listed on the New York Stock Exchange (the "NYSE"). Because we are a publicly traded limited partnership, the NYSE does not require us to have a majority of independent directors on our general partner's board of directors or to establish and maintain a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders may not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements.

Tax Risks to Common Unitholders

The tax treatment of publicly traded partnerships or an investment in our common limited partner units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present federal income tax treatment of publicly traded partnerships, including us, or an investment in our common limited partner units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of the U.S. Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships, such as with the "Clean Energy for America Act", which is similar to legislation that was commonly proposed during the Obama Administration. If successful, such a proposal could eliminate the qualifying income exception to the treatment of publicly traded partnerships as corporations upon which we rely for our treatment as a partnership for federal income tax purposes. We are unable to predict whether any changes or proposals will ultimately be enacted, but it is possible that a change in law could affect us and may, if enacted, be applied retroactively. Any such changes could negatively impact the value of an investment in our common limited partner units.

Our tax treatment depends on our status as a partnership for federal income tax purposes. If the Internal Revenue Service, or IRS, were to treat us as a corporation for federal income tax purposes, which would subject us to entity-level taxation, then our cash available for distribution to our unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in the common limited partner units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the Internal Revenue Service (the "IRS") on this or any other tax matter affecting us.

Despite the fact that we are a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as ours to be treated as a corporation for federal income tax purposes. A change in our business or a change in current law could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 21.0%, and would likely pay state and local income tax at varying rates. Distributions to our unitholders would generally be taxed again as corporate dividends (to the extent of our current and accumulated earnings and profits), and no income, gains, losses, deductions or credits would flow through to such unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution would be substantially reduced. Therefore, if we were treated as a corporation for federal income tax purposes, there would be material reductions in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common limited partner units.

Our Partnership Agreement provides that, if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the target distribution amounts may be adjusted to reflect the impact of that law on us.

If we were subjected to a material amount of additional entity-level taxation by individual states, it would reduce our cash available for distribution to our unitholders.

Changes in current state law may subject us to additional entity-level taxation by individual states. Because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income or franchise taxes, and other forms of taxation. Imposition of such additional tax on us by a state will reduce the cash available for distribution to our unitholders. Our Partnership Agreement provides that, if a law is enacted or an existing law is modified or interpreted in a manner that subjects us to entity-level taxation, the target distribution amounts may be adjusted to reflect the impact of that law on us.

Our unitholders are required to pay income taxes on their share of our taxable income even if they do not receive any cash distributions from us. A unitholder's share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance, transactions in which we engage or changes in law and may be substantially different from any estimate we make in connection with a unit offering.

A unitholder's allocable share of our taxable income will be taxable to it, which may require it to pay federal income taxes and, in some cases, state and local income taxes, even if it receives cash distributions from us that are less than the actual tax liability that results from that income or no cash distributions at all.

A unitholder's share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance and certain transactions in which we might engage, which may be affected by numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. For example, we may engage in transactions that produce substantial taxable income allocations to some or all of our unitholders without a corresponding increase in cash distributions to our unitholders, such as a sale or exchange of assets, the proceeds of which are reinvested in our business or used to reduce our debt, or an actual or deemed satisfaction of our indebtedness for an amount less than the adjusted issue price of the debt. A unitholder's ratio of its share of taxable income to the cash received by it may also be affected by changes in law. For instance, under the recently enacted tax reform law known as the Tax Cuts and Jobs Act (the "Tax Reform Act"), the net interest expense deductions of certain business entities, including us, are limited to 30% of such entity's "adjusted taxable income", which is generally taxable income with certain modifications. If the limit applies, a unitholder's taxable income allocations will be more (or its net loss allocations will be less) than would have been the case absent the limitation.

From time to time, in connection with an offering of our units, we may state an estimate of the ratio of federal taxable income to cash distributions that a purchaser of units in that offering may receive in a given period. These estimates depend in part on factors that are unique to the offering with respect to which the estimate is stated, so the expected ratio applicable to other units will be different, and in many cases less favorable, than these estimates. Moreover, even in the case of units purchased in the offering to which the estimate relates, the estimate may be incorrect, due to the uncertainties described above, challenges by the IRS to tax reporting positions which we adopt, or other factors. The actual ratio of taxable income to cash distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units.

If the IRS contests the federal income tax positions we take, the market for our common limited partner units may be adversely impacted and the cost of any IRS contest would likely reduce our cash available for distribution to unitholders.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes. The IRS may adopt positions that differ from the conclusions of our counsel or from the positions we take, and the IRS's positions may ultimately be sustained. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel's conclusions or the positions we take and such positions may not ultimately be sustained. A court may not agree with some or all of our counsel's conclusions or the positions we take. Any contest with the IRS, and the outcome of any IRS contest, may have a material adverse effect on the market for our common limited partner units and the price at which they trade. In addition, our costs of any contest with the IRS would be borne indirectly by our unitholders and our general partner, because the costs would likely reduce our cash available for distribution.

Tax gain or loss on the disposition of our common limited partner units could be more or less than expected.

If any of our unitholders sell their common limited partner units, such unitholders must recognize a gain or loss for federal income tax purposes equal to the difference between the amount realized and such unitholder's tax basis in those common limited partner units. Because distributions in excess of such unitholder's allocable share of our net taxable income decrease such unitholder's tax basis in such unitholder's common limited partner units, the amount, if any, of such prior excess distributions with respect to the common limited partner units such unitholder sells will, in effect, become taxable income to such unitholder if it sells such common limited partner units at a price greater than its tax basis in those common limited partner units, even if the price such unitholder receives is less than its original cost. Furthermore, a substantial portion of the amount realized on any sale or other disposition of such unitholder's common limited partner units, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation recapture. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells their common limited partner units, they may incur a tax liability in excess of the amount of cash they receive from the sale.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning our common limited partner units that may result in adverse tax consequences to them.

Investment in our common limited partner units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income ("UBTI") and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file U.S. federal income tax returns and pay tax on their share of our taxable income. Upon the sale, exchange or other disposition of a common limited partner unit by a non-U.S. person, the transferee is generally required to withhold 10% of the amount realized on the sale, exchange or disposition of such unit if any portion of the gain would be treated as effectively connected with a trade or business within the United States. The Department of the Treasury and the IRS have recently issued final regulations providing guidance on the application of these rules for transfers of publicly traded partnership interests, including transfers of our common limited partner units. Under these regulations, the "amount realized" on a transfer of an interest in a publicly traded partnership, such as our common limited partner units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and such broker will generally be responsible for the relevant withholding obligations. Distributions to non-U.S. persons may also be subject to additional withholding under these rules to the extent a portion of a distribution is attributable to an amount in excess of our cumulative net income that has not previously been distributed.

If you are a tax-exempt entity or a non-U.S. person, you should consult a tax advisor before investing in our common limited partner units.

We treat each holder of common limited partner units as having the same tax benefits without regard to the actual common limited partner units held. The IRS may challenge this treatment, which could adversely affect the value of the common limited partner units.

Because we cannot match transferors and transferees of common limited partner units, and because of other reasons, we will adopt depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from a unitholder's sale of common limited partner units and could have a negative impact on the value of our common limited partner units or result in audit adjustments to such unitholder's tax returns.

We prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The U.S. Department of the Treasury adopted final Treasury Regulations allowing a similar monthly simplifying convention for taxable years beginning on or after August 3, 2015. However, such final regulations do not specifically authorize the use of the proration method we have adopted. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss

and deduction among our unitholders. Our counsel has not rendered an opinion with respect to whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it (and some states) may collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us. We will generally have the ability to shift any such tax liability to our general partner and our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so (and will choose to do so) under all circumstances, or that we will be able to (or choose to) effect corresponding shifts in state income or similar tax liability resulting from the IRS adjustment in states in which we do business in the year under audit or in the adjustment year. If we make payments of taxes, penalties and interest resulting from audit adjustments, our cash available for distribution to our unitholders would be reduced, perhaps substantially.

In the event the IRS makes an audit adjustment to our income tax returns and we do not or cannot shift the liability to our unitholders in accordance with their interests in us during the year under audit, we will generally have the ability to request that the IRS reduce the determined underpayment by reducing the suspended passive loss carryovers of our unitholders (without any compensation from us to such unitholders), to the extent such underpayment is attributable to a net decrease in passive activity losses allocable to certain partners. Such reduction, if approved by the IRS, will be binding on any affected unitholders.

A unitholder whose common limited partner units are loaned to a “short seller” to cover a short sale of common limited partner units may be considered as having disposed of those common limited partner units. If so, such unitholder would no longer be treated for federal income tax purposes as a partner with respect to those common limited partner units during the period of the loan and may recognize gain or loss from the disposition.

Because a unitholder whose common limited partner units are loaned to a “short seller” to cover a short sale of common limited partner units may be considered as having disposed of the loaned common limited partner units, such unitholder may no longer be treated for federal income tax purposes as a partner with respect to those common limited partner units during the period of the loan to the short seller and may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those common limited partner units may not be reportable by the unitholder, and any cash distributions received by the unitholder as to those common limited partner units could be fully taxable as ordinary income. Therefore, our unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from loaning their common limited partner units.

We have adopted certain valuation methodologies and monthly conventions for U.S. federal income tax purposes that may result in a shift of income, gain, loss and deduction between our general partner and our unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common limited partner units.

When we issue additional units or engage in certain other transactions, we determine the fair market value of our assets and allocate any unrealized gain or loss attributable to our assets to the capital accounts of our unitholders and our general partner. Our methodology may be viewed as understating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and our general partner, which may be unfavorable to such unitholders. Moreover, under our valuation methods, subsequent purchasers of common limited partner units may have a greater portion of their Code Section 743(b) adjustment allocated to our tangible assets and a lesser portion allocated to our intangible assets. The IRS may challenge our valuation methods, or our allocation of the Section 743(b) adjustment attributable to our tangible and intangible assets, and allocations of taxable income, gain, loss and deduction between our general partner and certain of our unitholders.

A successful IRS challenge to these methods or allocations could adversely affect the amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of taxable gain from our unitholders' sale of common limited partner units and could have a negative impact on the value of the common limited partner units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

As a result of investing in our common limited partner units, our unitholders may be subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire properties.

In addition to federal income taxes, our unitholders may be subject to other taxes, including state and local income, franchise, unincorporated business, estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if such unitholders do not live or otherwise do business in any of those jurisdictions. Our unitholders may be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We currently own property and conduct business in Arkansas, Louisiana, Oklahoma, Tennessee and Texas. Many of these states impose a personal income tax on individuals, and each state imposes an income or similar tax on corporations and certain other entities. As we make acquisitions or expand our business, we may own property or conduct business in additional states that may impose personal income taxes or other state or local taxes on our unitholders.

Compliance with and changes in tax laws could adversely affect our performance.

We are subject to extensive tax laws and regulations, including federal, state and foreign income taxes and transactional taxes such as excise, sales/use, payroll, franchise and ad valorem taxes. New tax laws and regulations and changes in existing tax laws and regulations are continuously being enacted that could result in increased tax expenditures in the future. Many of these tax liabilities are subject to audits by the respective taxing authority. These audits may result in additional taxes, as well as interest and penalties.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, under the Tax Reform Act, for taxable years beginning after December 31, 2017, our deduction for “business interest” is limited to the sum of our business interest income and 30% of our “adjusted taxable income.” For purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including, environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations. See Note 17 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, which is incorporated by reference in this Item 3, for additional information.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

General

Our common units represent limited partner interests in us that entitle the holders to the rights and privileges specified in our Partnership Agreement. Our common units trade on the NYSE under the symbol "DKL." There were four holders of record of our common units held by the public as of February 24, 2023. In addition, as of February 24, 2023, Delek Holdings and its affiliates owned 34,311,278 of our common units. See Note 12 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a discussion of historic cash distributions.

Distributions of Available Cash

Our Partnership Agreement requires that, within 45 days after the end of each quarter, we distribute all of our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

- less the amount of cash reserves established by our general partner to:
 - provide for the proper conduct of our business (including cash reserves for our future capital expenditures and anticipated future debt service requirements and refunds of collected rates reasonably likely to be refunded as a result of a settlement or hearing related to the FERC rate proceedings or rate proceedings under applicable law subsequent to that quarter);
 - comply with applicable law, any of our debt instruments or other agreements; or
 - provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters; pursuant to the IDR Restructuring Transaction on August 13, 2020, the general partner will no longer receive any cash distributions;
- plus, if our general partner so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter. Under our Partnership Agreement, working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to partners, and with the intent of the borrower to repay such borrowings within 12 months with funds other than from additional working capital borrowings.

Incentive Distribution Rights

Effective August 13, 2020, the Partnership closed on the IDR Restructuring Transaction and the general partner no longer receives any cash distributions. Prior to August 13, 2020, our general partner was entitled to 2.0% of all quarterly distributions that we make prior to our liquidation. Our general partner had the right, but not the obligation, to contribute up to a proportionate amount of capital to us to maintain its current general partner interest. Our general partner held IDRs that entitled it to receive increasing percentages, up to a maximum of 48.0%, of the cash we distributed from operating surplus (as defined in our Partnership Agreement) in excess of 0.43125 per unit per quarter. The maximum distribution was 48.0% and did not include any distributions that our general partner or its affiliates may have received on common or general partner units that it owns. As of August 12, 2020, the IDRs held by our general partner were entitled to receive the maximum distribution.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is management's analysis of our financial performance and of significant trends that may affect our future performance. The MD&A should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K (the 'Annual Report on Form 10-K'). Those statements in the MD&A that are not historical in nature should be deemed forward-looking statements that are inherently uncertain. See "Forward-Looking Statements" below for a discussion of the factors that could cause actual results to differ materially from those projected in these statements.

Unless otherwise noted or the context requires otherwise, references in this report to "Delek Logistics Partners, LP," the "Partnership," "we," "us," or "our" or like terms, may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole. Unless otherwise noted or the context requires otherwise, references in this report to "Delek Holdings" refer collectively to Delek US Holdings, Inc. and any of its subsidiaries, other than the Partnership and its subsidiaries and its general partner.

The Partnership announces material information to the public about the Partnership, its products and services and other matters through a variety of means, including filings with the Securities and Exchange Commission, press releases, public conference calls, the Partnership's website (www.deleklogistics.com), the investor relations section of the website (ir.deleklogistics.com), the news section of its website (www.deleklogistics.com/news), and/or social media, including its Twitter account (@DelekLogistics). The Partnership encourages investors and others to review the information it makes public in these locations, as such information could be deemed to be material information. Please note that this list may be updated from time to time.

Forward-Looking Statements

This Annual Report on Form 10-K (including information incorporated by reference) contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, statements regarding the effect, impact, potential duration or other implications of, or expectations expressed with respect to, the COVID-19 Pandemic and the actions of members of the Organization of Petroleum Exporting Countries ("OPEC") and other leading oil producing countries (together with OPEC, "OPEC+") with respect to oil production and pricing, and statements regarding our efforts and plans in response to such events, the information concerning our possible future results of operations, business and growth strategies, financing plans, expectations that regulatory developments or other matters will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Important factors that, individually or in the aggregate, could cause such differences include, but are not limited to:

- our substantial dependence on Delek Holdings or its assignees and their support of and respective ability to pay us under our commercial agreements;
- our future coverage, leverage, financial flexibility and growth, and our ability to improve performance and achieve distribution growth at any level or at all;
- Delek Holdings' future growth, financial performance, share repurchases, crude oil supply pricing and flexibility and product distribution;
- industry dynamics, including Permian Basin growth, ownership concentration, efficiencies and takeaway capacity;
- the age and condition of our assets and operating hazards and other risks incidental to transporting, storing and gathering crude oil, intermediate and refined products, including, but not limited to, costs, penalties, regulatory or legal actions and other effects related to spills, releases and tank failures;
- changes in insurance markets impacting costs and the level and types of coverage available;
- the timing and extent of changes in commodity prices and demand for refined products and the impact of the COVID-19 Pandemic on such demand;
- the wholesale marketing margins we are able to obtain and the number of barrels of product we are able to purchase and sell in our West Texas wholesale business;
- the suspension, reduction or termination of Delek Holdings' or its assignees' or third-party's obligations under our commercial agreements including the duration, fees or terms thereof;
- the results of our investments in joint ventures;
- the ability to secure commercial agreements with Delek Holdings or third parties upon expiration of existing agreements;
- the possibility of inefficiencies, curtailments, or shutdowns in refinery operations or pipelines, whether due to infection in the workforce or in response to reductions in demand as a result of the COVID-19 Pandemic;

- disruptions due to equipment interruption or failure, or other events, including terrorism, sabotage or cyber-attacks, at our facilities, Delek Holdings' facilities or third-party facilities on which our business is dependent;
- changes in the availability and cost of capital of debt and equity financing;
- our reliance on information technology systems in our day-to-day operations;
- changes in general economic conditions, including uncertainty regarding the timing, pace and extent of economic recovery in the United States due to the COVID-19 Pandemic or future pandemics;
- the effects of existing and future laws and governmental regulations, including, but not limited to, the rules and regulations promulgated by the Federal Energy Regulatory Commission ("FERC") and state commissions and those relating to environmental protection, pipeline integrity and safety as well as current and future restrictions on commercial and economic activities in response to the COVID-19 Pandemic;
- significant operational, investment or other changes required by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce greenhouse gas emissions;
- competitive conditions in our industry including capacity overbuild in areas where we operate;
- actions taken by our customers and competitors;
- the demand for crude oil, refined products and transportation and storage services;
- our ability to successfully implement our business plan;
- inability to complete growth projects on time and on budget;
- our ability to successfully integrate acquired businesses;
- disruptions due to acts of God, natural disasters, casualty losses, severe weather patterns, such as freezing conditions, cyber or other attacks on our electronic systems, and other matters beyond our control which might cause damage to our pipelines, terminal facilities and other assets and could impact our operating results through increased costs and/or loss of revenue;
- changes in the price of RINs could affect our results of operations;
- future decisions by OPEC+ regarding production and pricing and disputes between OPEC+ regarding such;
- changes or volatility in interest and inflation rates;
- labor relations;
- large customer defaults;
- changes in tax status and regulations;
- the effects of future litigation or environmental liabilities that are not covered by insurance; and
- other factors discussed elsewhere in this Annual Report on Form 10-K.

Many of the foregoing risks and uncertainties are, and will be, exacerbated by the COVID-19 Pandemic and any worsening of the global business and economic environment. In light of these risks, uncertainties and assumptions, our actual results of operations and execution of our business strategy could differ materially from those expressed in, or implied by, the forward-looking statements, and you should not place undue reliance upon them. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

In light of these risks, uncertainties and assumptions, our actual results of operations and execution of our business strategy could differ materially from those expressed in, or implied by, the forward-looking statements, and you should not place undue reliance upon them. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

Executive Summary: Management's View of Our Business and Strategic Overview

Management's View of Our Business

The Partnership primarily owns and operates crude oil, intermediate and refined products logistics and marketing assets as well as crude oil and natural gas gathering and water processing assets. We gather, transport, offload and store crude oil and intermediate products and market, distribute, transport and store refined products primarily in select regions of the southeastern United States and Texas for Delek Holdings and third parties. In June 2022, we acquired 100% of the interest in 3 Bear Delaware Holding – NM, LLC ("3 Bear"), which expands our third-party revenue and includes crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, in the Delaware Basin of New Mexico (the "Delaware Gathering" business). As we continue the process of integrating these operations into our existing businesses and assessing the long-term impact to our business, management (including the designated Chief Operating Decision Maker or "CODM") has changed the way that the business is managed and reviewed, including from a financial reporting perspective. As a result, effective in the fourth quarter 2022, we have revised our reportable segments accordingly. The new reportable

segments consist of Gathering and Processing, Wholesale Marketing and Terminalling, Storage and Transportation, and Investments in Pipeline Joint Ventures. The primary change in our segmentation as compared to prior presentations is that, now that we have substantially expanded our gathering activities, certain legacy gathering activities and operations are now managed as part of the Gathering and Processing segment. Additionally, we are also now segregating out certain non-segment specific costs and expenses and, when applicable, immaterial operating segments that may not fit into our existing reportable segments as Corporate and Other activities. A substantial portion of our existing assets are both integral to and dependent upon the success of Delek Holdings' refining operations, as many of our pipeline usage and gathered crude oil barrels are contracted either primarily or exclusively to Delek Holdings in support of its Tyler, El Dorado and Big Spring refineries.

The Partnership is not a taxable entity for federal income tax purposes or the income taxes of those states that follow the federal income tax treatment of partnerships. See "Part 1—Items 1 and 2. Business and Properties—Company Overview" for further details.

Business and Economic Environment Overview

During much of year ended December 31, 2022, domestic markets have experienced an elevated hydrocarbon pricing environment has resulted in a strong demand for hydrocarbons and presented an opportunity for the Partnership to leverage its extensive network of logistics assets, resulting in increased throughputs and higher utilization as compared to the prior year. Additionally, the successful integration of Delek Delaware Gathering further diversifies our logistics customer base to include significantly more third-party customers, it allows us to provide comprehensive logistics services in the Delaware Basin, while also serving as a funnel into our existing midstream Permian activities. As producers continue to ramp up production within the Permian, the Partnership is well positioned to continue to add value through our gathering and processing services as a result of integrating our Delaware Gathering operations which complement our existing Midland Gathering System assets. Our positioning allows our customers the ability to control quality and adds optionality to place barrels in a variety of markets. Through our joint venture projects, we have increased our supply network to take advantage of growth opportunities in expanding markets and added additional flexibility which has delivered realized value through the entire Delek Logistics system. As a result, we saw an increase in EBITDA (as defined in "Non GAAP Measures" section below) of \$46.8 million in 2022 as compared to 2021. Our gathering and processing segment which had EBITDA of \$175.3 million in 2022 compared to \$126.8 million in 2021, benefited from additional EBITDA associated with the 3 Bear Acquisition. Our wholesale marketing and terminalling segment saw a \$3.5 million increase in EBITDA largely as a result of higher volumes of product sales in our West Texas wholesale operations partially offset by lower gross margin per barrel. EBITDA for our investments in pipeline joint ventures increased \$7.1 million as a result of strong throughputs particularly on the Red River Pipeline and Caddo Pipeline. See the "Results of Operations" section below for further discussion.

Looking forward, concerns about inflation and a possible economic downturn as well as initiatives to reduce carbon footprints through energy transition to renewables have softened the forward demand expectations for hydrocarbons and natural gas. That said, we are well positioned to manage through an economic downturn because of built-in recessionary protections which include minimum volume commitments on throughput and dedicated acreage agreements. Additionally, the Partnership has embraced opportunities to enhance our environmental stewardship. It is expected that renewables, other than hydrocarbons, will continue to grow as a percentage of total energy consumption; however, a material reduction in the reliance on oil and gas for energy consumption is unlikely in the near term. Therefore, as we look forward to 2023, we expect that liquid transportation fuels will continue to be in high demand, and we expect to continue to leverage the strength of our cash flows and balance sheet in order to continue maximizing unitholder returns and the long-term prospects for return on investment.

See further discussion on macroeconomic factors and market trends, including the impact on 2022 and the outlook for 2023, in the 'Market Trends' section below.

Other 2022 Developments

Increasing Unitholder Value and Long-term Sustainability Through Acquisitions: 3 Bear Acquisition

On June 1, 2022, the Partnership, through its subsidiary DKL Delaware Gathering, LLC, acquired 100% of the limited liability company interests in 3 Bear related to the Seller's crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico (the "3 Bear Acquisition"). The purchase price for 3 Bear was \$628.3 million. The 3 Bear Acquisition was financed through a combination of cash on hand and borrowings under the Partnership's existing credit agreement. Through this strategic transaction, the Partnership expects to significantly increase its third-party revenue and further diversify its customer and product mix, expand its footprint into the Delaware sub-basin of the Permian, and provide immediate accretion to Distributable Cash Flow. Additionally, we believe the addition of 3 Bear may provide access to expanded carbon capture opportunities.

Right-sizing Leverage to Achieve Strategic Growth Objectives: Amendments to DKL Credit Facility

In May 2022, we entered into Second and Third Amendments to our DKL Credit Facility (as defined in Note 11 of our consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, of this Annual Report on form 10-K), which provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") and also amended certain financial covenant calculations in order to provide flexibility in connection with the timing of the 3 Bear Acquisition. Additionally, on May 26, 2022, we entered into a Fourth Amendment to our DKL Credit Facility to, among other things, increase the U.S. Revolving Credit Commitments (as defined in the Credit Agreement) by an amount equal to \$150 million under an existing accordion feature, for an aggregate amount of commitments under our Existing Credit Agreement of \$1.0 billion. The exercise of the accordion feature gave us the flexibility to utilize borrowings under the Credit Agreement to help fund the 3 Bear Acquisition while continuing to maintain sufficient availability to continue to effectively manage our working capital needs and liquidity risk, and to evaluate longer term capitalization strategies.

On October 13, 2022, we entered into a fourth amended and restated credit agreement with Fifth Third, as administrative agent and a syndicate of lenders (the "2022 DKL Credit Facility"). The 2022 DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and (ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024, and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances.

Expanding Innovation Through Diversification: Slurry Clarifying Services Agreement

We executed a series of agreements with DK Trading & Supply, LLC ("DKT&S") and Alon Refining Krotz Springs, Inc. whereby the Partnership will operate and maintain a facility, located within the Krotz Springs, Louisiana refinery, to process slurry for DKT&S. Using a process that incorporates horizontal and vertical centrifuges, we will remove metals, ash, and other solids from the slurry. The clarified product can then be sold to DKT&S or one of its affiliates. As consideration for the processing services, we will receive a fixed rate per barrel processing fee in addition to a margin-based payment. The Partnership and DKT&S have agreed to a minimum delivery commitment volume to be processed in the facility. The initial term of the agreement is for a period of three years, and thereafter, will continue a year-to-year basis unless canceled by either party.

Continued Investment in Logistics Footprint: Connectors Expansion Project

In connection with the Midland Gathering Assets Acquisition (formerly known as the Permian Gathering Assets Acquisition), we agreed to expend \$33.8 million to construct additional receipt points to our gathering pipeline, at the request of Delek Holdings for producers with which they have dedicated acreage agreements, to be owned and operated by the Partnership. Such receipt points, once completed, result in incremental pipeline revenues, subject to the minimum volume commitments and other terms of the throughput and deficiency commercial agreement with Delek Holdings, entered into in connection with this acquisition. Additionally, both Delek Holdings and the Partnership identified and secured dedicated acreage and producer agreements that required construction of receipt points and also provided the opportunity for additional pipeline volumes, but that were not required under the original commitment. Related to these incremental agreements, the Partnership has completed construction of these receipt points as of December 31, 2022.

Contractual Rate Adjustments to Keep Pace with Inflation

On July 1, 2022, the tariffs on certain of our FERC regulated pipelines and the throughput fees and storage fees under certain of our agreements with Delek Holdings and third parties that are subject to adjustments using FERC indexing increased by approximately 8.7%, which was the amount of the change in the FERC oil pipeline index. The tariff on FERC regulated system acquired from 3 Bear has been adjusted as of January 1, 2023. Under certain of our agreements with Delek Holdings and third parties, the fees that are subject to adjustments using the consumer price index increased 7.1% and the fees that are subject to adjustments using the producer price index increased approximately 10.8%. These adjustments allow us to maintain compliance with FERC regulations as well as to ensure that our results are reflective of current market conditions.

Segment Overview

We aggregate our operating segments into four reportable segments: (i) gathering and processing; (ii) wholesale marketing and terminalling; (iii) storage and transportation; and (iv) investment in pipeline joint ventures. Operations that are not specifically included in the reportable segments are included in Corporate and other, consisting primarily of general and administrative expenses, interest expense and depreciation and amortization.

Gathering and Processing

The operational assets in our gathering and processing segment, consist of assets acquired in connection with the Midland Gathering Assets Acquisition, including approximately 200 miles of gathering assets, approximately 65 tank battery connections, terminals with total storage capacity of approximately 650,000 barrels and applicable rights-of-way assets, as well as operational assets we acquired in connection with the 3 Bear Acquisition, consist of approximately 485 miles of pipelines, 88 million cubic feet ("MMcf") per day ("MMcf/d") of cryogenic natural gas processing capacity, 140 thousand barrels ("MBbl") per day ("MBbl/d") of crude gathering capacity, 120 MBbl of crude storage capacity and 200 MBbl/d of water disposal capacity located primarily in the Delaware Basin ("Delaware Gathering Assets"). The Midland Gathering Assets support our crude oil gathering activities which primarily serves Delek Holdings refining needs throughout the Permian Basin. The 3 Bear assets support our crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico, and serving primarily third-party producers and customers. Finally, our gathering and processing assets are integrated with our pipeline assets, which we use to transport gathered crude oil as well as provide other crude oil, intermediate and refined products transportation in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas, as well as to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment. The combination of these operational assets provides a comprehensive, integrated midstream service offering to producers and customers.

Wholesale Marketing and Terminalling

Our wholesale marketing and terminalling segment provides wholesale marketing and terminalling services to Delek Holdings' refining operations and to independent third parties from whom we receive fees for marketing, transporting, storing and terminalling refined products and to whom we wholesale market refined products. In providing certain of these services, we take ownership of the products and are therefore exposed to market risks related to the volatility of commodity and refined product prices in our West Texas operations, which depend on many factors, including demand and supply of refined products in the West Texas market, the timing of refined product deliveries and downtime at refineries in the surrounding area.

Storage and Transportation

The operational assets in our storage and transportation segment consist of tanks, offloading facilities, trucks and ancillary assets, which provide crude oil, intermediate and refined products transportation and storage services primarily in support of Delek Holdings' refining operations in Tyler, Texas, El Dorado, Arkansas and Big Spring, Texas. Additionally, the assets in this segment provide crude oil transportation services to certain third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store. Therefore, we are not directly exposed to changes in commodity prices with respect to this operating segment.

Investments in Pipeline Joint Ventures

The Partnership owns a portion of three joint ventures (accounted for as equity method investments) that have constructed separate crude oil pipeline systems and related ancillary assets primarily in the Permian Basin and Gulf Coast regions and with strategic connections to Cushing, Midland and other key exchange points, which provide crude oil and refined product pipeline transportation to third parties and subsidiaries of Delek Holdings.

Corporate and Other

The corporate and other segment primarily consists of general and administrative expenses not allocated to a reportable segment, interest expense and depreciation and amortization. When applicable, it may also contain operating segments that are not reportable and do not meet the criteria for aggregation with any of our existing reportable segments.

Strategic Overview

Long-Term Strategic Objectives

The Partnership's **Long-Term Strategic Objectives** have long been focused on maintaining stable cash flows and to grow the quarterly distributions paid to our unitholders over time. To that end, we have been focused on growing our asset base within our geographic area through acquisitions, project development, joint ventures, enhancing our existing systems and lowering our carbon footprint, as we continued to evaluate ways to provide Delek Holdings with logistics services and look for ways to reduce our reliance on Delek Holdings as our primary customer.

2022 Strategic Focus Areas

In service to these overarching Long-Term Strategic Objectives, as we began 2022, we focused on the following **Strategic Focus Areas**:

- I. **Generate Stable Cash Flow**
- II. **Focus on Growing Our Business through Acquisitions and Investments in Joint Ventures**
- III. **Engage in Mutually Beneficial Transactions with Delek Holdings**
- IV. **Pursue Attractive Expansion and Construction Opportunities**
- V. **Optimize Our Existing Assets and Expand Our Customer Base**
- VI. **Expand our ESG Consciousness and Lower our Carbon Footprint**

2022 Strategic Scorecard

Description of Strategic Success	Generate Stable Cash Flow	Focus on Growing Our Business through Acquisitions and Investments in Joint Ventures	Engage in Mutually Beneficial Transactions with Delek Holdings	Pursue Attractive Expansion and Construction Opportunities	Optimize Our Existing Assets and Expand Our Customer Base	Expand our ESG Consciousness and Lower our Carbon Footprint
Acquisition of Delaware Gathering	X	X		X	X	
Slurry Clarifying Services Agreement	X		X		X	
Connectors Expansion Project	X		X	X		
Co-Developing our ESG Strategy with our General Partner and Issuing our First ESG Assessment Report						X

Looking Forward: 2023 Strategic Focus Areas

As we look to 2023, we continue to believe that our strategic focus areas are the right ones. As such, we continue to refine our processes for evaluating risks and returns while maintaining a keen eye on our overarching Long-Term Strategic Objectives and our desire to create long-term operational sustainability. To that end, our **2023 Strategic Focus Areas** are as follows:

- *Generate Stable Cash Flow.* Continue to pursue opportunities to provide logistics, marketing and other services to Delek Holdings and third parties pursuant to long-term, fee-based contracts. In new service contracts, endeavor to include minimum volume throughput or other commitments, similar to those included in our current commercial agreements with Delek Holdings.
- *Focus on Growing Our Business.* Continue to evaluate and pursue opportunities to grow our business through both strategic acquisitions and expansion and construction projects, both internally funded or in combination with potential external partners and through investments in joint ventures. Additionally, where possible, leverage our strong relationship with Delek Holdings to enhance our opportunities to grow our business.
 - *Pursue Acquisitions.* Pursue strategic acquisitions that both complement our existing assets and provide attractive returns for our unitholders, with a focus on expanding our third-party business. Leverage our current asset base, and our knowledge of the regional markets in which we operate, to target and complete attractive third-party acquisitions.
 - *Investments in Joint Ventures.* Continue to focus on leveraging and, when appropriate, expanding our investments in joint ventures, which have contributed to our initiative to grow our midstream business while increasing our crude oil sourcing flexibility.

- *Engage in Mutually Beneficial Transactions with Delek Holdings.* Delek Holdings has granted us a right of first offer on certain logistics assets. We intend to review our right to purchase any such assets as they are offered to us under the terms of the right of first offer, from time to time. Delek Holdings is also required, under certain circumstances, to offer us the opportunity to purchase additional logistics assets that Delek Holdings may acquire or construct in the future. Further, continue to evaluate additional growth opportunities through subsequent dropdowns of logistics assets acquired or developed by Delek Holdings, while factoring in associated impact on our capital structure and critically evaluating anticipated return on investment.
- *Pursue Attractive Expansion and Construction Opportunities.* Continue to evaluate, and when appropriate in the context of our return on investment and risk assessment criteria, pursue organic growth opportunities that complement our existing businesses or that provide attractive returns within or outside our current geographic footprint. Continue to evaluate potential opportunities to make capital investments that will be used to expand our existing asset base through the expansion and construction of new logistics assets to support growth of any of our customers', including Delek Holdings', businesses and from increased third-party activity. These construction projects may be developed either through joint venture relationships or by us acting independently, depending on size and scale.
- *Optimize Our Existing Assets and Expand Our Customer Base.* Continue seeking to enhance the profitability of our existing assets by adding incremental throughput volumes, improving operating efficiencies and increasing system-wide utilization. Additionally, continue to seek opportunities to further diversify our customer base by increasing third-party throughput volumes running through certain of our existing systems and expanding our existing asset portfolio to service more third-party customers.
- *Expand our ESG Consciousness and Lower Our Carbon Footprint.* Continue to look for ways to grow our business whilst staying conscious of and minimizing the negative environmental impact, while also seeking opportunities to invest in innovative technologies that will reduce our carbon emissions as we achieve our growth objectives and sustainably improve unitholder returns. We expect to achieve this objective through ESG-Conscious Investments with Clear Value Propositions and Sustainable Returns.

Commercial Agreements with Delek Holdings

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering, crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings, and Delek Holdings commits to provide us with minimum monthly throughput volumes of crude oil, intermediate and refined products. Generally, these agreements include minimum quarterly volume, revenue or throughput commitments and have tariffs or fees indexed to inflation-based indices, provided that the tariffs or fees will not be decreased below the initial amount. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a discussion of our material commercial agreements with Delek Holdings.

Other Transactions

The Partnership manages long-term capital projects on behalf of Delek Holdings pursuant to a construction management and operating agreement (the "DPG Management Agreement") for the construction of gathering systems in the Permian Basin (the "Delek Permian Gathering Project"). The majority of the gathering systems has been constructed, however, additional costs pertaining to a pipeline connection that was not acquired by the Partnership continue to be incurred and are still subject to the terms of the DPG Management Agreement. The Partnership is also considered the operator for the project and is responsible for the oversight of the project design, procurement and construction of project segments and for providing other related services. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for additional information on the DPG Management Agreement.

How We Evaluate Our Operations

We use a variety of financial and operating metrics to analyze our segment performance. These metrics are significant factors in assessing our operating results and profitability and include:

- volumes (including pipeline throughput and terminal volumes)
- operating and maintenance expenses
- cost of materials and other
- EBITDA and distributable cash flow (as such terms are defined below)
- net income of joint ventures

Volumes

The amount of revenue we generate primarily depends on the volumes of crude oil and refined products that we handle in our pipeline, transportation, terminalling, storage and marketing operations. These volumes are primarily affected by the supply of and demand for crude oil, intermediate and refined products in the markets served directly or indirectly by our assets. Although Delek Holdings has committed to minimum volumes under certain of the commercial agreements, as described above, our results of operations will be impacted by:

- Delek Holdings' utilization of our assets in excess of its minimum volume commitments;
- our ability to identify and execute acquisitions and organic expansion projects and capture incremental volume increases from Delek Holdings or third parties;
- our ability to increase throughput volumes at our refined products terminals and provide additional ancillary services at those terminals;
- our ability to identify and serve new customers in our marketing and trucking operations; and
- our ability to make connections to third-party facilities and pipelines.

Operating and Maintenance Expenses

We seek to maximize the profitability of our operations by effectively managing operating and maintenance expenses. These expenses include the costs associated with the operation of owned terminals and pipelines and terminalling expenses at third-party locations, excluding depreciation and amortization. These costs primarily include outside services, allocated employee costs, repairs and maintenance costs and energy and utility costs. Operating expenses related to the wholesale business are excluded from cost of sales because they primarily relate to costs associated with selling the products through our wholesale business. These expenses generally remain relatively stable across broad ranges of throughput volumes, but can fluctuate from period to period depending on the mix of activities performed during that period and the timing of said expenses. Additionally, compliance with federal, state and local laws and regulations relating to the protection of the environment, health and safety may require us to incur additional expenditures. We will seek to manage our maintenance expenditures on our pipelines and terminals by scheduling maintenance over time to avoid significant variability in our maintenance expenditures and minimize their impact on our cash flow.

Cost of Materials and Other

These costs include:

- | | |
|--|--|
| (i) all costs of purchased refined products in our wholesale marketing and terminalling segment, as well as additives and related transportation of such products; | (ii) costs associated with the operation of our trucking assets, which primarily include allocated employee costs and other costs related to fuel, truck leases and repairs and maintenance; |
| (iii) the cost of pipeline capacity leased from any third parties; and | (iv) gains and losses related to our commodity hedging activities. |

Financing

The Partnership paid a cash distribution to its unitholders at a distribution rate of \$1.02 per unit for the quarter ended December 31, 2022 (\$4.08 per unit on an annualized basis). Our Partnership Agreement requires that the Partnership distribute all of its available cash (as defined in the Partnership Agreement) to its unitholders quarterly. As a result, the Partnership expects to fund future capital expenditures primarily from operating cash flows, borrowings under our revolving credit facility and any potential future issuances of equity and debt securities. See Note 12 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a discussion of historic cash distributions.

How We Evaluate Our Investments in Pipeline Joint Ventures

We make strategic investments in pipeline joint ventures generally when it provides an economic benefit in terms of pipeline access we can use for our existing or future customers and when we expect a rate of return that meets our internal investment criteria. Our existing investments in pipeline joint ventures all provide a combination of strategic benefit and return on investment. The strategic benefit for each is described below:

- The RIO Pipeline is positioned in the Delaware basin and benefits from drilling activity in the area, while also offering producers and shippers connections to Midland, Texas takeaway pipelines;
- The Caddo Pipeline provides crude oil logistics connectivity for shippers from Longview, Texas area to Shreveport, Louisiana area; and
- The Red River Pipeline provides crude oil transportation and optionality from Cushing, Oklahoma to Longview, Texas area and connectivity to our Caddo JV along with DKL Pipeline for access to Gulf Coast markets. It also has additional expansion optionality.

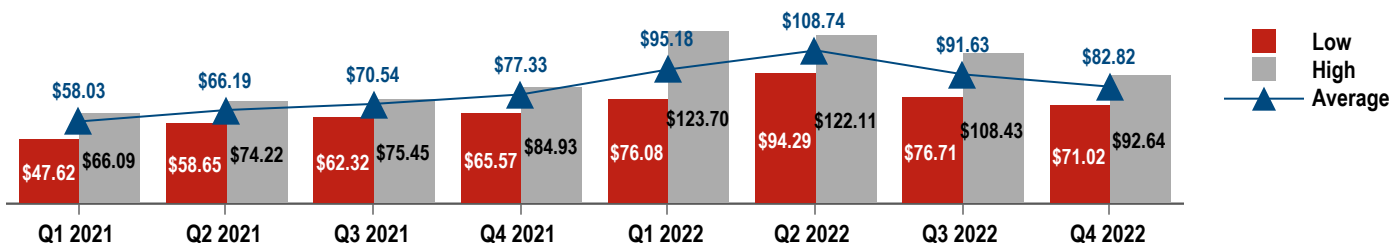
Market Trends

Fluctuations in crude oil, natural gas and NGLs prices and the prices of related refined and other hydrocarbon products impact operations in the midstream energy sector. For example, the prices of each of these products have the ability to influence drilling activity in many basins and the amounts of capital spending that crude oil exploration and production companies incur to support future growth. Exploration and production activities have a direct impact on volumes transported through our gathering assets in the geologic basins in which we operate. Additionally, the demand for hydrocarbon-based refined products and related crack spreads significantly impact production decisions of our refining customers and likewise throughputs on our pipelines and other logistics assets. Finally, fluctuations in demand and commodity prices for refined products, as well as the value attributable to RINs, directly impacts our wholesale marketing operations, where we are subject to short-term commodity price fluctuations at the rack.

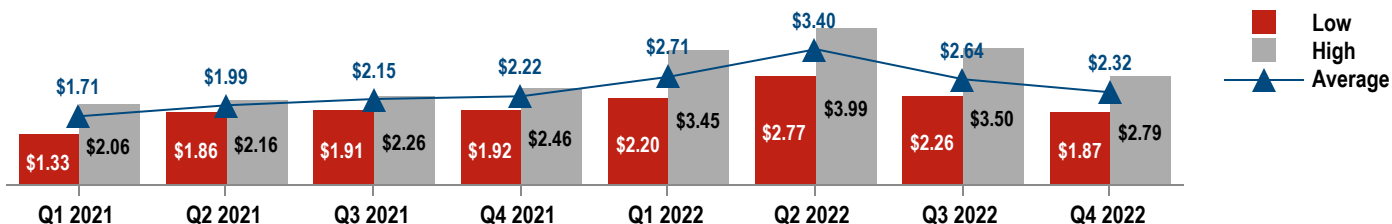
Most of the logistics services we provide (including transportation, gathering and processing services) are subject to long-term fee-based contracts with minimum volume commitments or long-term dedicated acreage agreements which mitigate most of our short-term financial risk to price and demand volatility. However, sustained depressed demand/prices over the longer term could not only curb exploration and production expansion opportunities under our agreements, it could also impact our customers' willingness or ability to renew commercial agreements or result in liquidity or credit constraints that could impact our longer term relationship with them. That said, our recent expansion of our gas processing capabilities have improved both our customer and geographic diversification which lowers concentration risk in those areas, in addition to adding service offerings to our portfolio. Furthermore, our dedicated acreage agreements provide significant growth opportunities in strong economic conditions (e.g., high demand/high commodity prices) without incremental customer acquisition cost. Given all of these factors, we believe that we continue to be strategically positioned, even in tougher market conditions, to sustain positive operating results and cash flows and to continue developing profitable growth projects that are needed to support future distribution growth.

The charts on the following page provide historical commodity pricing statistics for crude oil, refined product and natural gas.

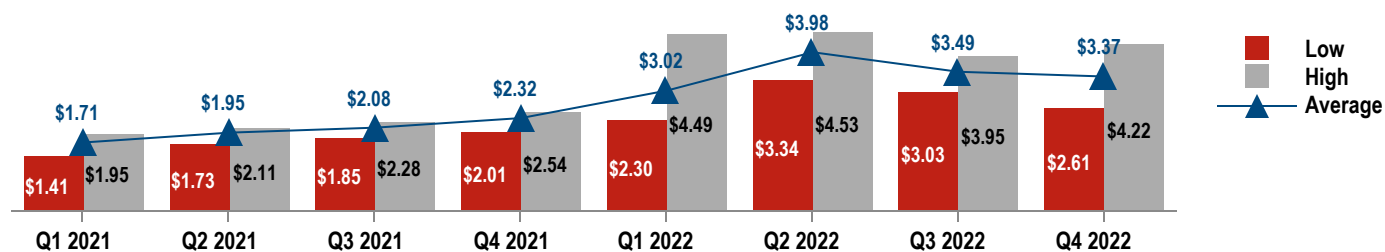
WTI Cushing Crude Oil (Price per barrel)



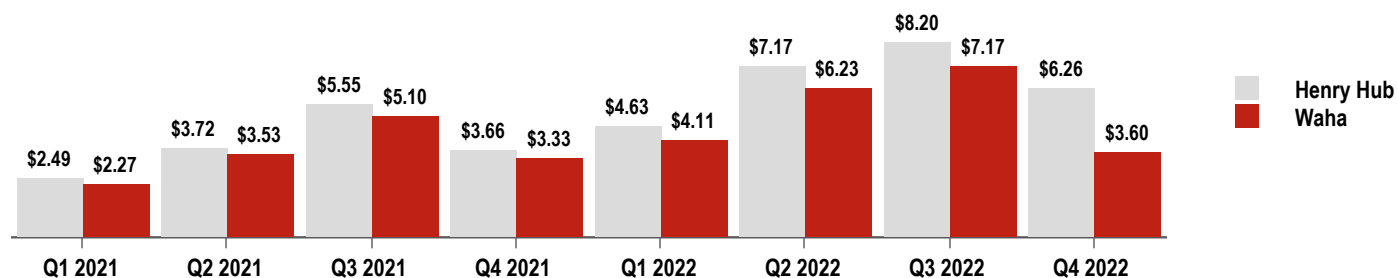
Gasoline Prices (Price per gallon)



Diesel Prices (Price per gallon)



Natural Gas Prices (Average Price per MMBtu)



Non-GAAP Measures

Our management uses certain "non-GAAP" operational measures to evaluate our operating segment performance and non-GAAP financial measures to evaluate past performance and prospects for the future to supplement our GAAP financial information presented in accordance with U.S. GAAP. These financial and operational non-GAAP measures include:

- **Earnings before interest, taxes, depreciation and amortization ("EBITDA")** - calculated as net income before net interest expense, income tax expense, depreciation and amortization expense, including amortization of customer contract intangible assets, which is included as a component of net revenues in our accompanying condensed consolidated statements of income.
- **Distributable cash flow** - calculated as net cash flow from operating activities plus or minus changes in assets and liabilities, less maintenance capital expenditures net of reimbursements and other adjustments not expected to settle in cash. The Partnership believes this is an appropriate reflection of a liquidity measure by which users of its financial statements can assess its ability to generate cash.

EBITDA and distributable cash flow are non-U.S. GAAP supplemental financial measures that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of EBITDA, financing methods;
- the ability of our assets to generate sufficient cash flow to make distributions to our unitholders;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of EBITDA and distributable cash flow provide information useful to investors in assessing our financial condition and results of operations. EBITDA and distributable cash flow should not be considered alternatives to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA and distributable cash flow have important limitations as analytical tools, because they exclude some, but not all, items that affect net income and net cash provided by operating activities. Additionally, because EBITDA and distributable cash flow may be defined differently by other partnerships in our industry, our definitions of EBITDA and distributable cash flow may not be comparable to similarly titled measures of other partnerships, thereby diminishing their utility. See below for a reconciliation of EBITDA and distributable cash flow to their most directly comparable U.S. GAAP financial measures.

Non-GAAP Reconciliations

The following table provides a reconciliation of EBITDA and distributable cash flow (which are defined above) to the most directly comparable U.S. GAAP measure, or net income and net cash from operating activities, respectively.

Reconciliation of net income to EBITDA (in thousands)

Net income

Add:

Income tax expense	382
Depreciation and amortization	62,988
Amortization of customer contract intangible assets	7,211
Interest expense, net	82,304

EBITDA

Year Ended December 31,	
2022	2021
\$ 159,052	\$ 164,822
382	153
62,988	42,770
7,211	7,211
82,304	50,221
\$ 311,937	\$ 265,177

Reconciliation of net cash from operating activities to distributable cash flow (in thousands)

Net cash provided by operating activities

Changes in assets and liabilities	49,423
Distributions from equity method investments in investing activities	1,737
Non-cash lease expense	(16,254)
Regulatory capital expenditures ⁽¹⁾	(9,684)
Reimbursement from Delek Holdings for capital expenditures ⁽²⁾	1,176
Accretion of asset retirement obligations	(596)
Deferred income taxes	(5)
Gain on sale of assets	114

Distributable cash flow

Year Ended December 31,	
2022	2021
\$ 192,168	\$ 275,162
49,423	(51,429)
1,737	8,774
(16,254)	(9,652)
(9,684)	(8,232)
1,176	1,913
(596)	(461)
(5)	(353)
114	59
\$ 218,079	\$ 215,781

(1) Regulatory capital expenditures represent cash expenditures (including for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity. Examples include expenditures for the repair, refurbishment and replacement of pipelines and terminals, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.

(2) For the years ended December 31, 2022 and 2021, Delek Holdings reimbursed us for certain capital expenditures pursuant to the terms of the Omnibus Agreement (as defined in Note 4 to our accompanying consolidated financial statements).

Results of Operations

A discussion and analysis of the factors contributing to our results of operations is presented below. The financial statements, together with the following information, are intended to provide investors with a reasonable basis for assessing our historical operations but should not serve as the only criteria for predicting our future performance.

Consolidated Results of Operations - Comparison of the Year Ended December 31, 2022 versus the Year Ended December 31, 2021 and the Year Ended December 31, 2021 versus the Year Ended December 31, 2020

The following table presents a summary of our consolidated results of operations and our segment operating performance for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 (in thousands). The discussion immediately following presents the consolidated results of operations.

Consolidated			
	Year Ended December 31,		
	2022	2021	2020
Net revenues:			
Affiliate	\$ 479,411	\$ 418,826	\$ 382,666
Third-Party	556,996	282,076	180,752
Total Consolidated	1,036,407	700,902	563,418
Cost of materials and other	641,363	384,409	269,094
Operating expenses (excluding depreciation and amortization presented below)	88,307	61,820	56,279
General and administrative expenses	34,181	21,460	22,587
Depreciation and amortization	62,988	42,770	35,731
Other operating income, net	(114)	(59)	(66)
Operating income	\$ 209,682	\$ 190,502	\$ 179,793
Interest expense, net	82,304	50,221	42,874
Income from equity method investments	(31,683)	(24,575)	(22,693)
Other (income) expense, net	(373)	(119)	133
Total non-operating expenses, net	50,248	25,527	20,314
Income before income tax expense	159,434	164,975	159,479
Income tax expense	382	153	223
Net income attributable to partners	\$ 159,052	\$ 164,822	\$ 159,256

Net Revenues

2022 vs. 2021

Net revenues increased by \$335.5 million, or 47.9%, in the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase was primarily driven by the following:

- increased revenues of \$123.7 million as a result of the 3 Bear Acquisition, which was completed on June 1, 2022;
- increases in the average sales prices per gallon of gasoline and diesel sold and increases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased by \$0.74 per gallon and \$1.43 per gallon, respectively; and
 - the volume of gasoline and diesel sold increased by 2.0 million gallons and 1.0 million gallons, respectively.
- increases in pipeline throughputs, where the year ended December 31, 2021 was negatively impacted by the COVID-19 Pandemic as well as severe weather events.

2021 vs. 2020

Net revenues increased by \$137.5 million, or 24%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increased revenues associated with agreements executed in connection with the Midland Gathering Assets (formerly referred to as the Permian Gathering Assets Acquisition) and the Trucking Assets acquisitions, which were effective March 31, 2020 and May 1, 2020,

respectively. See Note 3 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information;

- increased revenues at our BSR Crude Pipeline, as a result of new contracts executed in the second quarter of 2020; and
- increases in the average sales prices per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased by \$0.78 per gallon and \$0.83 per gallon, respectively; and
 - the volume of gasoline and diesel sold decreased by 10.5 million gallons and 8.8 million gallons, respectively.

Such increases were partially offset by the following:

- decreases in throughputs due to the impact of the severe freezing conditions that affected most of the regions where we operate resulting in lower volumes outside of contractual minimum volume commitments during the year ended December 31, 2021 when compared to the year ended December 31, 2020; and
- decreases in throughputs at the Paline Pipeline due to scheduled pipeline maintenance.

Cost of Materials and Other

2022 vs. 2021

Cost of materials and other increased by \$257.0 million, or 66.8%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- increase in cost of materials and other totaling \$73.0 million as a result of 3 Bear Acquisition, which was completed on June 1, 2022; and
- increases in the average cost per gallon of gasoline and diesel sold and increases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased by \$0.74 per gallon and \$1.43 per gallon, respectively; and
 - the average volumes of gasoline and diesel sold increased by 2.0 million gallons and 1.0 million gallons, respectively.

2021 vs. 2020

Cost of materials and other increased by \$115.3 million, or 42.9%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased by \$0.83 per gallon and \$0.80 per gallon, respectively; and
 - the average volumes of gasoline and diesel sold decreased by 10.5 million gallons and 8.8 million gallons, respectively.

Operating Expenses

2022 vs. 2021

Operating expenses increased by \$26.5 million, or 42.8%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- increase due to additional expenses associated with 3 Bear, which was acquired on June 1, 2022;
- increases in employee and outside service costs; and
- increases in variable expenses such as maintenance and materials costs due to higher throughput.

2021 vs. 2020

Operating expenses increased by \$5.5 million, or 9.8%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increases in employee and outside service costs after cost cutting measures implemented to respond to the COVID-19 Pandemic, including delaying non-essential projects, ended;
- increase in energy costs due to higher natural gas prices; and
- increases in variable expenses such as maintenance and materials costs due to higher throughput.

General and Administrative Expenses

2022 vs. 2021

General and administrative expenses increased \$12.7 million, or 59.3%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by transaction costs incurred in connection with the 3 Bear Acquisition.

2021 vs. 2020

The changes in general and administrative expenses for the year ended December 31, 2021 compared to the year ended December 31, 2020 were immaterial.

Depreciation and Amortization

2022 vs. 2021

Depreciation and amortization increased by \$20.2 million, or 47.3%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- the acquisition of property, plant and equipment and customer relationship intangible as part of the 3 Bear Acquisition.

2021 vs. 2020

Depreciation and amortization increased by \$7.0 million, or 19.7%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- addition of assets to our asset base as a result of the Trucking Assets Acquisition and the Midland Gathering Assets Acquisition; and
- higher asset additions in the current year compared to prior year as some projects which had been temporarily suspended when COVID-19 induced liquidity conservation were commenced.

Interest Expense

2022 vs. 2021

During the year ended December 31, 2022 we incurred \$82.3 million of interest expense, compared to \$50.2 million during the year ended December 31, 2021, an increase of \$32.1 million, or 63.9%. This increase was primarily driven by the following:

- increased borrowings under the DKL Credit Facility to fund 3 Bear Acquisition; and
- increase in floating interest rates applicable to the DKL Credit Facility and DKL Term Facility due to dramatic market rate increases in 2020.

2021 vs. 2020

During the year ended December 31, 2021 we incurred \$50.2 million on interest expense, compared to \$42.9 million during the year ended December 31, 2020, an increase of \$7.3 million, or 17.1%. This increase was primarily driven by the following:

- higher fixed rate interest on the new 2028 Notes issued during second quarter of 2021 compared to our floating interest rates under the DKL Credit Facility;
- increased borrowings under the DKL Credit Facility as a result of our Midland Gathering Assets Acquisition, the Trucking Assets Acquisition and the IDR Restructuring Transaction; and
- partially offset by a decrease in floating interest rates applicable to the DKL Credit Facility.

Results from Equity Method Investments

2022 vs. 2021

During the year ended December 31, 2022 we recognized income of \$31.7 million from equity method investments, compared to \$24.6 million during the year ended December 31, 2021, an increase of \$7.1 million, or 28.9%. This increase was primarily driven by the following:

- increase in income from our Red River and Caddo equity method investments due to higher throughput volumes and resulting revenue increases; and
- partially offset by decrease in income from Rio equity method investment.

2021 vs. 2020

During the year ended December 31, 2021 we recognized income of \$24.6 million from equity method investments, compared to \$22.7 million during year ended December 31, 2020, an increase of \$1.9 million, or 8%. This increase was primarily driven by the following:

- increase in income from our Red River equity method investment due to higher throughput volumes and resulting revenue increases; and
- partially offset by decrease in income from Caddo and Rio equity method investments and lower income from our equity method investments in the first quarter of 2021 due to lower volumes as the impact of the February 2021 severe freezing conditions was pervasive across all of our equity method investments' pipeline systems. The Rio equity method investment income was also impacted by a major customer contract termination during the third quarter of 2021, resulting in lower revenues for the year.

Operating Segments

We review operating results in four reportable segments: (i) gathering and processing; (ii) wholesale marketing and terminalling; (iii) storage and transportation; and (iv) investments in pipeline joint ventures. Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each reportable segment based on the segment EBITDA, except for the investments in pipeline joint ventures segment, which is measured based on net income. Segment reporting is discussed in more detail in Note 15 to our accompanying consolidated financial statements.

Gathering and Processing Segment

Our gathering and processing segment assets provide crude oil gathering services to Delek Holdings and third parties. These assets include:

- the pipeline assets used to support Delek Holdings' El Dorado refinery (the "El Dorado Assets")
- the gathering system that supports transportation of crude oil to the El Dorado Refinery (the "El Dorado Gathering System")
- the Paline Pipeline System
- the East Texas Crude Logistics System
- the Tyler-Big Sandy Pipeline
- the Greenville-Mount Pleasant Pipeline
- refined product pipeline capacity leased from Enterprise TE Products Pipeline Company ("Enterprise") that runs from El Dorado, Arkansas to our Memphis terminal and the Big Spring Pipeline
- pipelines acquired in the Big Spring Logistics Assets Acquisition
- assets acquired in the Midland Gathering Assets Acquisition
- assets acquired in the 3 Bear Acquisition

The following table and discussion present the results of operations and certain operating statistics of the gathering and processing segment for the years ended December 31, 2022, 2021 and 2020.

Gathering and Processing				
	Year Ended December 31,			
	2022	2021	2020	
Net Revenues	\$ 305,427	\$ 161,852	\$ 140,288	
Cost of materials and other	\$ 81,525	\$ 5,139	\$ 5,065	
Operating expenses (excluding depreciation and amortization)	\$ 48,211	\$ 29,830	\$ 26,213	
Segment EBITDA	\$ 175,250	\$ 126,818	\$ 108,752	

Throughputs (average bpd)			
	Year Ended December 31,		
	2022	2021	2020
El Dorado Assets:			
Crude pipelines (non-gathered)	78,519	65,335	74,179
Refined products pipelines to Enterprise Systems	56,382	48,757	53,702
El Dorado Gathering System	15,391	14,460	13,466
East Texas Crude Logistics System	21,310	22,647	15,960
Midland Gathering System ⁽¹⁾	128,725	80,285	82,817
Plains Connection System ⁽¹⁾	183,827	124,025	104,770

(1) Throughputs for the Midland Gathering System (formerly known as the Permian Gathering System) and the Plains Connection System are for approximately 275 days we owned the assets following the Midland Gathering Assets Acquisition effective March 31, 2020.

Delaware Gathering Assets Volumes	
	Period from June 1 through December 31, 2022
Natural Gas Gathering and Processing (Mcf⁽¹⁾)	60,971
Crude Oil Gathering (bpd⁽²⁾)	87,519
Water Disposal and Recycling (bpd⁽²⁾)	72,056

(1) Mcfd - average thousand cubic feet per day.

(2) bpd - average barrels per day.

Operational Comparison of the Year Ended December 31, 2022 versus the Year Ended December 31, 2021 and the Year Ended December 31, 2021 versus the Year Ended December 31, 2020

Net Revenues

2022 vs. 2021

Net revenues for the gathering and processing segment increased by \$143.6 million, or 88.7%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, driven primarily by the following:

- increased revenues of \$123.7 million as a result of the 3 Bear Acquisition, which was completed on June 1, 2022;
- increases in throughputs due to the impact of the severe freezing conditions that affected most of the regions where we operate and increases in throughputs at the Paline Pipeline due to scheduled pipeline maintenance during year ended December 31, 2021 compared to the year ended December 31, 2022; and
- increased revenues at our BSR Crude Pipeline, as a result of Luther Station becoming operational in 2021.

2021 vs. 2020

Net revenues for the gathering and processing segment increased by \$21.6 million, or 15.4%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increased revenues associated with agreements executed in connection with the Midland Gathering Assets Acquisition, which was effective March 31, 2020. See Note 3 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information;
- increased revenues at our BSR Crude Pipeline, as a result of new contracts executed in the second quarter of 2020, during the year ended December 31, 2021 when compared to the year ended December 31, 2020; and
- partially offset by decreases in throughputs due to the impact of the severe freezing conditions that affected most of the regions where we operate resulting in lower volumes outside of contractual minimum volume commitments and decreases in throughputs at the Paline Pipeline due to scheduled pipeline maintenance during the year ended December 31, 2021 when compared to the year ended December 31, 2020.

Cost of Materials and Other

2022 vs. 2021

Cost of materials and other for the gathering and processing segment increased by \$76.4 million, or 1,486.4%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, driven primarily by the following:

- increase in cost of materials and other totaling \$73.0 million as a result of 3 Bear Acquisition, which was completed on June 1, 2022.

2021 vs. 2020

Cost of materials and other for the gathering and processing segment increased by \$0.1 million, or 1.5%, in the year ended December 31, 2021 compared to the year ended December 31, 2020.

Operating Expenses

2022 vs. 2021

Operating expenses for the gathering and processing segment increased by \$18.4 million, or 61.6%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- increase due to additional expenses associated with 3 Bear, which was acquired on June 1, 2022; and
- increases in employee and outside service costs.

2021 vs. 2020

Operating expenses for the gathering and processing segment increased by \$3.6 million, or 13.8%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increase in energy costs due to higher natural gas prices; and
- increases in employee and outside service costs after cost cutting measures implemented to respond to the COVID-19 Pandemic, including delaying non-essential projects, ended.

EBITDA

2022 vs. 2021

EBITDA increased by \$48.4 million or 38.2%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- Additional EBITDA associated with the 3 Bear acquisition;
- increases in revenue due to higher throughput volumes as explained above; and
- partially offset by increases in operating expenses.

2021 vs. 2020

EBITDA increased by \$18.1 million or 16.6%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increases in revenues associated with agreements executed in connection with the Midland Gathering Assets Acquisition and the BSR Crude Pipeline; and
 - partially offset by the increase in operating expenses.
-

Wholesale Marketing and Terminalling Segment

We use our wholesale marketing and terminalling assets to generate revenue by providing wholesale marketing and terminalling services to Delek Holdings' refining operations and to independent third parties.

The table and discussion below present the results of operations and certain operating statistics of the wholesale marketing and terminalling segment for the years ended December 31, 2022, 2021 and 2020.

Wholesale Marketing and Terminalling				
	Year Ended December 31,			
	2022	2021	2020	
Net Revenues	\$ 588,884	\$ 413,257	\$ 312,891	
Cost of materials and other	\$ 491,452	\$ 323,350	\$ 226,223	
Operating expenses (excluding depreciation and amortization presented below)	\$ 19,458	\$ 16,357	\$ 13,117	
Segment EBITDA	\$ 83,098	\$ 79,597	\$ 79,602	

Operating Information				
	Year Ended December 31,			
	2022	2021	2020	
East Texas - Tyler Refinery sales volumes (average bpd) ⁽¹⁾	66,058	68,497	71,182	
Big Spring marketing throughputs (average bpd)	71,580	78,370	76,345	
West Texas marketing throughputs (average bpd)	10,206	10,026	11,264	
West Texas marketing gross margin per barrel	\$ 4.15	\$ 3.72	\$ 2.37	
Terminalling throughputs (average bpd) ⁽²⁾	132,262	138,301	147,251	

(1) Excludes jet fuel and petroleum coke.

(2) Consists of terminalling throughputs at our Tyler, Big Spring, Big Sandy and Mount Pleasant, Texas terminals, our El Dorado and North Little Rock, Arkansas terminals and our Memphis and Nashville, Tennessee terminals.

Operational Comparison of the Year Ended December 31, 2022 versus the Year Ended December 31, 2021 and the Year Ended December 31, 2021 versus the Year Ended December 31, 2020

Net Revenues

2022 vs. 2021

Net revenues for the wholesale marketing and terminalling segment increased by \$175.6 million, or 42.5%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- increases in the average sales prices per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased by \$0.74 per gallon and \$1.43 per gallon, respectively; and
 - the average volumes of gasoline and diesel sold increased by 2.0 million gallons and 1.0 million gallons, respectively.

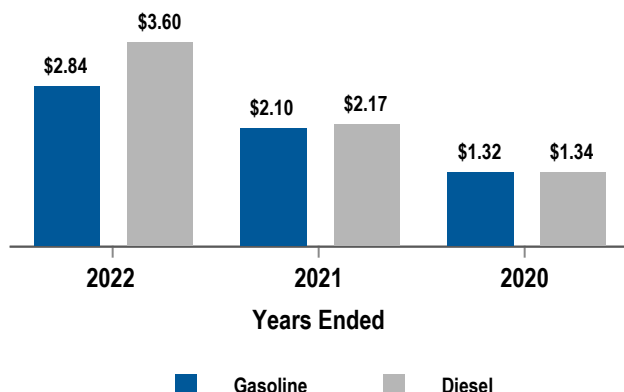
2021 vs. 2020

Net revenues for the wholesale marketing and terminalling segment increased by \$100.4 million, or 32.1%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

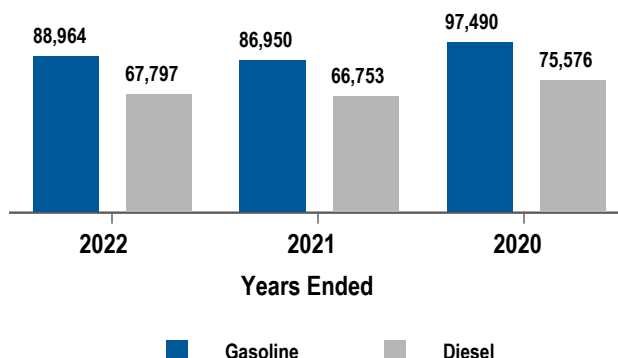
- increases in the average sales prices per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased by \$0.78 per gallon and \$0.83 per gallon, respectively; and
 - the average volumes of gasoline and diesel sold decreased by 10.5 million gallons and 8.8 million gallons, respectively.

The following charts show summaries of the average sales prices per gallon of gasoline and diesel and refined products volume impacting our West Texas operations for the years ended December 31, 2022, 2021 and 2020.

**Refined Products Prices
Net Revenues
(Average Price/Gallon)**



**Refined Products Volume - Gallons
(In thousands)**



Cost of Materials and Other

2022 vs. 2021

Cost of materials and other for the wholesale marketing and terminalling segment increased by \$168.1 million, or 52.0%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

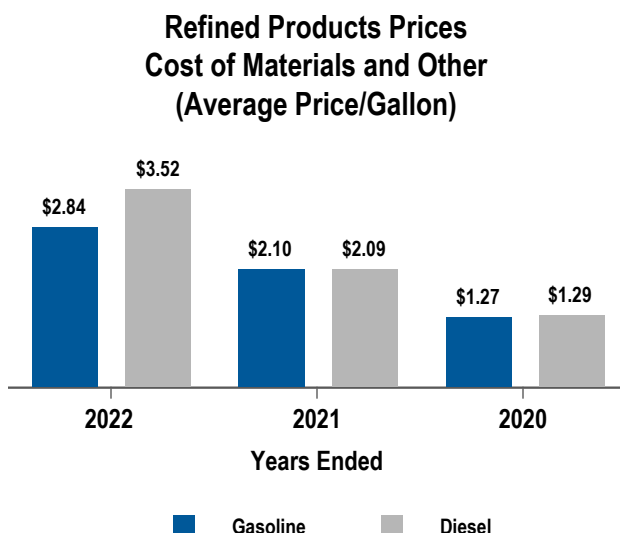
- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased by \$0.74 per gallon and \$1.43 per gallon, respectively; and
 - the average volumes of gasoline and diesel sold increased by 2.0 million gallons and 1.0 million gallons, respectively.

2021 vs. 2020

Cost of materials and other for the wholesale marketing and terminalling segment increased by \$97.1 million, or 42.9%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the average volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased by \$0.83 per gallon and \$0.80 per gallon, respectively; and
 - the average volumes of gasoline and diesel sold decreased by 10.5 million gallons and 8.8 million gallons, respectively.

The following chart shows a summary of the average prices per gallon of gasoline and diesel purchased in our West Texas operations for the years ended December 31, 2022, 2021 and 2020. Refer to the Refined Products Volume - Gallons chart above for a summary of volumes impacting our West Texas operations.



Operating Expenses

2022 vs. 2021

Operating expenses for the wholesale marketing and terminalling segment increased by \$3.1 million, or 19.0%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- increases in variable expenses such as utilities, maintenance and material costs; and
- this increase was partially offset by lower operating costs associated with allocated contract services pertaining to certain of our assets.

2021 vs. 2020

Operating expenses for the wholesale marketing and terminalling segment increased by \$3.2 million, or 24.7%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increases in variable expenses such as utilities, maintenance and material costs; and
- this increase was partially offset by lower operating costs associated with allocated contract services pertaining to certain of our assets.

EBITDA

2022 vs. 2021

EBITDA for the wholesale marketing and terminalling segment increased by \$3.5 million, or 4.4%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- Increase in volume of gasoline and diesel sold in our West Texas marketing operations; and
- this increase was partially offset by lower West Texas gross margin per barrel.

2021 vs. 2020

The change in EBITDA for the year ended December 31, 2021 compared to the year ended December 31, 2020, was immaterial.

Storage and Transportation Segment

Our storage and transportation segment assets provide transportation and storage services to Delek Holdings and third parties. These assets include:

- El Dorado Rail Offloading Racks
- the El Dorado Tank Assets
- the Tyler Tank Assets and Tyler Crude Tank
- storage assets acquired in the Big Spring Logistics Assets Acquisition
- assets acquired in the Trucking Assets Acquisition
- Greenville Storage Facility

Additionally, we own or lease 264 tractors and 353 trailers used to haul primarily crude oil and other products for related and third parties.

The table and discussion below present the results of operations and certain operating statistics of the storage and transportation segment for the years ended December 31, 2022, 2021 and 2020.

Storage and Transportation			
	Year Ended December 31,		
	2022	2021	2020
Net revenues	\$ 142,096	\$ 125,793	\$ 110,239
Cost of materials and other	\$ 66,953	\$ 54,682	\$ 40,869
Operating expenses (excluding depreciation and amortization presented below)	\$ 17,843	\$ 13,987	\$ 15,988
Segment EBITDA	\$ 56,269	\$ 56,929	\$ 51,704

Operational Comparison of the Year Ended December 31, 2022 versus the Year Ended December 31, 2021 and the Year Ended December 31, 2021 versus the Year Ended December 31, 2020

Net Revenues

2022 vs. 2021

Net revenues for the storage and transportation segment increased by \$16.3 million, or 13.0%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, driven primarily by the following:

- increased trucking transportation associated with higher refinery volumes.

2021 vs. 2020

Net revenues for the storage and transportation segment increased by \$15.6 million, or 14.1%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increased revenues associated with agreements executed in connection with the Trucking Assets Acquisition which was effective May 1, 2020. See Note 3 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information.

Cost of Materials and Other

2022 vs. 2021

Cost of materials and other for the storage and transportation segment increased by \$12.3 million, or 22.4%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, driven primarily by the following:

- increased trucking transportation associated with higher refinery volumes; and
- increases in driver wages and benefits and fuel expense proportionate to increases in fees, insurance, supplies and maintenance expenses.

2021 vs. 2020

Cost of materials and other for the storage and transportation segment increased by \$13.8 million, or 33.8%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increases in transportation costs related to our Trucking Assets due to the Trucking Assets Acquisition, which was effective May 1, 2020; and
- increases in driver wages and benefits and fuel expense proportionate to increases in fees, insurance, supplies and maintenance expenses.

Operating Expenses**2022 vs. 2021**

Operating expenses for the storage and transportation segment increased by \$3.9 million, or 27.6%, in the year ended December 31, 2022 compared to the year ended December 31, 2021, primarily driven by the following:

- increases in employee and outside service costs.

2021 vs. 2020

Operating expenses for the storage and transportation segment decreased by \$2.0 million, or 12.5%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- decrease in contract services.

EBITDA**2022 vs. 2021**

The change in EBITDA for the year ended December 31, 2022 compared to the year ended December 31, 2021, was immaterial.

2021 vs. 2020

EBITDA for the storage and transportation segment increased by \$5.2 million, or 10.1%, in the year ended December 31, 2021 compared to the year ended December 31, 2020, driven primarily by the following:

- increased EBITDA associated with the Trucking Assets Acquisition.

Investments in Pipeline Joint Ventures Segment

The Investments in Pipeline Joint Ventures segment relates to strategic Joint Venture investments, accounted for as equity method investments, to support the Delek Holdings operations in terms of offering connection to takeaway pipelines, alternative crude supply sources and flow of high quality crude oil to the Delek Holdings refining system. As a result, Delek Holdings is a major shipper and customer on certain of the Joint Venture pipelines, with minimum volume commitment ("MVC") agreements, which cushion the Joint Venture entities during periods of low activity as recently experienced due to the impact of the extreme weather events. The other Joint Venture owners are usually major shippers on the pipelines resulting in a majority of the revenue of the Joint Venture entities coming from MVC agreements with related entities.

Investments in pipeline joint ventures segment include the Partnership's joint ventures investments described in Note 14 to our accompanying consolidated financial statements.

Refer to Consolidated Results of Operations above for details and discussion of the investments in pipeline joint ventures segment for the year ended December 31, 2022.

Liquidity and Capital Resources

Sources of Capital

We consider the following when assessing our liquidity and capital resources:

- (i) cash generated from operations;
- (ii) borrowings under our revolving credit facility;
- (iii) potential issuance of additional equity; and
- (iv) potential issuance of additional debt securities.

At December 31, 2022 our total liquidity amounted to \$187.5 million comprised of \$179.5 million in unused credit commitments under the DKL Credit Facility and \$8.0 million in cash and cash equivalents. We have the ability to increase the DKL Credit Facility to \$1.0 billion subject to receiving increased or new commitments from lenders and meeting certain requirements under the credit facility. Historically, we have generated adequate cash from operations to fund ongoing working capital requirements, pay quarterly cash distributions and operational capital expenditures, and we expect the same to continue in the foreseeable future. Other funding sources, including the issuance of additional debt securities, have been utilized to fund growth capital projects such as dropdowns and other acquisitions. In addition, we have historically been able to source funding at rates that reflect market conditions, our financial position and our credit ratings. We continue to monitor market conditions, our financial position and our credit ratings and expect future funding sources to be at rates that are sustainable and profitable for the Partnership. However, there can be no assurances regarding the availability of any future financings or additional credit facilities or whether such financings or additional credit facilities can be made available on terms that are acceptable to us.

We believe we have sufficient financial resources from the above sources to meet our funding requirements in the next 12 months, including working capital requirements, quarterly cash distributions and capital expenditures. Nevertheless, our ability to satisfy working capital requirements, to service our debt obligations, to fund planned capital expenditures, or to pay distributions will depend upon future operating performance, which will be affected by prevailing economic conditions in the oil industry and other financial and business factors, including crude oil prices, some of which are beyond our control.

If market conditions were to change, for instance due to the uncertainty created by the COVID-19 Pandemic or the Russia-Ukraine War, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be unfavorably impacted.

We continuously review our liquidity and capital resources. If market conditions were to change, for instance due to a significant decline in crude oil prices, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be reduced. Additionally, it could cause the rating agencies to lower our credit ratings. There are no ratings triggers that would accelerate the maturity of any borrowings under our debt agreements. Such actions include seeking alternative financing solutions and enacting cost reduction measures. Refer to the Business Overview section of this MD&A for a complete discussion of the uncertainties identified by management and the actions taken to respond to these uncertainties.

We believe we were in compliance with the covenants in all our debt facilities as of December 31, 2022. See Note 11 to our consolidated financial statements for a complete discussion of our third-party indebtedness.

Amendments to DKL Credit Facility

In May 2022, we entered into Second and Third Amendments to our Third Amended and Restated Credit Agreement, which provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") and also amended certain financial covenant calculations in order to provide flexibility in connection with the timing of the 3 Bear Acquisition. Additionally, on May 26, 2022, we entered into a Fourth Amendment to Third Amended and Restated Credit Agreement to, among other things, increase the U.S. Revolving Credit Commitments (as defined in the Credit Agreement) by an amount equal to \$150 million under an existing accordion feature, for an aggregate amount of commitments under our Existing Credit Agreement of \$1 billion. The exercise of the accordion feature gave us the flexibility to utilize

borrowings under the Credit Agreement to help fund the acquisition of 3 Bear while continuing to maintain sufficient availability to continue to effectively manage our working capital needs and liquidity risk, and to evaluate longer term capitalization strategies.

On October 13, 2022, we entered into a Fourth Amended and Restated Credit Agreement with Fifth Third, as administrative agent and a syndicate of lenders (the "2022 DKL Credit Facility"). The DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and (ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024, and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances.

Cash Distributions

On January 23, 2023, the board of directors of our general partner declared a distribution of \$1.020 per common unit (the "Distribution"), which equates to approximately \$44.4 million per quarter, or approximately \$177.8 million per year, based on the number of common units outstanding as of February 2, 2023. The Distribution was paid on February 9, 2023 to common unitholders of record on February 2, 2023 and represents a 4.6% increase over the fourth quarter 2021 distribution. We have set a distribution growth guidance of 5% for the full year 2023. This increase in the distribution is consistent with our intent to maintain an attractive distribution growth profile over the long term. Although our Partnership Agreement requires that we distribute all of our available cash each quarter, we do not otherwise have a legal obligation to distribute any particular amount per common unit.

The table below summarizes the quarterly distributions related to our 2022 quarterly financial results:

Quarter Ended	Total Quarterly Distribution Per Limited Partner Unit	Total Quarterly Distribution Per Limited Partner Unit, Annualized	Total Cash Distribution (in thousands)	Date of Distribution	Unitholders Record Date
March 31, 2022	\$0.980	\$3.92	\$42,604	May 12, 2022	May 5, 2022
June 30, 2022	\$0.985	\$3.94	\$42,832	August 11, 2022	August 4, 2022
September 30, 2022	\$0.990	\$3.96	\$43,057	November 10, 2022	November 4, 2022
December 31, 2022	\$1.020	\$4.08	\$44,440	February 9, 2023	February 2, 2023

Cash Flows

The following table sets forth a summary of our consolidated cash flows for the year ended December 31, 2022 and 2021 (in thousands):

	Year Ended December 31,	
	2022	2021
Net cash provided by operating activities	\$ 192,168	\$ 275,162
Net cash used in investing activities	(770,437)	(16,360)
Net cash provided by (used in) financing activities	581,947	(258,753)
Net increase in cash and cash equivalents	\$ 3,678	\$ 49

Operating Activities

Net cash provided by operating activities decreased by \$83.0 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. The cash receipts from customer activities increased by \$326.3 million and cash payments to suppliers and for allocations to Delek Holdings for salaries increased by \$377.9 million. In addition, cash dividends received from equity method investments increased by \$2.1 million and cash paid for debt interest increased by \$33.5 million.

Investing Activities

Net cash used in investing activities increased by \$754.1 million during the year ended December 31, 2022 compared to the year ended December 31, 2021. The 3 Bear Acquisition, which closed on June 1, 2022, was partially financed through borrowings under the DKL Credit Facility amount to \$625.6 million, which was recorded in investing activities. There were no acquisitions during the year ended December 31, 2021. In addition, there were purchases of property, plant and equipment amounting to \$141.1 million, purchases of intangibles assets amounting to \$5.6 million and distributions from equity method investments amounting to \$1.7 million during the year ended December 31, 2022, compared to additions to property, plant and equipment amounting to \$23.1 million, purchases of intangible assets amounting to \$1.0 million and distributions from equity method investments amounting to \$8.8 million during the year ended December 31, 2021. Additionally,

there were no contributions to our equity method investments during the year ended December 31, 2022 compared to \$1.4 million during the year ended December 31, 2021.

Financing Activities

Net cash provided by (used in) financing activities decreased by \$840.7 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. We had net borrowings of \$462.5 million under the revolving credit facility during the year ended December 31, 2022, compared to net repayments of \$488.6 million under the revolving credit facility during the year ended December 31, 2021. We had no proceeds from senior notes during the year ended December 31, 2022 compared to proceeds of \$400.0 million during the year ended December 31, 2021. We paid quarterly cash distributions totaling \$171.1 million during the year ended December 31, 2022, compared to quarterly cash distributions totaling \$161.7 million during the year ended December 31, 2021. In addition, we made payments on finance lease liability in the amount of \$2.9 million during the year ended December 31, 2022, compared to payments on finance lease liability in the amount of \$2.2 million during the year ended December 31, 2021.

Debt Overview

As of December 31, 2022, we had total indebtedness of \$1,661.6 million, net of deferred financing costs and debt discount of \$7.0 million and \$2.0 million, respectively. The increase of \$764.0 million in our long-term debt balance compared to the balance at December 31, 2021 resulted from the borrowings under the DKL Credit Facility during the year ended December 31, 2022. As of December 31, 2022, our total indebtedness consisted of:

- An aggregate principal amount of \$720.5 million under the DKL Revolving Facility ("revolving credit facility"), due on October 13, 2027, with an average borrowing rate of 7.55%, which was amended and restated on October 13, 2022.
- An aggregate principal amount of \$300.0 million, under the DKL Term Facility, due on October 13, 2024, with an average borrowing rate of 7.92%.
- An aggregate principal amount of \$250.0 million, under the Delek Logistics Notes (6.75% senior notes), due in 2025, with an effective interest rate of 7.21%.
- An aggregate principal amount of \$400.0 million, under the 2028 Notes (7.125% senior notes), due in 2028, with an effective interest rate of 7.40%.

We believe we were in compliance with the covenants in all debt facilities as of December 31, 2022. See Note 11 to our consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a complete discussion of our third-party indebtedness.

Agreements Governing Certain Indebtedness of Delek Holdings

Although we are not contractually bound by and are not liable for Delek Holdings' debt under its credit arrangements, we are indirectly affected by certain prohibitions and limitations contained therein. Specifically, certain of Delek Holdings' credit arrangements require that Delek Holdings meet certain minimum covenant levels for (i) consolidated shareholders' equity and (ii) a ratio of consolidated shareholders' equity to adjusted total assets. Delek Holdings, due to its majority ownership and control of our general partner, has the ability to prevent us from taking actions that would cause Delek Holdings to violate these and any other covenants in its credit arrangements or otherwise be in default under any of its credit arrangements. As a result, we cannot assure you that such covenants will not impact our ability to use the full capacity under our revolving credit facility in the future. Please read Item 1A. "Risk Factors—Risks Relating to Our Business—Delek Holdings' level of indebtedness, the terms of its borrowings and any future credit ratings could adversely affect our ability to grow our business, our ability to make cash distributions to our unitholders and our credit profile. Our current and future credit ratings may also be affected by Delek Holdings' level of indebtedness and financial performance and credit ratings."

Equity Units Overview

On November 14, 2022, we entered into an Equity Distribution Agreement with RBC Capital Markets, LLC (the "Manager") under which we may issue and sell, from time to time, to or through the Manager, as sales agent and/or principal, as applicable, common units representing limited partner interests, having an aggregate offering price of up to \$100.0 million. The Equity Distribution Agreement provides us the right, but not the obligation, to sell common units in the future, at prices we deem appropriate. The net proceeds from any sales under this agreement will be used for general partnership purposes. For the year ended December 31, 2022, we sold 59,192 common units under the Equity Distribution Agreement for net proceeds of \$3.1 million. Underwriting discounts were immaterial.

On April 14, 2022, we filed a shelf registration statement with the SEC, which was declared effective on April 29, 2022, which provides the Partnership the ability to offer up to \$200.0 million of our common limited partner units from time to time and through one or more methods of distribution, subject to market conditions and our capital needs.

On December 20, 2021, Delek Holdings announced a program to sell up to 434,590 common limited partner units representing limited partner interests in the Partnership in open market transactions. For the years ended December 31, 2022 and 2021, Delek Holdings sold 385,522 and 49,068 units, respectively, for gross proceeds of \$16.4 million (\$13.6 million, net of taxes) and \$2.1 million (\$1.7 million, net of taxes). See Note 4 to our consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional details.

On August 13, 2020, we closed the IDR Restructuring Transaction. To effect this transaction, our Partnership Agreement was amended and restated. See Note 4 to our consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional details.

In August 2020, we filed a shelf registration statement, which subsequently became effective, with the U.S. Securities and Exchange Commission for the proposed re-sale or disposition from time to time by Delek Holdings of up to 14.0 million common limited partner units. We will not sell any securities under this shelf registration statement and we will not receive any proceeds from the sale of the securities by Delek Holdings.

On March 31, 2020, we issued 5.0 million common limited partner units to Delek Holdings as part of the consideration for the Midland Gathering Assets Acquisition. In connection with the issuance of these units and in accordance with the Partnership Agreement, we issued additional general partner units in an amount necessary to maintain the 2% general partner interest as defined in the Partnership Agreement.

Contemporaneous with the above issuance, the Board of the general partner waived distributions in respect of the IDRs associated with the 5.0 million Additional Units for at least two years, through at least the distribution for the quarter ending March 31, 2022 ("IDR Waiver"). The IDR Waiver essentially reduced the distribution made to the holders of the IDRs during this period, as the holders would not receive a share of the distribution made on the Additional Units. An additional waiver letter was signed that waived all of the distributions for the first quarter of 2020 on the Additional Units with respect to base distributions and the IDRs. The IDR Restructuring Transaction on August 13, 2020, permanently eliminated all of the IDRs. See Note 4 to our consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional details.

Capital Spending

A key component of our long-term strategy is our capital expenditure program, which includes strategic consideration and planning for the timing and extent of regulatory maintenance, sustaining maintenance, and discretionary capital projects. These categories are described below:

- Regulatory maintenance projects in the gathering and processing segment are those expenditures expected to be spent on certain of our pipelines to maintain their operational integrity pursuant to applicable environmental and other regulatory requirements. Regulatory projects in the wholesale marketing and terminalling segment relates to scheduled maintenance and improvements on our terminalling tanks and racks at certain of our terminals in order to maintain environmental and other regulatory compliance. These expenditures have historically been and will continue to be financed through cash generated from operations.
- Sustaining capital expenditures represent capitalizable expenditures for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets made to maintain our long-term operating income or operating capacity. Examples of sustaining capital expenditures are expenditures for the repair, refurbishment and replacement of pipelines, tanks and terminals, to maintain equipment reliability, integrity and safety and to maintain compliance with environmental laws and regulations. Delek Holdings has agreed to reimburse us with respect to certain assets it has transferred to us pursuant to the terms of the Omnibus Agreement (as defined in Note 4 to our accompanying consolidated financial statements). When not provided for under reimbursement agreements, such activities are generally funded by cash generated from operations.
- Growth projects include those projects that do not fall into one of the two categories above, and could include committed expansion projects under contracts with customers as well as other incremental growth projects, but are generally expected to produce incremental cash flows in accordance with our internal return on invested capital policy. Depending on the magnitude, funding for such projects may include cash generated from operations, borrowings under existing credit facilities, or issuances of additional debt or equity securities.

The following table summarizes our actual capital expenditures, including any material capital expenditure payments made or forecasted to be made in advance of receipt of goods and materials, for the year ended December 31, 2022 and planned capital expenditures for the full year 2023 by segment and by major category:

(in thousands)

	Full Year 2023 Forecast	Year Ended December 31, 2022
Gathering and Processing		
Regulatory	\$ 2,857	\$ 2,855
Sustaining	61	1,455
Growth	66,156	118,284
Gathering and Processing Segment Total ⁽¹⁾	\$ 69,074	\$ 122,594
Wholesale Marketing and Terminalling		
Regulatory	\$ 7,575	\$ 156
Sustaining	—	24
Growth	—	1,368
Wholesale Marketing and Terminalling Segment Total ⁽¹⁾	\$ 7,575	\$ 1,548
Storage and Transportation		
Regulatory	2,625	—
Sustaining	2,066	6,528
Growth	—	—
Storage and Transportation Segment Total ⁽¹⁾	\$ 4,691	\$ 6,528
Total Capital Spending ⁽¹⁾	\$ 81,340	\$ 130,670

(1) There were no capital contributions for the year ended December 31, 2022.

The amount of our capital expenditure budget is subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects. For example, we may experience increases in the cost of and/or timing to obtain necessary equipment required for our continued compliance with government regulations or to complete improvement projects. Additionally, the scope and cost of employee or contractor labor expense related to installation of that equipment could increase from our projections.

Long-term Cash Requirements

Information regarding our known contractual obligations of the types described below, as of December 31, 2022, is set forth in the following table (in thousands):

	<1 Year	1-3 Years	3-5 Years	>5 Years	Total
Long term debt and notes payable	\$ 15,000	\$ 535,000	\$ 720,500	\$ 400,000	\$ 1,670,500
Interest ⁽¹⁾	123,269	209,257	154,020	14,250	500,796
Finance Lease Obligation	2,807	344	—	—	3,151
Operating lease commitments ⁽²⁾	9,058	10,200	2,164	1,235	22,657
Total	\$ 150,134	\$ 754,801	\$ 876,684	\$ 415,485	\$ 2,197,104

(1) Includes expected interest payments on debt balances outstanding under the DKL Credit Facility and the 2025 and 2028 Notes at December 31, 2022. Floating interest rate debt is calculated using rates in effect on December 31, 2022.

(2) Amounts reflect future estimated lease payments under operating leases having remaining non-cancelable terms in excess of one year as of December 31, 2022.

We also have other non-current liabilities pertaining to environmental liabilities and asset retirement obligations. With the exception of amounts classified as current, there is uncertainty as to the timing of future cash flows related to these obligations. As such, we have excluded the future cash flows from the contractual commitments table above. See additional information on asset retirement obligations and environmental liabilities in Notes 2 and 17, respectively, to our consolidated financial statements in Item 8.

Other Cash Requirements

Our other cash requirements consisted of operating activities, cash distributions to unitholders, contributions to investments in joint ventures and capital expenditures. Operating activities included cash outflows related to payments to suppliers for crude and other materials and payments for services. Refer to the Cash Flow section for our operating activities spend in 2022. While many of the expenses related to the operating activities are variable in nature, some of the expenditures can be somewhat fixed in the short-term due to forward planning on our level of activity. Refer to Cash Distributions section for cash distributions made in 2022 and planned distributions for 2023. Refer to the capital spending section for our capital expenditures for 2022 and our planned capital expenditures for 2023.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements through the date of the filing of this Annual Report on Form 10-K.

Critical Accounting Estimates

The fundamental objective of financial reporting is to provide useful information that allows a reader to comprehend our business activities. We prepare our consolidated financial statements in conformity with GAAP, and in the process of applying these principles, we must make judgments, assumptions and estimates based on the best available information at the time. To aid a reader's understanding, management has identified our critical accounting estimates. These estimates are considered critical because they are both most important to the portrayal of our financial condition and results, and require our most difficult, subjective or complex judgments. Often they require judgments and estimation about matters which are inherently uncertain and involve measuring at a specific point in time, events which are continuous in nature. Actual results may differ based on the accuracy of the information utilized and subsequent events, some over which we may have little or no control.

Business Combinations

We recognize and measure the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date. Any excess or surplus of the purchase consideration when compared to the fair value of the net tangible assets acquired, if any, is recorded as goodwill or gain from a bargain purchase. The fair value of assets and liabilities as of the acquisition date are often estimated using a combination of approaches, including the income approach, which requires us to project future cash flows and apply an appropriate discount rate; the cost approach, which requires estimates of replacement costs and depreciation and obsolescence estimates; and the market approach which uses market data and adjusts for entity-specific differences. We use all available information to make these fair value determinations and engage third-party consultants for valuation assistance. The estimates used in determining fair values are based on assumptions believed to be reasonable but which are inherently uncertain. Accordingly, actual results may differ materially from the projected results used to determine fair value.

New Accounting Pronouncements

See Note 2 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a discussion of new accounting pronouncements applicable to us.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Impact of Changing Prices

Our revenues and cash flows, as well as estimates of future cash flows, are sensitive to changes in commodity prices. Shifts in the cost of crude oil, natural gas, NGLs, refined products and ethanol and related selling prices of these products can generate changes in our operating margins.

Interest Rate Risk

Debt that we incur under the DKL Credit Facility bears interest at floating rates and will expose us to interest rate risk. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt outstanding as of December 31, 2022 would be to change interest expense by approximately \$10.2 million.

Inflation

Inflationary factors, such as increases in the costs of our inputs, operating expenses, and interest rates may adversely affect our operating results. During 2022, our results of operations were negatively affected by higher natural gas costs, higher labor costs and supply chain disruptions, in part, by the COVID-19 Pandemic, the uncertain economic environment, and macroeconomic and geopolitical events and trends. We expect these cost pressures and supply chain challenges to continue into fiscal year 2023. In addition, current or future governmental policies may increase the risk of inflation, which could further increase costs and may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of sales if the prices at which we are able to sell our products and services do not increase in line with increases in costs.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by Item 8 is incorporated by reference to the section beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that the information that we are required to disclose in reports we file under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is accumulated and appropriately communicated to management. We carried out an evaluation required by Rule 13a-15(b) of the Exchange Act, under the supervision and with the participation of our management, including the Principal Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures at the end of the reporting period. Based on that evaluation, the Principal Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the reporting period.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process that is designed under the supervision of our Principal Executive Officer and Chief Financial Officer, and implemented by the board of directors of our general partner, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures recorded by us are being made only in accordance with authorizations of our management and the board of directors of our general partner; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

We acquired 3 Bear effective June 1, 2022, and have included the operating results and assets and liabilities of 3 Bear in our consolidated financial statements as of December 31, 2022. As permitted by SEC guidance for newly acquired businesses, management's assessment of our disclosure controls and procedures did not include an assessment of those disclosure controls and procedures of 3 Bear that are subsumed by internal control over financial reporting. 3 Bear accounted for approximately 40.7% of the total assets of the Partnership as of December 31, 2022 and approximately 11.9% of net revenues of the Partnership for the year ended December 31, 2022.

Management has conducted its evaluation of the effectiveness of internal control over financial reporting as of December 31, 2022, based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing the operational effectiveness of our internal control over financial reporting. Management reviewed the results of the assessment with the Audit Committee of the board of directors of our general partner. Based on its assessment and review with the Audit Committee, management concluded that, as of December 31, 2022, we maintained effective internal control over financial reporting.

Changes in Internal Control over Financial Reporting

Except as noted below, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the quarter ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the quarter ended December 31, 2022, we implemented a new enterprise resource planning ("ERP") system. The new ERP system replaced our previous ERP including our accounting system and general ledger. As a result of this implementation, we modified certain existing controls and implemented new controls and procedures related to the new ERP system to maintain appropriate internal control over financial reporting during and after the system change.

Report of Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Ernst & Young LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2022, as stated in their report, which is included in the section beginning on page F-1.

ITEM 9B. OTHER INFORMATION

On February 26, 2023, the Board of our general partner adopted Amendment No. 1 (“Amendment No. 1”) to the Second Amended and Restated Partnership Agreement, effective upon adoption. Amendment No. 1 amends Section 1.1(a)(ii) of the Partnership Agreement to revise the definition of “Available Cash” to include cash that is available to be borrowed as Working Capital Borrowing (as such term is defined in the Partnership Agreement) as of the date of determination of Available Cash with respect to a quarter. A copy of Amendment No. 1 is filed as Exhibit 3.3 to this Annual Report on Form 10-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our general partner, Delek Logistics GP, LLC, is an indirect subsidiary of Delek Holdings. As of December 31, 2022, three individuals (Messrs. Soreq, Spiegel, and Yemin) serve as both directors and executive officers of the general partner and as officers and, with respect to Messrs. Soreq and Yemin, directors, of Delek Holdings. Our general partner manages our operations and activities on our behalf through its officers and directors. References in this Part III to the "Board," "directors," or "officers" refer to the Board, directors and officers of our general partner.

The Board of Directors

The directors oversee our operations. The members of the Board are not elected by our unitholders and will not be subject to re-election by our unitholders in the future. The general partner is a limited liability company and its directors are elected by Delek Logistics Services Company, its sole member, which is a subsidiary of Delek Holdings. The directors hold office for a term of one year or until their successors have been elected or qualified or until their earlier death or removal. Our general partner is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made expressly without recourse to the general partner. Our general partner therefore may cause us to incur indebtedness or other obligations that are without recourse to the general partner.

Our common units are traded on the New York Stock Exchange (the "NYSE"). Because we are a limited partnership, we rely on an exemption from the provisions of Section 303A.01 of the NYSE Listed Company Manual which would require the Board to be composed of a majority of independent directors. Despite this exemption, our Board is currently comprised of a majority of independent directors, though this composition could change in the future. We are not required to establish either a compensation or a nominating and corporate governance committee. We are, however, required to have an audit committee of at least three members, and all of our audit committee members are required to meet the independence and experience tests established by the NYSE and the Exchange Act.

At the date of this report, the Board consists of the following nine members: Ezra Uzi Yemin, Sherri A. Brillon, Charles J. Brown, III, Eric D. Gadd, Frederic Charles Green, Ron W. Haddock, Gennifer F. Kelly, Reuven Spiegel and Avigal Soreq. The Board has determined that each of Messrs. Brown, Gadd and Haddock and Ms. Brillon and Kelly qualifies as an independent director under applicable SEC rules and regulations and the rules of the NYSE. Under the NYSE's listing standards, a director will not be deemed independent unless the Board affirmatively determines that the director has no material relationship with us. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, the Board has determined that each of Messrs. Brown, Gadd and Haddock and Ms. Brillon and Kelly has no material relationship with Delek Holdings or us, either directly or as a partner, stockholder or officer of an organization that has a relationship with Delek Holdings or us, and each of them is therefore independent under the NYSE's listing standards and applicable SEC rules and regulations.

Director Experience and Qualifications

The members of the general partner are responsible for filling vacancies on the Board at any time during the year and for selecting individuals to serve on the Board. From time to time, the members may utilize the services of search firms or consultants to assist in identifying and screening potential candidates. In accordance with the general partner's governance guidelines, the members consider such qualifications and other factors as they deem appropriate in evaluating potential Board candidates, including the individual's independence, education, experience, reputation, judgment, skill, integrity and industry knowledge. Directors should have experience in positions with a high degree of responsibility, be leaders in the organizations with which they are affiliated, and have the time, energy, interest and willingness to serve as a member of the Board. While the general partner has no policy requiring consideration of racial or ethnic classifications, gender, religion or sexual orientation, the members give consideration to the diversity of experiences and backgrounds of its directors, the degree to which the individual's qualities and attributes will complement those of other directors, the extent to which the candidate would be a desirable addition to the Board and committees thereof, and other factors.

Executive Officers of Our General Partner

Our general partner's executive officers manage the day-to-day affairs of our business and conduct our operations. The executive officers of our general partner are appointed by the Board and serve in that capacity at the discretion of the Board. All of our general partner's executive officers are employees and officers of Delek Holdings. While the amount of time that our general partner's executive officers devote to our business varies in any given year, we currently estimate that approximately 10% to 20% of their productive business time is spent on the management and conduct of our operations, except for Odely Sakazi, who devotes a majority of his time to our operations. The executive officers of our general partner intend to devote as much of their time as is necessary for the proper conduct of our business. We also utilize a significant number of Delek Holdings' employees to operate our business and provide us with general and administrative services. Under the Omnibus Agreement, we pay Delek Holdings an annual fee, indexed for inflation, for Delek Holdings' provision of centralized corporate services, including executive management services of Delek Holdings employees who devote less than 50% of their time to our business, financial and administrative services, information technology services, legal services, health, safety and environmental services, human resource services,

and insurance administration. In addition, we reimburse Delek Holdings for allocated expenses of personnel who devote 50% or more of their time performing services for our benefit.

Directors and Executive Officers of Our General Partner

The following table shows information for the directors and executive officers of our general partner.

Name	Age	Position With Delek Logistics GP, LLC
Avigal Soreq	44	Director and President, Delek Logistics
Ezra Uzi Yemin	53	Executive Chairman of the Board of Directors
Sherri A. Brillon	62	Chair of Audit Committee and Member of Technology and Governance and Compensation Committees
Charles J. Brown, III	74	Director, Chair of Conflicts Committee and Member of Audit and Governance and Compensation Committees
Eric D. Gadd	66	Director, Chair of EHS Committee and Member of Governance and Compensation and Conflicts Committees
Frederec Charles Green	56	Director and Member of Technology Committee
Ron W. Haddock	81	Director, Chair of Governance and Compensation Committee, and Member of Audit and EHS Committee
Gennifer F. Kelly	49	Director, Chair of Technology Committee, and Member of Conflicts and EHS Committees
Reuven Spiegel	65	Director, Executive Vice President and Chief Financial Officer
Denise McWatters	62	Executive Vice President, General Counsel and Secretary
Odely Sakazi	38	Senior Vice President, Delek Logistics

Avigal Soreq rejoined the Partnership as President and as one of our directors on June 9, 2022, after serving as the Chief Executive Officer of El Al Israel Airlines, the national airline of Israel, since January 2021. Mr. Soreq also currently serves as the chief executive officer and president of Delek Holdings. Prior to that, Mr. Soreq was a member of the Delek Holdings' executive management team, including as the Chief Operating Officer from March 2020 until January 2021, its Chief Commercial Officer from November 2016 until March 2020, an Executive Vice President from August 2015 until January 2021, and a Vice President from 2012 until 2015. In addition, Mr. Soreq served as an Executive Vice President of Delek Logistics GP, LLC from 2015 until 2021, and as its Vice President from 2012 until 2015. Prior to joining Delek Holdings, Mr. Soreq worked for SunPower Corporation (NASDAQ: SPWR), and previously as a senior finance and business consultant for Trabelsy & Co., and as a consultant in the corporate finance department for KPMG's Tel-Aviv office. His past experience includes service in the Israeli Air Force in various roles between 1996 and 2004, where he reached the rank of Major. Mr. Soreq is a certified public accountant in Israel.

Ezra Uzi Yemin has served as the Executive Chairman of the Board since June 2022. Mr. Yemin has served as one of our directors since April 2001 and as the chair of the Board since April 2012. Mr. Yemin previously served as our chief executive officer and president from April 2012 and August 2019, respectively, until June 2022. Mr. Yemin also serves as the executive chairman of the board of directors of Delek Holdings, and has served as a director since April 2001 and as the chair since December 2012. He also previously served as the chief executive officer and president of Delek Holdings, from June 2004 and April 2001, respectively, until June 2022. Mr. Yemin served as the president of Alon USA Partners GP, LLC, from July 2017 until its acquisition by Delek Holdings in February 2018 and the chairman of the board of directors of Alon USA Energy, Inc. from May 2015 until its acquisition by Delek Holdings in July 2017. Mr. Yemin's duties include the formulation of our policies and strategic direction, oversight of executive officers and overall responsibility for our operations and performance. The Board believes that, because he has worked for Delek Holdings since its founding, Mr. Yemin brings to the Board a thorough and complete understanding of our business, operations and operating environment, as well as the business, operations and operating environment of Delek Holdings (the owner of over 21% of our units and the customer on whom the Partnership is most dependent). Mr. Yemin also brings to the Board substantial leadership, planning and industry experience.

Sherri A. Brillon has served as one of our directors since January 2021. She has served as a member of the Audit Committee since January 2021 and as its Chairperson since January 2022. She has also served as a member of the Governance and Compensation Committee and the Technology Committee since July 2021. Ms. Brillon has over 35 years of experience in the oil and gas industry. From 1985 to 2019, Ms. Brillon held various positions of increasing responsibility at Encana Corporation, a leading North American hydrocarbon exploration and marketing company now known as Ovintiv Inc. (NYSE: OVV), before retiring as Executive Vice President and Chief Financial Officer in 2019. At Encana, Ms. Brillon was responsible for directing the financial operations of the organization and she also implemented Encana's business strategy through multiple strategic transactions. Ms. Brillon has served on the Board of Directors for Enerplus (NYSE: ERF) since October 2022. She is a past director of the Canadian Chamber of Commerce, Alberta Energy Regulator, Tim Hortons Inc., a Canadian multinational fast food restaurant chain, and PrairieSky Royalty Ltd. (TSX: PSK), which owns properties generating royalty revenues from petroleum and natural gas in Canada. Ms. Brillon attended the University of Calgary, where she graduated with a Bachelor of Arts degree in economics. Ms. Brillon was appointed to the Board because the board of directors believed her many years of experience in both the upstream and midstream sectors of the oil and gas industry will be important as the Board navigates rapid developments in the petroleum industry.

Charles J. Brown, III has served as a member of the Board since November 2012, as a member of the Audit Committee and Conflicts Committee (of which he is Chairperson) since November 2012, as a member of the Governance and Compensation Committee since July 2021, and as a member of the EHS Committee from its inception in October 2016 to July 2021. Mr. Brown is a licensed attorney with more than 30 years of experience in the energy industry. From July 2013 until his retirement on January 1, 2020, Mr. Brown served as the executive vice president of Apex Clean Energy, Inc., an independent renewable energy company, where he managed legal and business development activities. Mr. Brown is currently the owner of, and since 2011, the chief advisor for, CRW Energy, a consulting firm focused on the international power and utility industries. From 2008 through 2011, Mr. Brown served as a partner in the energy department of a large international law firm. Mr. Brown was appointed to the Board because of his experience in the energy industry, and because, as an attorney, he provides the Board with valuable expertise in matters involving the financial, legal, regulatory and risk matters affecting the Partnership.

Eric D. Gadd has served as a member of the Board since October 2013 and as Chairperson of the EHS Committee since its inception in October 2016. He has also been a member of the Conflicts Committee since October 2013 and the Governance and Compensation Committee since July 2021. Mr. Gadd previously served as a member of the Audit Committee from October 2013 to July 2021. Mr. Gadd is currently principal director at Contanda LLC, which is a private company that operates bulk liquid terminals in North America. Mr. Gadd is the founder and president of the consulting firm Awelon LLC, which is focused on expanding business development opportunities for both public and private companies in the energy sector. He has over 40 years of diverse experience in the energy industry including exploration and production field services, mid-stream, renewable energy, commodity trading and risk management, and mergers and acquisitions. Prior to forming Awelon LLC in 2006, Mr. Gadd held various executive positions with multiple leading companies in the energy industry over a 25-year period. Mr. Gadd was appointed to the Board because of his extensive energy industry experience.

Frederec Green has served as a member of the Board since April 2012 and has served as a member of our Technology Committee since July 2021. Mr. Green served as an Executive Vice President of our general partner from May 2009 until November 2020. Mr. Green also served in numerous executive roles at Delek Holdings from January 2005 through November 2020, including serving as the primary operational officer for Delek Holdings' refineries and as Executive Vice President and Chief Operating Officer from November 2016 until March 2020. He also served on the board of directors of Alon Energy USA, Inc. from May 2015 until July 2017, and served as the Chief Executive Officer of Alon USA Partners, LP from July 2017 until December 2017. Mr. Green has 35 years of experience in the refining and midstream industries, including fourteen years at Murphy Oil USA, Inc. where he served as a senior vice president during his last six years. Mr. Green has experience in mergers and acquisitions as well as all aspects of managing a refining business, from crude oil and feedstock supply to product trading, transportation, and sales. Mr. Green is currently an independent consultant serving clients in the midstream and downstream sectors, including Delek Holdings and Delek Logistics. Mr. Green was appointed to the Board because of his extensive energy industry experience and his in-depth knowledge of our and Delek Holdings' businesses and operations.

Ron W. Haddock has served as a member of the Board since July 2017. He has served as the Chairperson of the Governance and Compensation Committee since July 2021 and as a member of the EHS Committee and Audit Committee since May 2018 and 2022, respectively. Mr. Haddock has also served as our Lead Independent Director since February 2021. Mr. Haddock is currently Chairman and Chief Executive Officer of AEI Services LLC, an international power generation/distribution and natural gas distribution company, positions he has held since 2004 and August 2003, respectively. He also served on the board of Alon Energy USA, Inc. from December 2000 until its acquisition by Delek in July 2017 and served on the board of Petron Corporation, an oil refining and marketing company in the Philippines from 2010 to 2022. From January 1989 to July 2000, Mr. Haddock served as chief executive officer of FINA, Inc., a Belgian oil company. Mr. Haddock also served on the boards of Safety-Kleen Systems, Inc., a waste management, oil recycling and refining company, from 2003 to 2012, and Trinity Industries, Inc. (NYSE: TRN), a diversified transportation, industrial and construction company, from 2007 to 2013, as well as eight other corporate boards. The Board believes that Mr. Haddock's extensive directorship experience, past executive positions within the refining and petrochemical industry, financial reporting background and expertise qualify him to serve as a member of the Board.

Gennifer Kelly has served as a director since July 2020. She has served as the Chairperson of the Technology Committee since its inception in July 2021 and as a member of the EHS Committee and Conflicts Committee since July 2020. She also serves on the board of Devon Energy Corp. (NYSE: DVN) and is a member of Audit and Reserves committees. Ms. Kelly has 25 years of oil and gas industry experience in both upstream and midstream sectors. Ms. Kelly previously held the role of Chief Operating Officer and SVP of Western Midstream Partners (NYSE: WES) and Vice President of Marketing for Anadarko Petroleum Corporation (NYSE: APC). Prior to her role at Western Midstream, Ms. Kelly led Operations Transformation efforts, as well as Strategic Planning, Portfolio Management and Asset Management teams for Anadarko. She has diverse operations experience in production, drilling and completions engineering, working extensively in East Texas, West Texas and the Gulf of Mexico. Prior to joining Anadarko Petroleum, Ms. Kelly worked as an engineer for Kerr McGee Corporation and the Louisiana Office of Conservation. Ms. Kelly holds both a Bachelor of Science in Petroleum Engineering and a Master of Business Administration from Louisiana State University. Ms. Kelly is a registered Professional Engineer in the state of Texas and a member of the Society of Petroleum Engineers. Ms. Kelly is currently the board chair of Lone Star College Foundation; a non-profit organization aiding Lone Star College students with funding their education. The Board values Ms. Kelly's years of experience in the oil and gas industry and operations experience as well as her technical background.

Reuven Spiegel has served as our Chief Financial Officer since May 2020, and as a member of the Board since July 2014. Mr. Spiegel previously served as a member of the Audit Committee from September 2014 until April 2020 and as a member of the EHS Committee from October 2016 until April 2020. Prior to joining the Board, Mr. Spiegel served as Chief Executive Officer of Israel Discount Bank Ltd. (TLV: DSCT) from 2011 through 2014 where he had previously held the position of Executive Vice President from 2001 through 2005. In 2005 and 2006, Mr. Spiegel also served as Chairperson of the board of Discount Mortgage Bank. Mr. Spiegel also served as Chief Executive Officer of IDB Bank of NY from 2006 to 2010. He also has experience as an executive in the real estate industry. The Board believes that Mr. Spiegel's financial industry experience provides the Board with valuable expertise in the Partnership's financial and accounting matters.

Denise McWatters has served as our Executive Vice President, General Counsel and Corporate Secretary since February 2021. Ms. McWatters previously served as the General Counsel, Chief Compliance Officer and Corporate Secretary of HollyFrontier Corporation, an independent petroleum refiner (NYSE: HFC), and of the general partner of Holly Energy Partners, L.P. (NYSE: HEP) from May 2008 until August 2019. Prior to joining HollyFrontier, Ms. McWatters served as the General Counsel of The Beck Group, an architecture, construction and design firm, from 2005 through October 2007.

Todd O'Malley serves as our Executive Vice President and Chief Operating Officer. Prior to joining the Partnership in 2021, Mr. O'Malley served as a special advisor to a number of private equity and public company CEOs and boards regarding corporate strategy, M&A/divestments, financial structuring, and commercial optimization. He has previously held C-suite positions at Citizens Companies (President and CEO), Gulf Oil (EVP and Chief Commercial Officer), PBF Logistics (President), and PBF Energy (SVP and Chief Commercial Officer). He has also worked extensively in the investment banking, hedge fund, commodity trading, and electric and natural gas sectors. He holds an undergraduate degree from Colgate University (cum laude) and an MBA from Thunderbird School of Global Management.

Odely Sakazi has served as Senior Vice President, Delek Logistics since August 2019. He previously served as our Vice President of Business Strategy and corporate development from November 2017 until August 2019, as Senior Director of Business Strategy from January 2017 until November 2017, as Director of Business Strategy from June 2016 until January 2016, and as Director of Corporate Operation from August 2015 until June 2016. He formerly served in the Israeli Navy as an officer in various roles between 2010 and 2014.

Board Leadership Structure

Mr. Yemin serves as Executive Chairman of the Board. He is also the Executive Chairman of the board of directors of Delek Holdings, which provides the Board and us with important interaction with, and access to, our most important customer and majority unitholders. Mr. Yemin also brings to the Board and us the perspective of our majority unitholder and the principal executive officer and chair of the board of publicly traded company. The Board met 26 times in the year ended December 31, 2022, with each director attending at least 75% of the aggregate of all meetings of the Board and committees on which he or she served during the year.

Because the Executive Chairman of the Board is not an independent director, on February 22, 2021, the Board designated Ron W. Haddock to serve in a lead capacity (the "Lead Independent Director") to coordinate the activities of the other independent directors and to perform such other duties and responsibilities as the Board may determine from time to time. The Lead Independent Director is appointed annually by the Board and may be removed from or replaced at any time. The Lead Independent Director will chair all meeting of the Board at which the Executive Chairman is not present, including executive sessions of the independent directors, call additional meetings of the independent directors as deemed appropriate, and perform such other functions as the Board may direct.

Executive Sessions

Independent directors and management have different perspectives and roles in strategy development. Our independent directors bring experience, oversight and expertise from outside the Partnership and our industry, while the other Board members bring experience and expertise specific to us and Delek Holdings. In addition, the independent directors are the sole members of our Audit and Conflicts Committees. The NYSE listing standards require our independent directors to meet at regularly scheduled executive sessions without management. Our independent directors generally conduct such executive sessions in connection with each quarterly meeting of the Audit Committee and otherwise as may be necessary. Mr. Haddock was appointed Lead Independent Director of the Board in February 2021. In this capacity, Mr. Haddock generally presides over these executive sessions.

Communications with the Board of Directors of Our General Partner

Unitholders or other interested parties who wish to communicate with any of our directors, any committee chairperson or the Board may do so by writing to the director, committee chairperson or the Board in care of the Secretary of the general partner of Delek Logistics Partners, LP at 310 Seven Springs Way, Suite 400 and 500, Brentwood, Tennessee 37027. Any such communication received will be forwarded directly to the director to whom it is addressed. If the communication is addressed to the Board and no particular director is named, the communication will be forwarded, depending on the subject matter, to the appropriate committee chairperson or to all members of the Board.

Committees of the Board of Directors of Our General Partner

Audit Committee

The Board has a standing Audit Committee. The Audit Committee consists of Ms. Brillon (chair) and Messrs. Brown and Haddock. Mr. Brown joined the committee at its inception in November 2012, Mr. Haddock joined the committee in 2022 and Ms. Brillon joined the committee in January 2021. The Audit Committee met four times during the year ended December 31, 2022, either in person or telephonically, with each member attending at least 75% of all meetings of the Audit Committee.

The Board has determined that (i) each of Messrs. Brown and Haddock and Ms. Brillon qualifies as independent and as financially literate under applicable SEC rules and regulations and the rules of the NYSE, and (ii) Ms. Brillon meets the definition of an “audit committee financial expert” within the meaning of Item 407(d)(5) of Regulation S-K.

Audit Committee Members	Independent	Financially Literate	Qualifies as an Audit Committee Financial Expert
Sherri A. Brillon (Chair)	✓	✓	✓
Charles J. Brown III	✓	✓	✓
Ron Haddock	✓	✓	

The purpose of the Audit Committee is to provide assistance to the Board in the oversight of (a) the quality and integrity of our financial statements; (b) the disclosure and financial reporting process, including our financial statements; (c) our internal controls and procedures for financial reporting; (d) the performance of our internal audit function and the independent registered public accounting firm employed by us for the purpose of preparing and issuing an audit report or related work; (e) the qualifications and independence of our independent registered public accounting firm; and (f) our compliance with policies under our Code of Business Conduct & Ethics and legal and regulatory requirements. These responsibilities are set forth in the Audit Committee's charter, which is available on our corporate website at www.DelekLogistics.com.

Conflicts Committee

The Conflicts Committee consists of Messrs. Brown (chair) and Gadd and Ms. Kelly. The Board has determined that each of Messrs. Brown, and Gadd and Ms. Kelly qualifies as independent under applicable SEC rules and regulations and the rules of the NYSE. Mr. Brown joined the committee at its inception in November 2012. Mr. Gadd joined the committee in October 2013. Ms. Kelly joined the committee on July 29, 2020. The Conflicts Committee met 1 time during the year ended December 31, 2022, either in person or telephonically, with each member attending all meetings of the Conflicts Committee.

Our Partnership Agreement does not require that the Board seek approval from the Conflicts Committee to determine the resolution of any conflict of interest between us and Delek Holdings or any other person. However, pursuant to the Partnership Agreement and our Related Party Transactions Policy adopted by the Board, the Board or management of our general partner may submit certain related party transactions for review and approval or ratification by the Board or an authorized committee thereof. It is generally expected that the Conflicts Committee will be best suited to review such related party transactions. In certain instances, the Related Party Transactions Policy effectively requires that certain related party transactions be submitted to the Conflicts Committee for review. The members of the Conflicts Committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, may not hold an ownership interest in the general partner or its affiliates other than common units or awards under any long-term incentive plan, equity compensation plan or similar plan implemented by the general partner or the Partnership and must meet the independence and experience standards established by the NYSE and the SEC to serve on an audit committee of a board of directors. Any unitholder challenging any matter approved by the Conflicts Committee in accordance with the terms of our Partnership Agreement will have the burden of proving that the members of the Conflicts Committee did not act in good faith in accordance with the terms of our Partnership Agreement. For further discussion of the Conflicts Committee and the Related Party Transactions Policy, see Item 13. "Certain Relationships and Related Transactions and Director Independence—Certain Relationships and Related Transactions—Procedures for Review, Approval or Ratification of Transactions with Related Parties."

Environmental, Health and Safety Committee

The EHS Committee consists of Messrs. Gadd (chair) and Haddock and Ms. Kelly. Mr. Gadd joined the committee at its inception in October 2016, Mr. Haddock joined the committee in May 2018, and Ms. Kelly joined the committee in July 2020. The EHS Committee met four times in 2022, either in person or telephonically, with each member attending at least 75% of all meetings of the EHS Committee. The purpose of the EHS Committee is to assist the Board in fulfilling certain of the Board's oversight responsibilities by, among other things, overseeing management's establishment and administration of the Partnership's environmental, health and safety policies, programs, procedures and initiatives. These responsibilities are set forth in the EHS Committee's charter, which is available on our corporate website at www.DelekLogistics.com.

Governance and Compensation Committee

In July 2021 the Board established the Governance and Compensation Committee of the Board. The Governance and Compensation

Committee consists of Messrs. Haddock (chair), Brown, and Gadd and Ms. Brillon. The Governance and Compensation Committee met four times in 2022, either in person or telephonically, with each member attending at least 75% of all meetings of the Governance and Compensation Committee. The purpose of the Governance and Compensation Committee is to (a) recommend to the Board director nominees for each Board committee; (b) periodically review the corporate governance policies applicable to the Partnership (the "Governance Guidelines") and recommend to the Board any changes deemed necessary or desirable; (c) monitor, oversee and review compliance of the Governance Guidelines and all other applicable policies of the Partnership as the Governance and Compensation Committee or the Board deem necessary or desirable; (d) support the Board and work with management to ensure that compensation practices properly reflect management and Partnership philosophy, competitive practice and regulatory requirements; and (e) review, provide advice on and, where appropriate, approve the following items: (1) executive and employee compensation objectives, plans, and levels; (2) culture and employee engagement; (3) diversity and inclusion; (4) leadership and talent engagement; and (5) executive succession planning. These responsibilities are set forth in the Governance and Compensation Committee's charter, which is available on our corporate website at www.DelekLogistics.com.

Technology Committee

In July 2021 the Board established the Technology Committee of the Board. The Technology Committee consists of Ms. Kelly (chair) and Brillon and Mr. Green. The Technology Committee met four times in 2022, either in person or telephonically, with each member attending at least 75% of all meetings of the Technology Committee. The purpose of the Technology Committee is to assist the Board in fulfilling certain of the Board's oversight responsibilities by, among other things, overseeing management's establishment and administration of the Partnership's policies, programs, procedures and initiatives with respect to technology and information security. These responsibilities are set forth in the Technology Committee's charter, which is available on our corporate website at www.DelekLogistics.com.

Director Nominations and Corporate Governance

As a limited partnership, we rely on an exemption from the provisions of the NYSE Listed Company Manual, which would otherwise require us to have a nominating and corporate governance committee. Our general partner is a limited liability company and its directors are not elected by our unitholders, but by its members in their sole discretion. However, in July 2021 the Board established the Governance and Compensation Committee of the Board, which, among other responsibilities, makes recommendations to the Board regarding changes to the size and composition of the committees of the Board and makes recommendation to the Board with respect to the structure of Board committees and nominees for appointment to committees of the Board. Candidates to serve on the Board are reviewed and selected in accordance with our general partner's Governance Guidelines, which are available on our corporate website at www.DelekLogistics.com.

Compensation Decisions

In July 2021, the Board established the Governance and Compensation Committee of the Board, which, among other responsibilities, oversees director and executive officer compensation for the Partnership.

Additionally, our Board believes it is important to promote the interests of the Partnership by providing to employees of the Partnership's affiliates and others who perform services for us or on our behalf, incentive compensation awards for their service. Accordingly, the general partner adopted the Delek Logistics GP, LLC 2012 Long-Term Incentive Plan (the "LTIP"). Due to the fact that several of the members of the Board perform services on our behalf in their roles as executive officers of Delek Holdings, the LTIP is administered by the Conflicts Committee with respect to those awards. The disinterested members of the full Board may also grant awards and the Conflicts Committee may delegate, and has delegated in the past, to an executive officer of the general partner the authority to issue awards to non-Section 16 officers of the general partner. A compensation consultant was not used in the formulation of our executive compensation framework, objectives and philosophy. For a further discussion on the compensation practices of the general partner, see Item 11. Executive Compensation.

Governance Guidelines, Code of Business Conduct & Ethics and Committee Charters

The Governance Guidelines of the Board of Directors of our general partner, the charters of the standing Board committees of our general partner and our Amended and Restated Code of Business Conduct & Ethics covering all employees, including our principal executive officer, principal financial officer, principal accounting officer and controllers, are available on our website, www.DelekLogistics.com under the "About Us - Corporate Governance" caption. A copy of any of these documents will be mailed upon a request made to Investor Relations, Delek Logistics Partners, LP, or ir@deleklogistics.com. We intend to disclose any amendments to, or waivers of, the Code of Business Conduct & Ethics on behalf of our President, Chief Financial Officer and persons performing similar functions on our website, at www.DelekLogistics.com, under the "Investor Relations" caption, promptly following the date of any such amendment or waiver.

ITEM 11. EXECUTIVE COMPENSATION

All of our general partner's executive officers are employees of Delek Holdings. Neither we nor our general partner directly employ any of the executive officers responsible for managing our business.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis ("CD&A") discusses the principles underlying our general partner's compensation programs and the key executive compensation decisions that were made for 2022. It also explains the most important factors relevant to such decisions. This CD&A provides context and background for the compensation earned and awarded to the individuals named in the Summary Compensation Table below. Messrs. Soreq, Yemin, Sakazi and Spiegel and Ms. McWatters are referred to collectively herein as our "named executive officers" or "NEOs".

Overview - Compensation Decisions and Allocation of Compensation Expenses

Under the terms of the Omnibus Agreement, we pay an annual administrative fee of \$4.3 million per year to Delek Holdings for the provision of general and administrative services. The general and administrative services covered by the annual administrative fee include, without limitation, executive management services of Delek Holdings employees who devote less than 50% of their time to our business, financial and administrative services, information technology services, legal services, health, safety and environmental services, human resources services and insurance administration. No service covered by the administrative fee is assigned any particular value individually. Additionally, the Omnibus Agreement requires us to reimburse Delek Holdings directly for a proportionate amount of the salary and employee benefits costs of Delek Holdings employees who devote more than 50% of their time to our business and affairs.

None of our NEOs other than Mr. Sakazi devoted more than 50% of their total business time to our business and affairs in 2022. Although our NEOs provide services to both Delek Holdings and us, no portion of the administrative fee is specifically allocated to services provided by our NEOs to us except with respect to Mr. Sakazi. Instead, the administrative fee covers all centralized services provided to us by our NEOs other than Mr. Sakazi, and we have not reimbursed Delek Holdings for the cost of such services. Except for awards under the LTIP, Delek Holdings has the ultimate decision-making authority with respect to the compensation of our NEOs.

In July 2021, the Board established the Governance and Compensation Committee of the Board, which, among other responsibilities, oversees director and executive officer compensation for the Partnership. While the Governance and Compensation Committee does not establish the compensation paid to our NEOs, it does monitor the compensation program applicable to our NEOs.

Additionally, our Board believes it is important to promote the interests of the Partnership and the general partner by providing incentive compensation to employees of the Partnership's affiliates and others who perform services for us or on our behalf. Accordingly, pursuant to our Partnership Agreement, the general partner is allowed to and has adopted the LTIP. Due to the fact that several of the members of the Board perform services on our behalf in their roles as executive officers of Delek Holdings, the awards to these individuals under the LTIP are administered by the Conflicts Committee. The disinterested members of the Board may also grant awards and the Conflicts Committee may delegate, and has delegated in the past, to an executive officer of the general partner the authority to issue awards to non-Section 16 officers of the general partner.

Compensation Objectives and Philosophy

Because neither we nor our general partner directly employ any of our NEOs, and because our NEOs are compensated by Delek Holdings to manage our business and affairs, we did not provide traditional fixed or discretionary compensation (e.g. salary or bonus) to our NEOs in 2022. However, we believe that our NEOs should have an ongoing stake in our success, that their interests should be aligned with those of our unitholders and that the best interests of our unitholders will be most effectively advanced by enabling our NEOs, who are responsible for our management, growth and success, to receive compensation in the form of long-term incentive awards. Accordingly, our executive compensation program consists of a single element: long-term incentives in the form of awards under the LTIP, which was adopted in connection with our initial public offering and is administered by the Conflicts Committee. The Conflicts Committee's decisions with respect to the amount of awards made under the LTIP to our NEOs are governed by the following objectives:

- to motivate and retain our general partner's key executives;
- to align the long-term economic interests of our general partner's executives with those of our unitholders; and
- to reward excellence and performance by our general partner's executives that increases the value of our units.

Awards may be made under the LTIP to officers, directors and employees of Delek Holdings, our general partner or its affiliates, as well as any consultants or other individuals who perform services for us. Phantom units have been the sole form of award under the LTIP to date, and these awards are accompanied by distribution equivalent rights that provide for a lump sum amount paid in cash on the vesting date that is equal to the accrued distributions from the grant date of the phantom units through the vesting date. In 2022 our executive officers received time-vesting phantom units under the LTIP.

Pursuant to the terms of the LTIP, upon the occurrence of an Exchange Transaction (as defined in the LTIP, and generally including a merger, consolidation, acquisition, reorganization or similar extraordinary transaction), the Board may, in its discretion, accelerate the vesting of the

phantom units, adjust the terms of any outstanding phantom units, or, in the event of an Exchange Transaction in which our unitholders receive equity of another entity, provide for the conversion of the phantom units into comparable awards for such entity's equity. By providing the potential for immediate value to our NEOs in connection with an Exchange Transaction, this provision aligns our NEOs' interests with those of our unitholders and incentivizes our NEOs to work to maximize the value of our units in the event such a transaction was to occur. For additional detail regarding the amount of compensation our NEOs may be entitled to in the event of their termination or a change-in-control, see “—Potential Payments Upon Termination or Change-In-Control.”

Compensation Consultants

The Governance and Compensation Committee of the Board did not retain a compensation consultant with respect to compensation paid to our NEOs or to its non-employee directors in 2022.

Perquisites

Our general partner does not provide any fringe benefits or perquisites to our NEOs.

Unit Ownership Requirements

Our general partner does not have express unit ownership requirements.

Prohibition Against Speculative Transactions

Our general partner's Code of Business Conduct & Ethics, which applies to all executive officers and directors of our general partner, prohibits speculative transactions in our units such as short sales, puts, calls or other similar options to buy or sell our units in an effort to hedge certain economic risks or otherwise.

Guidelines for Trades by Insiders

We maintain policies that govern trading in our units by officers and directors required to report under Section 16 of the Exchange Act, as well as certain other employees who may have regular access to material non-public information about us. These policies include pre-approval requirements for all trades and periodic trading “black-out” periods designed with reference to our quarterly financial reporting schedule. We also require pre-approval of all trading plans adopted pursuant to Rule 10b5-1 promulgated under the Exchange Act. To mitigate the potential for abuse, no trades are allowed under a trading plan within 30 days after adoption. In addition, we discourage termination or amendment of trading plans by prohibiting trades under new or amended plans within 90 days following a plan termination or amendment.

Compensation Committee Report

The members of the Governance and Compensation Committee have reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Governance and Compensation Committee recommended to the Board of our general partner that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

The members of the Governance and Compensation Committee have submitted this Governance and Compensation Committee Report to the Board of Directors as of March 1, 2023:

- Ron W. Haddock (Chair)
- Sherri A. Brillon
- Charles J. Brown, III
- Eric D. Gadd

2022 Summary Compensation Table

The Summary Compensation Table below summarizes the compensation for the fiscal year ended December 31, 2022 (and the two prior fiscal years) for our general partner's president (Mr. Soreq), former principal executive officer (Mr. Yemin), principal financial officer (Mr. Spiegel), Executive Vice President, General Counsel, and Secretary (Ms. McWatters) and Senior Vice President (Mr. Sakazi).

Name and Principal Position ⁽¹⁾	Fiscal Year	Salary (\$)	Bonus (\$)	Unit Awards (\$) ⁽²⁾	Option Awards (\$)	Other Compensation (\$) ⁽³⁾	Total (\$)
Avigal Soreq, President	2022	—	—	499,955	—	—	499,955
Ezra Uzi Yemin, Former Chief Executive Officer	2022	—	—	1,233,943	—	—	1,233,943
	2021	—	—	1,049,979	—	—	1,049,979
	2020	—	—	—	—	—	—
Reuven Spiegel, Chief Financial Officer	2022	—	—	133,418	—	—	133,418
	2021	—	—	133,323	—	—	133,323
	2020	—	—	—	—	—	—
Denise McWatters, General Counsel	2022	—	—	116,705	—	—	116,705
	2021	—	—	116,648	—	—	116,648
Odely Sakazi, Senior Vice President	2022	300,000	—	250,091	—	12,781	562,872
	2021	294,231	—	246,645	—	4,370	545,246
	2020	310,385	139,087	219,620	—	18,586	687,678

(1) As noted above, no compensation other than grants of service phantom units under our LTIP is reported for the NEOs except for Mr. Sakazi, because none of our executive officers other than Mr. Sakazi received compensation from us or our general partner in 2022.

(2) Amounts in this column represent the grant date fair value of DK PSUs, DK RSUs, with respect to Mr. Sakazi, and DKL phantom units, with respect to all NEOs, granted under the 2016 Plan or the LTIP, as applicable. The fair value of DK PSUs is calculated using a Monte-Carlo simulation model, which assumes a risk-free rate of interest of 1.84%, an expected term of 2.81 years and expected volatility of 74.11%. Assumptions used in the calculation of these amounts for the 2022 fiscal year are included in footnote 20 to the audited financial statements of Delek Holdings for the 2022 fiscal year included in Delek Holdings' Annual Report on Form 10-K filed with the SEC on or about March 1, 2023. The fair value of DK RSUs and DKL phantom units is calculated using the closing price of Delek Holdings' Common Stock and our common limited partner units, respectively, on the date of the grant.

(3) For fiscal year 2022, this amount includes matching contributions to the Partnership's 401(k) Plan in the amount of \$10,385 for Mr. Sakazi and group term life insurance premiums of \$486 for Mr. Sakazi. For Mr. Sakazi, this amount also includes reimbursement in the amount of \$910 for phone expenses and \$1,000 for HSA employer in 2022.

Grants of Plan Based Awards in 2022

The following table provides information regarding plan-based awards granted to our NEOs during fiscal year 2022:

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards (#) ⁽¹⁾			All Other Stock Awards: Number of Shares of Units (#)	Grant Date Fair Value of Units and Option Awards ⁽²⁾
		Threshold	Target	Maximum		
Ezra Uzi Yemin	3/10/2022				29,827 ⁽³⁾	1,233,943
Avigal Soreq	6/10/2022				9,331 ⁽³⁾	499,955
Reuven Spiegel	3/10/2022				3,225 ⁽³⁾	133,418
Denise McWatters	3/10/2022				2,821 ⁽³⁾	116,705
Odely Sakazi	3/10/2022				3,047 ⁽⁴⁾	66,668
	3/10/2022				806 ⁽³⁾	33,344
	3/10/2022	2,285	4,570	9,140	4,570 ⁽⁴⁾	150,079

(1) The amounts in this column reflect the threshold, target, and maximum shares to be issued upon the vesting of PSUs. The PSUs granted to Mr. Sakazi are subject to a performance period beginning January 1, 2022 and ending December 31, 2022.

(2) The amounts in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for financial statement reporting purposes over the expected term of the grant. Assumptions used in the calculation of this amount for the 2022 fiscal year are included in footnote 13 to our audited financial statements for the 2022 fiscal year included in this Annual Report on Form 10-K. Because the fair value of PSUs is calculated differently than the fair value of RSUs, the grant date fair values for PSUs and RSUs covering identical quantities of shares may differ.

(3) The amounts in this column reflect the Delek Logistics common units to be issued upon the vesting of RSUs granted under the Delek Logistics 2012 Long-Term Incentive Plan. The RSUs vest quarterly for three years, pro rata.

(4) The amounts in this column reflect the Delek Holdings shares to be issued upon the vesting of RSUs granted under the 2016 Plan. The RSUs vest quarterly for three years, pro rata.

Outstanding Equity Awards at December 31, 2022

The following table provides information regarding the number of outstanding equity awards held by our NEOs at December 31, 2022.

Name	Option Awards				Unit Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Units That Have Not Vested	Market Value of Units That Have Not Vested
Avigal Soreq President	—	—	n/a	n/a	7,776	\$351,864
Ezra Uzi Yemin Former Chief Executive Officer	—	—	n/a	n/a	34,467	\$1,559,632
Reuven Spiegel Chief Financial Officer	—	—	n/a	n/a	3,381	\$152,990
Denise McWatters General Counsel	—	—	n/a	n/a	3,461	\$156,610
Odely Sakazi Senior Vice President	—	—	n/a	n/a	990	\$44,798

Option Exercises and Stock Vested in 2022

The following table provides information about the vesting of phantom units for our NEOs during fiscal year 2022.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Avigal Soreq, President	—	\$—	1,555	\$69,633
Ezra Uzi Yemin, Former Chief Executive Officer	—	\$—	17,132	\$899,706
Reuven Spiegel, Chief Financial Officer	—	\$—	2,609	\$138,326
Denise McWatters, General Counsel	—	\$—	1,780	\$93,111
Odely Sakazi, Senior Vice President	—	\$—	508	\$26,579

Potential Payments Upon Termination or Change-In-Control

The following table discloses the estimated payments and benefits that would be provided by us to each of our NEOs, assuming that each of the triggering events relating to termination of employment or change in control described in their respective employment agreements with Delek Holdings and the LTIP took place on December 31, 2022 and their last day of employment with our general partner or its affiliates was December 31, 2022. Due to a number of factors that affect the nature and amount of any benefits provided upon the events discussed below, actual amounts paid or distributed may differ. Factors that could affect these amounts include the timing during the year of such event and our stock price.

Name	Termination of Employment	Change-In-Control
Avigal Soreq, President	—	\$—
Ezra Uzi Yemin, Former Chief Executive Officer	—	\$—
Reuven Spiegel, Chief Financial Officer	—	\$—
Denise McWatters, General Counsel	—	\$—
Odely Sakazi, Senior Vice President	\$894,859 ⁽¹⁾	\$1,552,457 ⁽²⁾

(1) Assumes acceleration of 2,534 unvested DK RSUs, 288 unvested DKL RSUs, and 6,704 unvested PSUs.

(2) Assumes acceleration of 4,659 unvested DK RSUs, 990 unvested DKL RSUs, and 11,091 unvested PSUs.

2012 Long-Term Incentive Plan

Under the terms of the LTIP and the applicable awards, phantom units that have not vested at the time the participant's employment with our general partner or its affiliates terminates will generally be immediately forfeited, unless the Board determines otherwise. In the event of an Exchange Transaction, defined generally under the LTIP to include a merger, consolidation, acquisition or disposition of stock, separation, reorganization, liquidation or other similar event or transaction designated by the Board in which our unitholders receive cash, stock or other property in exchange for or in connection with their units, our NEOs may be entitled, at the discretion of the Board, to the accelerated vesting of phantom units awarded under the LTIP. The LTIP and applicable awards provide that the Board may, in its discretion, (i) accelerate the vesting

of the phantom units, (ii) make other adjustments to the terms of the phantom units, or (iii) in the event the Exchange Transaction involves the receipt of equity of another entity in exchange for units, convert the phantom units into comparable awards relating to such entity's equity.

Compensation of Directors in 2022

Officers and employees of Delek Holdings or its subsidiaries do not receive additional compensation for services on the Board or its committees. The compensation framework for the Board's other directors during 2022 (Messrs. Brown, Gadd, Green and Haddock and Meses. Brillon and Kelly) (the "Compensated Directors") was determined by the Board. In setting compensation for the Compensated Directors, the Board considers various factors and objectives, including aligning the interests of Compensated Directors with the interests of unitholders and attracting and retaining qualified directors to serve on the Board. From time to time, the Board also engages an independent compensation consultant to provide an analysis of compensation paid to directors of entities considered by the Board to be peers of the Partnership at the time. For 2021, the Board did not engage a compensation consultant to evaluate Compensated Director compensation, and instead considered the other factors outlined above. The Board determined to maintain the same levels of compensation for the Compensated Directors in 2022 as the compensation paid in 2021. This compensation includes a cash retainer for services on the Board and its Committees (and a lead director fee), payable quarterly, and an annual equity award of phantom units under the LTIP that vests semi-annually over a one-year period, as set forth below:

Board of Directors Retainer (Per Year)	\$72,000
Lead Director Fee (Per Year)	\$12,000
Target Value for Equity Awards (Per Year)	\$100,000

<i>Committee Retainers (Per Year):</i>	<i>Chair</i>	<i>Others</i>
Audit Committee	\$12,000	\$5,600
Conflicts Committee	\$5,000	\$2,500
EHS Committee	\$8,000	\$4,400
Technology Committee	\$8,000	\$4,400
Governance and Compensation Committee	\$10,000	\$5,000

In addition, each director is reimbursed for out-of-pocket expenses in connection with attending meetings of the Board and committee meetings. Each director is fully indemnified by us for actions associated with being a director to the fullest extent permitted under Delaware law pursuant to our Partnership Agreement.

In November 2022, the Board voted to approve a new compensation structure for non-employee directors, which is effective for fiscal year 2023. The following table shows our non-employee director compensation for 2023, the cash portions of which will be paid ratably each quarter:

Board of Directors Retainer (Per Year)	\$85,000
Lead Director Fee (Per Year)	\$15,000
Target Value for Equity Awards (Per Year)	\$120,000

<i>Committee Retainers (Per Year):</i>	<i>Chair</i>
Audit Committee	\$10,000
Conflicts Committee	\$7,500
EHS Committee	\$5,000
Technology Committee	\$5,000
Governance and Compensation Committee	\$7,500

The following table sets forth a summary of the compensation we paid to the Compensated Directors for service during 2022.

Director Compensation					
Name ⁽¹⁾	Fees Earned or Paid in Cash (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Sherri A. Brillon	93,400	99,980	—	—	193,380
Charles J. Brown, III	90,600	99,980	—	—	190,580
Eric D. Gadd	87,500	99,980	—	—	187,480
Frederec C. Green	76,400	99,980	—	—	176,380
Ron W. Haddock	129,000 ⁽⁴⁾	99,980	—	—	228,980
Gennifer Kelly	86,900	99,980	—	—	186,880

(1) Because they are officers and employees of Delek Holdings or its subsidiaries, Messrs. Soreq, Yemin and Spiegel do not receive any compensation for their service as directors.

(2) This column reports the amount of cash compensation earned in 2022 for Board and committee service and the Lead Director Fee.

(3) Amounts in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for financial statement reporting purposes. Assumptions used in the calculation of this amount for the 2022 fiscal year are included in Note 13 to our audited financial statements for the 2022 fiscal year included in this Annual Report on Form 10-K. The grant date fair value of \$53.58 per unit is equal to the NYSE closing price of our common units as of June 10, 2022. Each of Messrs. Brown, Gadd, Haddock and Green and Ms. Kelly and Brillon held 1,133 outstanding phantom units at December 31, 2022.

(4) This amount includes a one-time retainer fee payment of \$25,000 to Mr. Haddock for his service on the CEO Selection Committee established by the Board of Directors of Delek Holdings.

Compensation Committee Interlocks and Insider Participation

Messrs. Brown, Gadd and Haddock and Ms. Brillon served on the Governance and Compensation Committee during 2022, and Messrs. Soreq and Spiegel, as well as the Board, assisted the committee with respect to compensation matters. There are no interlocking relationships requiring disclosure pursuant to Item 407(e)(4)(iii) of Regulation S-K.

Principal Executive Officer Pay Ratio

As discussed above, as a master limited partnership, we have no employees. Rather, all of the employees that conduct our business are employed by our general partner and its non-Partnership affiliates. Moreover, as disclosed above, we did not pay any compensation amounts to our principal executive officer in 2022. As a result, we are unable to provide an estimate of the relationship of the median of the annual total compensation of employees that conduct our business and the annual total compensation of our principal executive officer.

We expect the principal executive officer pay ratio disclosure with respect to employees of Delek Holdings, including our NEOs, to be set forth in Delek Holdings' annual proxy statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of February 24, 2023 (the "Measurement Date"), (i) the beneficial ownership of our units representing limited partnership interests and Common Stock of Delek Holdings by all directors and director nominees of our general partner, our NEOs and all of our executive officers as a group and (ii) the beneficial ownership of our units representing limited partnership interests by each person known by us to own more than five percent of such units or more than five percent of any class of our units. The amounts and percentage of units beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all units shown as beneficially owned by them, subject to community property laws where applicable. Unless otherwise indicated below, each person or entity has an address in care of our principal executive offices at 310 Seven Springs Way, Suite 400 and 500, Brentwood, Tennessee 37027.

Name of Beneficial Owner ⁽¹⁾	Amount, Nature and Percentage of Beneficial Ownership of Common Units ⁽²⁾		Amount and Nature of Beneficial Ownership of Common Stock ⁽²⁾	
	Delek Logistics Partners, LP		Delek US Holdings, Inc.	
	(#)	(%)	(#) ⁽³⁾	(%)
Beneficial Owners of More Than 5% of Units:				
Delek US Holdings, Inc. ⁽⁴⁾	34,311,278	78.8	n/a	n/a
Directors, Director Nominees and NEOs:				
Avigal Soreq ⁽⁵⁾	1,953	*	19,738	*
Ezra Uzi Yemin ⁽⁶⁾	227,013	*	983,020	1.5
Sherri A. Brillon	3,200	*	—	*
Charles J. Brown, III	9,819	*	—	*
Eric D. Gadd	24,644	*	—	*
Frederec Charles Green	72,886	*	152,918	*
Ron W. Haddock	16,553	*	17,517	*
Gennifer F. Kelly	6,014	*	—	*
Reuven Spiegel ⁽⁷⁾	10,068	*	11,491	*
Denise McWatters ⁽⁸⁾	2,371	*	7,578	*
Todd O'Malley ⁽⁹⁾	3,876	*	11,801	*
Odely Sakazi ⁽¹⁰⁾	1,024	*	5,743	*
All directors, all director nominees, all NEOs and all executive officers as a group (12 persons)	379,421	*	1,209,806	1.8

* Less than 1% of our issued and outstanding common units of Delek Logistics Partners, LP or issued and outstanding shares of Delek US Holdings, Inc. Common Stock, as applicable.

(1) Unless otherwise indicated, the address for all beneficial owners is 310 Seven Springs Way, Suite 400 and 500, Brentwood, Tennessee 37027.

(2) For purposes of this table, a person is deemed to have "beneficial ownership" of any securities when such person has the right to acquire them within 60 days after the Measurement Date. The percentage of our units beneficially owned is based on a total of 43,568,583 common units representing limited partner interests issued and outstanding on the Measurement Date. The percentage ownership of Delek US Holdings, Inc. Common Stock is based on a total of 66,941,871 shares issued and outstanding on the Measurement Date (excluding securities held by or for the account of the registrant or its subsidiaries). For purposes of computing the percentage of outstanding securities held by each person named above, any securities which such person has the right to acquire within 60 days after the Measurement Date are deemed to be outstanding but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(3) For non-qualified stock options ("NQSOs") and restricted stock units ("RSUs") under the Delek US Holdings, Inc. 2016 Long-Term Incentive Plan, we report shares equal to the number of RSUs that are vested or that will vest within 60 days of the Measurement Date.

(4) Subsidiaries of Delek US Holdings, Inc. hold the common limited partner units. Delek US Energy, Inc. and Delek Logistics Services Company directly held 20,745,868 and 13,565,410 common limited partner units, respectively. Delek US Holdings, Inc. is the ultimate parent of each of these entities and may, therefore, be deemed to beneficially own the units held by each such entity. Delek US Holdings, Inc. files information with, or furnishes information to, the SEC pursuant to the information requirements of the Exchange Act, as amended.

(5) The number of our common units owned includes 777 phantom units that will vest within 60 days of the Measurement Date. the number of shares of Delek US Holdings, Inc. Common Stock includes 2,495 RSUs that will vest within 60 days of the Measurement Date.

(6) 206,684 of our units and 691,945 shares of Delek US Holdings, Inc. Common Stock are held of record by Yemin Investments, L.P., a limited partnership of which Mr. Yemin is the sole general partner. The number of our common units owned includes 4,904 phantom units that will vest within 60 days of the Measurement Date. The number of shares of Delek US Holdings, Inc. Common Stock includes 37,136 RSUs that will vest within 60 days of the Measurement Date.

(7) The number of our common units owned includes 845 phantom units that will vest within 60 days of the Measurement Date. the number of shares of Delek US Holdings, Inc. Common Stock includes 2,858 RSUs that will vest within 60 days of the Measurement Date.

(8) The number of our common units owned includes 504 phantom units that will vest within 60 days of the Measurement Date. The number of shares of Delek US Holdings, Inc. Common Stock includes 1,670 RSUs that will vest within 60 days of the Measurement Date.

(9) The number of our common units owned includes 811 phantom units that will vest within 60 days of the Measurement Date. the number of shares of Delek US Holdings, Inc. Common Stock includes 2,798 RSUs that will vest within 60 days of the Measurement Date.

(10) The number of our common units owned includes 144 phantom units that will vest within 60 days of the Measurement Date. The number of shares of Delek US Holdings, Inc. Common Stock includes 895 RSUs that will vest within 60 days of the Measurement Date.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information as of December 31, 2022 regarding our general partner's equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	749,024	N/A	222,233
Equity compensation plans not approved by security holders	—	N/A	—
TOTAL	749,024	N/A	222,233

(a) The amounts in column (a) of this table reflect only phantom units that have been granted under the LTIP. No Awards (as defined under the LTIP) have been made other than the phantom units, each of which represent rights to receive (upon vesting and payout) one common unit in the Partnership or an amount of cash equal to the fair market value of such unit. These phantom units vest over one- to five-year service periods from the date of grant.

(b) Column (b) of this table is not applicable because phantom units do not have an exercise price.

(c) The LTIP was adopted by our general partner in connection with the closing of the initial public offering and provides for the making of certain awards, including common units, restricted units, phantom units, unit appreciation rights and distribution equivalent rights. For information about the LTIP, which did not require approval by our limited partners, refer to Item 11 of this Annual Report on Form 10-K. Additionally, On June 9, 2021, the LTIP was amended to increase the number of units representing limited partner interest in the Partnership (the "Common Units") authorized for issuance by 300,000 Common Units to 912,207 Common Units. Additionally, the term of the LTIP was extended to June 9, 2031.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

As of February 24, 2023, Delek Holdings and its affiliates owned 34,311,278 of our common limited partner units, which represents a 78.8% ownership interest in the Partnership. Certain transactions with Delek Holdings and its affiliated entities are considered to be related party transactions under Item 404 of Regulation S-K because Delek Holdings and its affiliates own more than five percent of our equity interests. In addition, Messrs. Soreq, Spiegel, and Yemin and Ms. McWatters serve as executive officers of both Delek Holdings and our general partner.

Distributions and Payments to Delek Holdings

Pursuant to our Partnership Agreement, we are required to make quarterly cash distributions of 100% of our "available cash" to limited partners, including Delek Holdings. During 2022, we made cash distributions totaling \$171.1 million to our unitholders, of which \$135.2 million was paid to Delek Holdings and our general partner.

Commercial Agreements, Omnibus Agreement and Operations and Management Services Agreement

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering and crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings. In return, Delek Holdings commits to minimum monthly throughput volumes of crude oil, intermediate and refined products. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a discussion of and the amounts paid under our material commercial agreements and other non-contractual arrangements with Delek Holdings during 2022.

For a discussion of a third party's involvement in certain of our agreements, see Items 1 and 2. "Business and Properties—Commercial Agreements—Delek Holdings' Crude Oil and Refined Products Intermediation Agreement."

Omnibus Agreement

The Omnibus Agreement (as defined in Note 4 to our consolidated financial statements) governs a number of important aspects of the Partnership's business relationship with Delek Holdings. For a more extensive summary of this agreement and its amendment history, see Items 1 and 2. "Business and Properties—Commercial Agreements—Other Agreements with Delek Holdings." The Omnibus Agreement addresses, among other things, the following matters:

- an agreement whereby Delek Holdings will not compete with us under certain circumstances;
- our right of first offer to acquire certain of Delek Holdings' logistics assets, including certain terminals, storage facilities and other related assets located at the Tyler and El Dorado Refineries and, under specified circumstances, logistics and marketing assets that Delek Holdings may acquire or construct in the future;
- Delek Holdings' right of first refusal to purchase our assets that serve its refineries;
- our obligation to pay an annual fee to Delek Holdings for Delek Holdings' provision of centralized corporate services, including executive management services of Delek Holdings employees who devote less than 50% of their time to our business, financial and administrative services, information technology services, legal services, health, safety and environmental services, human resource services, and insurance administration;
- Delek Holdings' reimbursement to us for certain operating expenses and certain maintenance capital expenditures and Delek Holdings' indemnification of us for certain matters, including environmental, title and tax matters;
- reimbursement to us for certain designated periods of time related to the date of acquisition of the relevant asset for any operating expenses in excess of certain thresholds per year that we incur for inspections, maintenance and repairs to any of the storage tanks contributed to us by Delek Holdings that are necessary to comply with the DOT pipeline integrity rules and certain API storage tank standards; and
- reimbursement to us for certain designated periods of time related to the date of acquisition of the relevant asset for all non-discretionary maintenance capital expenditures, other than those required to comply with applicable environmental laws and regulations, in excess of certain thresholds per year that we make with respect to the assets contributed to us by Delek Holdings for which we have not been reimbursed as described above.

See Note 4 and Note 17 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a discussion of and the amounts paid under the Omnibus Agreement during 2022.

Other Related Party Transactions

In addition to the agreements described above, we purchased refined products and ethanol from Delek Holdings, totaling \$496.2 million during the year ended December 31, 2022. We sold RINs in the amount of approximately \$12.1 million to Delek Holdings during the year ended December 31, 2022.

Until October 2022, the Partnership had an \$850.0 million senior secured revolving credit agreement with Fifth Third Bank, National Association ("Fifth Third"), as administrative agent, and a syndicate of lenders (the "DKL Credit Facility"). The obligations under the DKL Credit Facility were secured by first priority liens on substantially all of the Partnership's and its U.S. subsidiaries' tangible and intangible assets. Additionally, Delek Marketing and Supply, LLC, a subsidiary of Delek Holdings ("Delek Marketing"), had provided a limited guaranty of the Partnership's obligations under the DKL Credit Facility. Delek Marketing's guaranty was (i) limited to an amount equal to the principal amount, plus unpaid and accrued interest, of a promissory note made by Delek Holdings in favor of Delek Marketing (the "Holdings Note") and (ii) secured by Delek Marketing's pledge of the Holdings Note to the lenders under the DKL Credit Facility. Effective March 30, 2020, Delek Marketing's limited guaranty and pledge of the Holdings Note was terminated pursuant to a guaranty and pledge release approved by the required lenders under the DKL Credit Facility.

Amendments to DKL Credit Facility

In May 2022, we entered into Second and Third Amendments to our Third Amended and Restated Credit Agreement, which provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") and also amended certain financial covenant calculations in order to provide flexibility in connection with the timing of the 3 Bear Acquisition. Additionally, on May 26, 2022, we entered into a Fourth Amendment to Third Amended and Restated Credit Agreement to, among other things, increase the U.S. Revolving Credit Commitments (as defined in the Credit Agreement) by an amount equal to \$150 million under an existing accordion feature, for an aggregate amount of commitments under our Existing Credit Agreement of \$1 billion. The exercise of the accordion feature gave us the flexibility to utilize borrowings under the Credit Agreement to help fund the acquisition of 3 Bear while continuing to maintain sufficient availability to continue to effectively manage our working capital needs and liquidity risk, and to evaluate longer term capitalization strategies.

Fourth Amended and Restated Credit Agreement

On October 13, 2022, we entered into a Fourth Amended and Restated Credit Agreement with Fifth Third, as administrative agent and a syndicate of lenders (the "2022 DKL Credit Facility"). The DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and (ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024, and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances. The obligations under the DKL Credit Facility remain secured by first priority liens on substantially all of the Partnership's and its U.S. subsidiaries' tangible and intangible assets.

The Partnership manages long-term capital projects on behalf of Delek Holdings pursuant to a construction management and operating agreement (the "DPG Management Agreement") for the construction of gathering systems in the Permian Basin (the "Delek Permian Gathering Project"). The majority of the gathering systems has been constructed, however, additional costs pertaining to a pipeline connection that was not acquired by the Partnership continue to be incurred and are still subject to the terms of the DPG Management Agreement. The Partnership is also considered the operator for the project and is responsible for the oversight of the project design, procurement and construction of project segments and for providing other related services. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a discussion of and the amounts paid under the DPG Management Agreement during 2022.

Procedures for Review, Approval or Ratification of Transactions with Related Party

Our Board has adopted a formal written related party transactions policy to establish procedures for the notification, review, approval, ratification and disclosure of related party transactions. The Board reviews this policy annually. For the purposes of this policy, a related party is defined as follows:

- I. any director or executive officer of our general partner;
- II. any unitholder owning in excess of 5% of our common units or an affiliate of our general partner;
- III. any immediate family member of an individual of any such person;
- IV. any entity in which we have an investment that is accounted for under the equity method of accounting; and
- V. any entity that is owned or controlled by someone listed in I - IV above or any entity in which someone listed in I - IV above has a substantial ownership interest or control of such entity.

Other transactions that are undertaken pursuant to existing agreements and the ongoing performance of which meet criteria prior to filing or approval requirements, a related party transaction under the policy is generally expected to be a transaction in which we are a participant with a related party and which requires disclosure under Item 404 of Regulation S-K. Transactions that are otherwise resolved under Section 7.9 of the Partnership Agreement are not required to be reviewed or approved under the policy.

Subject to certain exceptions, the policy requires that related party transactions, as defined by the policy, be approved by the Board or an authorized committee of the Board, subject to the guidelines of the policy. Pursuant to the policy, the Conflicts Committee of the Board is

generally considered the best suited to review related party transactions and has been authorized by the Board to do so. If a related party transaction, that would otherwise require approval under the policy, is not approved prior to entry into such transaction, management may enter into such transaction, subject to ratification by the Board or an authorized committee of the Board.

The policy further sets forth certain categories of transactions between the Partnership and its subsidiaries on one hand and Delek Holdings and its subsidiaries on the other hand that are deemed to be approved by the Board and are therefore able to be effected by management of the general partner under the relevant general authorization policies and procedures and after taking into account all relevant facts and circumstances. Additionally, the policy effectively requires that all related party transactions that:

- I. involve the purchase and sale of products or services that are effected at either (x) cost (including, when relevant, a nominal fee for services) or (y) the then-prevailing market prices that we would pay or charge to third parties ("Market Based Transactions") undertaken outside the ordinary course of business and involve an aggregate amount of more than \$2.5 million annually; or
- II. are not Market Based Transactions and are undertaken outside the ordinary course of business; or
- III. are not Market Based Transactions and are undertaken within the ordinary course of business and involve an aggregate amount of more than \$2.5 million annually be approved by the Board of Directors or an authorized committee thereof. Pursuant to the policy, the Conflicts Committee is generally the best suited to review these transactions and it is expected they will be the committee that does so.

The Board has also adopted a written code of business conduct and ethics, under which a director or officer of the general partner or of any of our subsidiaries would be expected to bring to the attention of the Audit Committee or the Board or the general partner's General Counsel, any conflict or potential conflict of interest that may arise between such party, on the one hand, and us, on the other hand.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit fees

Audit fees of \$1,141,600 and \$907,625 paid for the services of Ernst & Young LLP during fiscal years 2022 and 2021, respectively, include services related to the audits of our consolidated financial statements and internal controls over financial reporting, reviews of our quarterly condensed consolidated financial statements and audit services provided in connection with acquisitions, investments and regulatory filings. Fees and expenses are for services in connection with the audit of our fiscal years ended 2022 and 2021, regardless of when the fees and expenses were paid.

Audit-related fees

No audit-related fees were paid for the services of Ernst & Young LLP during fiscal years 2022 and 2021.

Tax Fees and All Other Fees

No tax fees or other fees were paid for the services of Ernst & Young LLP during fiscal years 2022 and 2021.

All of the fees described above were approved in accordance with the Audit Committee pre-approval policy described below.

Pre-Approval Policies and Procedures

In general, all engagements performed by our independent registered public accounting firm, whether for auditing or non-auditing services, must be pre-approved by the Audit Committee. The Audit Committee has adopted a pre-approval policy that provides guidelines for the audit, audit-related, tax and other non-audit services that may be provided by the independent registered public accounting firm to the Partnership. The policy (a) identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that the independent registered public accounting firm's independence is not impaired; (b) describes the audit, audit-related, tax and other services that may be provided and the non-audit services that are prohibited; and (c) sets forth pre-approval requirements for all permitted services. During the years ended 2022 and 2021, all of the services performed for us by Ernst & Young LLP were pre-approved by the Audit Committee.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) Certain Documents Filed as Part of this Annual Report on Form 10-K:

1. Financial Statements. The accompanying Index to Financial Statements and Schedule on page F-1 of this Annual Report on Form 10-K is provided in response to this item.
2. List of Financial Statement Schedules. All schedules are omitted because the required information is either not present, not present in material amounts or included within the Consolidated Financial Statements.
3. Exhibits - See below.

EXHIBITS

Exhibit No.	Description
1.1	<u>Equity Distribution Agreement, dated as of November 14, 2022, by and among the Partnership, Delek Logistics GP, LLC, and RBC Capital Markets, LLC (incorporated by reference to Exhibit 1.1 of the Partnership's Form 8-K filed on November 14, 2022).</u>
2.1	<u>Contribution and Subscription Agreement, dated as of May 24, 2019, by and among Plains Pipeline, L.P., DKL Pipeline, LLC, and Red River Pipeline Company LLC (incorporated by reference to Exhibit 2.1 to the Partnership's Current Report on Form 8-K filed on May 28, 2019).</u>
2.2	<u>Contribution, Conveyance, and Assumption Agreement, dated as of March 31, 2020, between several Delek subsidiaries (incorporated by reference to Exhibit 2.1 of the Partnership's Form 8-K filed April 6, 2020).</u>
2.3	<u>Throughput and Deficiency Agreement, dated as of March 31, 2020, by and between Lion Oil Trading & Transportation, LLC and DKL Permian Gathering, LLC (incorporated by reference to Exhibit 10.1 of the Partnership's Form 8-K filed on April 6, 2020).</u>
2.4	<u>Exchange Agreement, dated August 13, 2020, between Delek Logistics and Delek Logistics GP, LLC (incorporated by reference to Exhibit 10.2 of the Partnership's Form 8-K filed on August 14, 2020).</u>
2.5	<u>Membership Interest Purchase Agreement, dated as of April 8, 2022, by and between 3 Bear Energy - New Mexico LLC and DKL Delaware Gathering, LLC (incorporated by reference to Exhibit 2.1 to the Partnership's Current Report on Form 8-K filed on April 11, 2022).</u>
3.1	<u>Certificate of Limited Partnership of Delek Logistics Partners, LP (incorporated by reference to Exhibit 3.1 to the Partnership's Form S-1 (File No. 333-182631) filed on July 12, 2012).</u>
3.2	<u>Second Amended and Restated Agreement of Limited Partnership of Delek Logistics Partners, LP, dated August 13, 2020 (incorporated by reference to Exhibit 3.1 of the Partnership's Form 8-K filed on August 14, 2020).</u>
3.3	# <u>Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Delek Logistics Partners, LP, dated February 26, 2023.</u>
3.4	<u>Certificate of Formation of Delek Logistics GP, LLC (incorporated by reference to Exhibit 3.3 to the Partnership's Registration Statement on Form S-1 (File No. 333-182631) filed on July 12, 2012).</u>
3.5	<u>Fourth Amended and Restated Limited Liability Company Agreement of Delek Logistics GP, LLC, dated August 13, 2020 (incorporated by reference to Exhibit 3.2 of the Partnership's Form 8-K filed on August 14, 2020).</u>
4.1	# <u>Description of the Common Units.</u>
4.2	<u>Indenture, dated as of May 23, 2017, among Delek Logistics Partners, LP, Delek Logistics Finance Corp., the Guarantors named therein and U.S. Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Partnership's Form 8-K filed on May 24, 2017).</u>
4.3	<u>Form of 6.750% Senior Notes due 2025 (incorporated by reference to Exhibit A to Exhibit 4.1 to the Partnership's Form 8-K filed on May 24, 2017).</u>
4.4	<u>Supplemental Indenture, dated March 22, 2018, among DKL Big Spring, LLC, Delek Logistics Partners, LP, Delek Logistics Finance Corp., the other guarantors and U.S. Bank, National Association (incorporated by reference to Exhibit 4.1 to the Partnership's Form 8-K filed on March 26, 2018).</u>
4.5	<u>Second Supplemental Indenture, dated February 28, 2020, among DKL Pipeline, LLC, Delek Logistics Partners, LP, Delek Logistics Finance Corp., the other guarantors and U.S. Bank, N.A. (incorporated by reference to Exhibit 4.1 of the Partnership's Form 8-K filed on April 6, 2020).</u>
4.6	<u>Third Supplemental Indenture, dated March 26, 2020, among DKL Permian Gathering, LLC, Delek Logistics Partners, LP, Delek Logistics Finance Corp., the other guarantors and U.S. Bank, N.A. (incorporated by reference to Exhibit 4.2 of the Partnership's Form 8-K filed on April 6, 2020).</u>
4.7	<u>Indenture, dated as of May 24, 2021, among Delek Logistics Partners, LP, Delek Logistics Finance Corp., the other guarantors, and U.S. Bank, N.A. (incorporated by reference to Exhibit 4.1 of the Partnership's Form 8-K filed on May 25, 2021).</u>
4.8	<u>Form of 7.125% Senior Note due 2028 (incorporated by reference to Exhibit A to Exhibit 4.1 to the Partnership's Form 8-K filed on May 25, 2021).</u>
4.9	# <u>Supplemental Indenture, dated as of May 27, 2022, among DKL Delaware Gathering, the Partnership, Delek Logistics Finance Corp., the other guarantors, and U.S. Bank Trust Company, National Association.</u>
4.10	# <u>Fourth Supplemental Indenture, dated as of May 27, 2022, among DKL Delaware Gathering, the Partnership, Delek Logistics Finance Corp., the other guarantors, and U.S. Bank Trust Company, National Association.</u>
4.11	# <u>Second Supplemental Indenture, dated as of July 8, 2022, among the Partnership, Delek Logistics Finance Corp., the other guarantors, and U.S. Bank Trust Company, National Association.</u>
4.12	# <u>Fifth Supplemental Indenture, dated as of July 8, 2022, among the Partnership, Delek Logistics Finance Corp., the other guarantors, and U.S. Bank Trust Company, National Association.</u>
10.1	++ <u>Marketing Agreement, dated November 7, 2012, by and between Delek Refining, Ltd. and Delek Marketing & Supply, LP (incorporated by reference to Exhibit 10.6 to the Partnership's Form 8-K filed on November 7, 2012, SEC File No. 001-35721).</u>
10.2	<u>First Amendment to Marketing Agreement, dated July 26, 2013, by and between Delek Refining, Ltd. and Delek Marketing & Supply, LP (incorporated by reference to Exhibit 10.1 to the Partnership's Form 10-Q filed on November 3, 2016).</u>
10.3	<u>Second Amendment to Marketing Agreement, dated as of December 19, 2016, but effective as of October 1, 2016, by and between Delek Refining, Ltd. and Delek Marketing & Supply, LP (incorporated by reference to Exhibit 10.1 to the Partnership's Form 10-K filed on February 28, 2017).</u>

- 10.4 [Marketing Agreement, dated as of March 20, 2018 and effective as of March 1, 2018, by and among Alon USA, LP, DKL Big Spring, LLC, and for the limited purposes specified therein, Delek US Holdings, Inc. \(incorporated by reference to Exhibit 10.3 to the Partnership's Form 8-K filed on March 26, 2018\).](#)
- 10.5 [Throughput and Tankage Agreement \(El Dorado Terminal and Tankage\), dated as of February 10, 2014, by and among Lion Oil Company and Delek Logistics Operating, LLC, and for limited purposes, J. Aron & Company \(incorporated by reference to Exhibit 10.3 to the Partnership's Form 8-K filed on February 14, 2014\).](#)
- 10.6 [Amendment to Throughput and Tankage Agreement \(El Dorado Terminal and Tankage\), dated as of July 22, 2016, but effective as of February 11, 2014, by and between Lion Oil Company and Delek Logistics Operating, LLC \(incorporated by reference to Exhibit 10.1 to the Partnership's Form 10-Q filed on August 5, 2016\).](#)
- 10.7 [First Amendment to Throughput and Tankage Agreement \(El Dorado Terminal and Tankage\), dated as of December 14, 2018, by and between Lion Oil Company and Delek Logistics Operating, LLC \(incorporated by reference to Exhibit 10.10 to the Partnership's Form 10-K filed on March 1, 2019\).](#)
- 10.8 [Throughput and Tankage Agreement \(Tyler Terminal and Tankage\), dated July 26, 2013, by and between Delek Marketing & Supply, LP and Delek Refining, Ltd. \(incorporated by reference to Exhibit 10.3 to the Partnership's Form 8-K filed on August 1, 2013\).](#)
- 10.9 [First Amendment to Throughput and Tankage Agreement \(Tyler Terminal and Tankage\), dated as of December 14, 2018, by and between Delek Refining, LTD. and Delek Marketing & Supply, LP \(incorporated by reference to Exhibit 10.29 to the Partnership's Form 10-K filed on March 1, 2019\).](#)
- 10.10 [Throughput Agreement \(El Dorado Rail Offloading Facility\), dated as of March 31, 2015, among Lion Oil Company, Lion Oil Trading & Transportation, LLC and Delek Logistics Operating, LLC \(incorporated by reference to Exhibit 10.2 to the Partnership's Form 8-K filed on April 6, 2015\).](#)
- 10.11 [Pipelines, Storage and Throughput Facilities Agreement \(Big Spring Refinery Logistics Assets and Duncan Terminal\), dated March 20, 2018 and effective as of March 1, 2018, by and among Alon USA, LP, DKL Big Spring, LLC, for the limited purposes specified therein, Delek US Holdings, Inc., and for the limited purposes specified therein, J. Aron & Company LLC \(incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on March 26, 2018\).](#)
- 10.12 [Pipelines and Tankage Agreement \(East Texas Crude Logistics System\), dated November 7, 2012, by and between Delek Refining, Ltd. and Delek Crude Logistics, LLC \(incorporated by reference to Exhibit 10.7 to the Partnership's Form 8-K filed on November 7, 2012, SEC File No. 001-35721\).](#)
- 10.13 [First Amendment to Pipelines and Tankage Agreement \(East Texas Crude Logistics System\), dated as of December 14, 2018, by and between Delek Refining, LTD and Delek Crude Logistics, LLC \(incorporated by reference to Exhibit 10.19 to the Partnership's Form 10-K filed on March 1, 2019\).](#)
- 10.14 [Amended and Restated Services Agreement \(Big Sandy Terminal and Pipeline\), dated July 25, 2013, by and between Delek Refining, Ltd. and Delek Marketing-Big Sandy, LLC \(incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K/A filed on July 31, 2013\).](#)
- 10.15 [First Amendment to Amended and Restated Services Agreement \(Big Sandy Terminal and Pipeline\), dated as of December 14, 2018, by and between Delek Refining, LTD and Delek Marketing-Big Sandy, LLC \(incorporated by reference to Exhibit 10.21 to the Partnership's Form 10-K filed on March 1, 2019\).](#)
- 10.16 [Pipelines and Storage Facilities Agreement, dated November 7, 2012, by and among Lion Oil Company, Delek Logistics Partners, LP, SALA Gathering Systems, LLC, El Dorado Pipeline Company, LLC, Magnolia Pipeline Company, LLC and J. Aron & Company \(incorporated by reference to Exhibit 10.9 to the Partnership's Form 8-K filed on November 7, 2012, SEC File No. 001-35721\).](#)
- 10.17 [First Amendment to Pipelines and Storage Facilities Agreement, dated as of December 14, 2018, by and among Lion Oil Company, Delek Logistics Partners, LP, SALA Gathering Systems, LLC, El Dorado Pipeline Company, LLC, Magnolia Pipeline Company, LLC and J. Aron & Company \(incorporated by reference to Exhibit 10.23 to the Partnership's Form 10-K filed on March 1, 2019\).](#)
- 10.18 [Amended and Restated Site Services Agreement \(Tyler Terminal and Tankage\), dated March 31, 2015, by and between Delek Marketing & Supply, LP and Delek Refining, Ltd. \(incorporated by reference to Exhibit 10.4 to the Partnership's Form 10-Q filed on May 8, 2015\).](#)
- 10.19 [Amended and Restated Site Services Agreement \(El Dorado Terminal and Tankage\), dated as of March 31, 2015, by and between Lion Oil Company and Delek Logistics Operating, LLC \(incorporated by reference to Exhibit 10.5 to the Partnership's Form 10-Q filed on May 8, 2015\).](#)
- 10.20 [Big Spring Asphalt Services Agreement, dated March 20, 2018 and effective as of March 1, 2018, by and among Alon USA, LP, DKL Big Spring, LLC, for the limited purposes specified therein, Delek US Holdings, Inc., and for the limited purposes specified therein, J. Aron & Company LLC \(incorporated by reference to Exhibit 10.2 to the Partnership's Form 8-K filed on March 26, 2018\).](#)
- 10.21 [Third Amended and Restated Omnibus Agreement, dated as of March 31, 2015, by and among Delek US Holdings, Inc., Lion Oil Company, Delek Logistics Operating, LLC, Delek Marketing & Supply, LP, Delek Refining, Ltd., Delek Logistics Partners, LP, Paline Pipeline Company, LLC, SALA Gathering Systems, LLC, Magnolia Pipeline Company, LLC, El Dorado Pipeline Company, LLC, Delek Crude Logistics, LLC, Delek Marketing-Big Sandy, LLC, DKL Transportation, LLC and Delek Logistics GP, LLC \(incorporated by reference to Exhibit 10.3 to the Partnership's Form 8-K filed on April 6, 2015\).](#)
- 10.22 [First Amendment to Third Amended and Restated Omnibus Agreement, dated as of August 3, 2015, by and among Delek US Holdings, Inc., Lion Oil Company, Delek Logistics Operating, LLC, Delek Marketing & Supply, LP, Delek Refining, Ltd., Delek Logistics Partners, LP, Paline Pipeline Company, LLC, SALA Gathering Systems, LLC, Magnolia Pipeline Company, LLC, El Dorado Pipeline Company, LLC, Delek Crude Logistics, LLC, Delek Marketing-Big Sandy, LLC, DKL Transportation, LLC and Delek Logistics GP, LLC \(incorporated by reference to Exhibit 10.2 to the Partnership's Form 10-Q filed on August 6, 2015\).](#)
- 10.23 [Third Amendment and Restatement to Schedules to Third Amended and Restated Omnibus Agreement, dated and effective as of May 15, 2020 \(incorporated by reference to Exhibit 10.2 of the Partnership's Form 8-K filed on May 18, 2020\).](#)

- 10.24 ++ [First Amended and Restated Limited Liability Company Agreement of Rangeland RIO Pipeline, LLC, dated March 20, 2015, by and between Rangeland Energy II, LLC and DKL RIO, LLC \(incorporated by reference to Exhibit 10.6 to the Partnership's Form 10-Q filed on May 8, 2015\).](#)
- 10.25 ++ [Amended and Restated Limited Liability Company Agreement of Caddo Pipeline LLC, dated March 20, 2015, by and between Plains Pipeline, L.P. and DKL Caddo, LLC \(incorporated by reference to Exhibit 10.7 to the Partnership's Form 10-Q filed on May 8, 2015\).](#)
- 10.26 [Transportation Services Agreement dated May 15, 2020 and effective May 1, 2020, between Delek Refining, Ltd., Lion Oil Company and DKL Transportation, LLC \(incorporated by reference to Exhibit 10.1 of the Partnership's Form 8-K filed on May 18, 2020\).](#)
- 10.27 [Third Amended and Restated Credit Agreement, dated as of September 28, 2018, among Delek Logistics Partners, LP and each other borrower referenced therein, as borrowers; Fifth Third Bank, as administrative agent; a syndicate of lenders; Bank of America, N.A., BBVA Compass, MUFG Bank, Ltd. And Royal Bank of Canada as co-syndication agents; and Barclays Bank PLC, Citizens Bank, N.A., PNC Bank, National Association, U.S. Bank National Association, Bank Hapoalim B.M., Regions Bank and SunTrust Bank as co-documentation agents \(incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on October 4, 2018\).](#)
- 10.28 [First Amendment to Third Amended and Restated Credit Agreement, dated August 12, 2020, by and among Delek Logistics Partners, LP and each other borrower referenced therein, as borrowers, Fifth Third Bank, N.A., as Administrative Agent, and the Lenders party thereto \(incorporated by reference to Exhibit 10.1 of the Partnership's Form 8-K filed on August 14, 2020\).](#)
- 10.29 [Second Amendment and Restatement of Schedules to Third Amended and Restated Omnibus Agreement, dated and effective as of May 31, 2020 \(incorporated by reference to the Exhibit 10.2 of the Partnership's Form 8-K filed on April 6, 2020\).](#)
- 10.30 [Third Amendment to Third Amended and Restated Credit Agreement, dated as of May 26, 2022, by and among the Partnership and each other borrower referenced therein, as borrowers, Fifth Third Bank, National Association, as Administrative Agent, and the Lenders party thereto \(incorporated by reference to Exhibit 10.2 of the Partnership's Form 10-Q filed on August 5, 2022\).](#)
- 10.31 [Fourth Amendment to Third Amended and Restated Credit Agreement, dated as of May 26, 2022, by and among the Partnership and each other borrower referenced therein, as borrowers, Fifth Third Bank, National Association, as Administrative Agent, and the Lenders party thereto \(incorporated by reference to Exhibit 10.3 of the Partnership's Form 10-Q filed on August 5, 2022\).](#)
- 10.32 [Fourth Amended and Restated Senior Secured Revolving Credit Facility, dated October 13, 2022, by and among the Partnership, Fifth Third Bank, National Association, as administrative agent; a syndicate of lenders; Fifth Third, BofA Securities Inc., PNC Bank Capital Markets LLC, MUFG Bank, Ltd., Wells Fargo Bank, N.A., Citizens Bank, N.A. and Royal Bank of Canada, as co-syndication agents; and Barclays Bank PLC, U.S. Bank National Association, Regions Bank and Truist Bank as co-documentation agents \(incorporated by reference to Exhibit 10.1 of the Partnership's Form 8-K filed on October 17, 2022\).](#)
- 10.33 [Assignment and Assumption Agreement and Guaranty, dated as of March 22, 2022, by and among Lion Oil Trading & Transportation, LLC, DK Trading & Supply, LLC, Delek Logistics Operating, LLC, Lion Oil Company, LLC, and Delek US Energy, Inc. \(incorporated by reference to Exhibit 10.1 of the Partnership's Form 10-Q filed on November 8, 2022\).](#)
- 10.34 [Partial Assignment and Assumption Agreement, dated as of March 23, 2022, by and among Lion Oil Company, LLC, DK Trading & Supply, LLC, and the Partnership \(incorporated by reference to Exhibit 10.2 of the Partnership's Form 10-Q filed on November 8, 2022\).](#)
- 10.35 [Omnibus Assignment and Assumption Agreement, dated as of September 12, 2022, by and among Alon USA, LP, DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto \(incorporated by reference to Exhibit 10.3 of the Partnership's Form 10-Q filed on November 8, 2022\).](#)
- 10.36 [Omnibus Assignment and Assumption Agreement, dated as of September 12, 2022, by and among Lion Oil Company, LLC, DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto \(incorporated by reference to Exhibit 10.4 of the Partnership's Form 10-Q filed on November 8, 2022\).](#)
- 10.37 [Omnibus Assignment and Assumption Agreement, dated as of September 13, 2022, by and among Delek Refining Ltd., DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto \(incorporated by reference to Exhibit 10.5 of the Partnership's Form 10-Q filed on November 8, 2022\).](#)
- 10.38 [Omnibus Assignment and Assumption Agreement, dated as of September 13, 2022, by and among Lion Oil Trading & Transportation, LLC, DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto \(incorporated by reference to Exhibit 10.6 of the Partnership's Form 10-Q filed on November 8, 2022\).](#)
- 10.39 * [General Terms and Conditions for Phantom Unit Awards under the Delek Logistics GP, LLC 2012 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.2 to the Partnership's Form 10-Q filed on August 5, 2016\).](#)
- 10.40 * [Form of Phantom Unit Agreement for Directors under the Delek Logistics GP, LLC 2012 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Partnership's Form 10-Q filed on August 6, 2015\).](#)
- 10.41 * [Form of Director Phantom Unit Award \(incorporated by reference to Exhibit 10.6 to the Partnership's Amendment No. 3 to Registration Statement on Form S-1 \(File No. 333-182631\), filed on October 16, 2012\).](#)
- 10.42 * [Form of Employee Phantom Unit Award \(incorporated by reference to Exhibit 10.7 to the Partnership's Amendment No. 3 to Registration Statement on Form S-1 \(File No. 333-182631\), filed on October 16, 2012\).](#)
- 10.43 * [Delek Logistics GP, LLC Amended and Restated 2012 Long-Term Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Partnership's Registration Statement on Form S-8 \(Registration No. 333-256954\) filed on June 10, 2021\).](#)
- 10.44 [Form of Indemnification Agreement for Directors and Officers of Delek Logistics GP, LLC \(incorporated by reference to Exhibit 10.36 to the Partnership's Form 10-K filed on February 25, 2022\).](#)
- 10.45 # [Delek Logistics GP, LLC 2012 Long-Term Incentive Plan Terms and Conditions.](#)
- 21.1 # [Subsidiaries of Registrant.](#)
- 22.1 # [Subsidiary Guarantors of Delek Logistics Partners LP.](#)

23.1	#	Consent of Independent Registered Public Accounting Firm (Ernst & Young LLP).
23.2	#	Consent of Independent Public Accounting Firm (Weaver and Tidwell, L.L.P.).
31.1	#	Certification of Delek Logistics GP, LLC's Chief Executive Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	#	Certification of Delek Logistics GP, LLC's Chief Financial Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	##	Certification by Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	##	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	#	Report of Independent Public Accounting Firm - Red River Pipeline Company LLC Weaver and Tidwell, L.L.P. (PCAOB ID: 410) - Houston, Texas
101	<	The following materials from Delek Logistics Partners, LP's Annual Report on Form 10-K for the annual period ended December 31, 2022, formatted in XBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2022 and 2021; (ii) Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2022, 2021 and 2020; (iii) Consolidated Statements of Changes in Partners' Equity for the years ended December 31, 2022, 2021 and 2020; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020; and (v) Notes to Consolidated Financial Statements.
104		The cover page from Delek Logistics Partners, LP's Annual Report on Form 10-K for the annual period ended December 31, 2022, has been formatted in Inline XBRL.

*	Management contract or compensatory plan or arrangement.
#	Filed herewith.
##	Furnished herewith.
++	Confidential treatment has been requested and granted with respect to certain portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934. Omitted portions have been filed separately with the Securities and Exchange Commission.
<	Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Delek Logistics Partners, LP
Consolidated Financial Statements
As of December 31, 2022 and 2021 and
For Each of the Three Years Ended December 31, 2022, 2021 and 2020

INDEX TO FINANCIAL STATEMENTS

<u>Reports of Independent Registered Public Accounting Firm (PCAOB ID: 42)</u>	<u>F-2</u>
Audited Financial Statements:	
<u>Consolidated Balance Sheets</u>	<u>F-5</u>
<u>Consolidated Statements of Income and Comprehensive Income</u>	<u>F-6</u>
<u>Consolidated Statements of Partners' Equity (Deficit)</u>	<u>F-7</u>
<u>Consolidated Statements of Cash Flows</u>	<u>F-8</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-10</u>

All other financial schedules are not required under related instructions, or are inapplicable and therefore have been omitted.

Report of Independent Registered Public Accounting Firm

To the Unitholders of Delek Logistics Partners, LP and
the Board of Directors of Delek Logistics GP, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Delek Logistics Partners, LP (the Partnership) as of December 31, 2022 and 2021, and the related consolidated statements of income and comprehensive income, partners' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, based on our audits and the report of other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We did not audit the financial statements of Red River Pipeline Company LLC, an entity in which the Partnership has a 33% interest. In the consolidated financial statements, the Partnership's investment in Red River Pipeline Company LLC is stated at \$149.6 million and \$144.0 million as of December 31, 2022 and 2021, respectively, and the Partnership's equity in the net income of Red River Pipeline Company LLC is stated at \$20.5 million in 2022, \$14.4 million in 2021 and \$8.9 million in 2020. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Red River Pipeline Company LLC, is based solely on the report of other auditors.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 1, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for Business Combinations

*Description of the
Matter*

During 2022, the Partnership completed its acquisition of 3 Bear Delaware Holding – NM, LLC (“3 Bear”) for net consideration of approximately \$628.3 million as disclosed in Note 3 to the consolidated financial statements. The transaction was accounted for as a business combination. The Partnership allocated the purchase price, to the assets acquired and liabilities assumed based on their respective fair values, including a customer relationships intangible asset of \$210.0 million.

Auditing the Partnership's accounting for its acquisition of 3 Bear was complex due to the significant estimation required by management to determine the fair value of the customer relationships intangible asset acquired. The Partnership used the income approach in estimating the initial fair value of the acquired customer relationships intangible asset. There was a high degree of subjective auditor judgment in evaluating the assumptions used in the income approach as changes to the assumptions used could have a significant effect on the determination of the initial fair value. Assumptions used included projected revenue attributable to customer relationships, forecasted operating margins, and the discount rate, which are forward-looking and could be affected by future economic and market conditions.

*How We
Addressed the
Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that address the risks of material misstatement related to the Partnership's accounting for business combinations, including controls over the assumptions identified above.

To test the estimated fair values, we performed audit procedures that included, among others, evaluating the Partnership's use of the income approach and testing the assumptions discussed above and the completeness and accuracy of the underlying data used by the Partnership in its analysis. Our audit procedures also included evaluating the professional qualifications and objectivity of the Partnership's external consultant that assessed the projected revenue assumptions. In addition, in evaluating whether we could use the work of the Partnership's external consultant, we assessed the reasonableness of the projected revenue assumptions by identifying and evaluating corroborative and contrary evidence. We involved our valuation specialists to assist in evaluating the appropriateness of the valuation methods and the reasonableness of certain significant assumptions, including the evaluation of the discount rate used in the income approach.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2012.

Nashville, Tennessee

March 1, 2023

Report of Independent Registered Public Accounting Firm

**To the Unitholders of Delek Logistics Partners, LP and
the Board of Directors of Delek Logistics GP, LLC**

Opinion on Internal Control over Financial Reporting

We have audited Delek Logistics Partners, LP's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Delek Logistics Partners, LP (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of 3 Bear Delaware Holding – NM, LLC ("3 Bear"), which is included in the 2022 consolidated financial statements of the Partnership and constituted 40.7% of total assets as of December 31, 2022, and 11.9% of net revenues for the year then ended. Our audit of internal control over financial reporting of the Partnership also did not include an evaluation of the internal control over financial reporting of 3 Bear.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Delek Logistics Partners, LP as of December 31, 2022 and 2021, the related consolidated statements of income and comprehensive income, partners' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2022, and the related notes, and our report dated March 1, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Nashville, Tennessee

March 1, 2023

Delek Logistics Partners, LP

Consolidated Balance Sheets

(in thousands, except unit and per unit data)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,970	\$ 4,292
Accounts receivable	53,314	15,384
Inventory	1,483	2,406
Other current assets	2,463	951
Total current assets	65,230	23,033
Property, plant and equipment:		
Property, plant and equipment	1,240,684	715,870
Less: accumulated depreciation	(316,680)	(266,482)
Property, plant and equipment, net	924,004	449,388
Equity method investments	257,022	250,030
Customer relationship intangible, net	199,440	—
Marketing contract intangible, net	109,366	116,577
Rights-of-way, net	55,990	37,280
Goodwill	27,051	12,203
Operating lease right-of-use assets	24,788	20,933
Other non-current assets	16,408	25,627
Total assets	\$ 1,679,299	\$ 935,071
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable	\$ 57,403	\$ 8,160
Accounts payable to related parties	6,055	64,423
Current portion of long-term debt	15,000	—
Interest payable	5,308	5,024
Excise and other taxes payable	8,230	5,280
Current portion of operating lease liabilities	8,020	6,811
Accrued expenses and other current liabilities	6,202	7,117
Total current liabilities	106,218	96,815
Non-current liabilities:		
Long-term debt, net of current portion	1,646,567	898,970
Operating lease liabilities, net of current portion	12,114	14,071
Asset retirement obligations	9,333	6,476
Other non-current liabilities	15,767	22,731
Total non-current liabilities	1,683,781	942,248
Equity (Deficit):		
Common unitholders - public; 9,257,305 units issued and outstanding at December 31, 2022 (8,774,053 at December 31, 2021)	172,119	166,067
Common unitholders - Delek Holdings; 34,311,278 units issued and outstanding at December 31, 2022 (34,696,800 at December 31, 2021)	(282,819)	(270,059)
Total deficit	(110,700)	(103,992)
Total liabilities and deficit	\$ 1,679,299	\$ 935,071

See accompanying notes to the consolidated financial statements

Delek Logistics Partners, LP

Consolidated Statements of Income and Comprehensive Income
(In thousands, except unit and per unit data)

	Year Ended December 31,		
	2022	2021	2020
Net revenues			
Affiliate ⁽¹⁾	\$ 479,411	\$ 418,826	\$ 382,666
Third Party	556,996	282,076	180,752
Net revenues	1,036,407	700,902	563,418
Cost of sales:			
Cost of materials and other - affiliate ⁽¹⁾	496,184	321,939	205,581
Cost of materials and other - third party	145,179	62,470	63,513
Operating expenses (excluding depreciation and amortization presented below)	85,438	59,483	53,846
Depreciation and amortization	60,210	40,945	33,737
Total cost of sales	787,011	484,837	356,677
Operating expenses related to wholesale business (excluding depreciation and amortization presented below)	2,869	2,337	2,433
General and administrative expenses	34,181	21,460	22,587
Depreciation and amortization	2,778	1,825	1,994
Other operating income, net	(114)	(59)	(66)
Total operating costs and expenses	826,725	510,400	383,625
Operating income	209,682	190,502	179,793
Interest expense, net	82,304	50,221	42,874
Income from equity method investments	(31,683)	(24,575)	(22,693)
Other (income) expense, net	(373)	(119)	133
Total non-operating expenses, net	50,248	25,527	20,314
Income before income tax expense	159,434	164,975	159,479
Income tax expense	382	153	223
Net income attributable to partners	\$ 159,052	\$ 164,822	\$ 159,256
Comprehensive income attributable to partners	\$ 159,052	\$ 164,822	\$ 159,256
Less: General partner's interest in net income, including incentive distribution rights ⁽²⁾	—	—	18,724
Limited partners' interest in net income	\$ 159,052	\$ 164,822	\$ 140,532
Net income per limited partner unit:			
Basic	\$ 3.66	\$ 3.79	\$ 4.18
Diluted	\$ 3.66	\$ 3.79	\$ 4.18
Weighted average limited partner units outstanding:			
Basic	43,487,910	43,447,739	33,594,284
Diluted	43,511,650	43,460,470	33,597,418
Cash distributions per common limited partner unit	\$ 3.975	\$ 3.785	\$ 3.605

(1) See Note 4 for a description of our material affiliate revenue and purchases transactions.

(2) See Note 4 for a description of the IDR Restructuring Transaction.

See accompanying notes to the consolidated financial statements

Delek Logistics Partners, LP

Consolidated Statements of Partners' Equity (Deficit)
(in thousands)

	Partnership			
	Common - Public	Common - Delek Holdings	General Partner - Delek Holdings	Total
Balance at December 31, 2019	\$ 164,436	\$ (310,513)	\$ (5,042)	(151,119)
Cash distributions ⁽¹⁾	(31,532)	(77,665)	(27,635)	(136,832)
GP units issued to maintain 2% interest	—	—	10	10
Net income attributable to partners	36,324	104,208	18,724	159,256
Delek Holdings unit purchases from public	(4,979)	4,979	—	—
Issuance of units in connection with the Midland Gathering Assets Acquisition	—	107,323	2,190	109,513
Cash distribution to Delek Holdings for Trucking Assets Acquisition	—	(46,607)	(951)	(47,558)
Cash distribution to general partner for conversion of its economic interest and IDR elimination	—	—	(45,000)	(45,000)
Conversion of GP economic interest	—	(57,702)	57,702	—
Sponsor contribution of fixed assets	—	2,938	—	2,938
Other	365	124	2	491
Balance at December 31, 2020	\$ 164,614	\$ (272,915)	\$ —	\$ (108,301)
Cash distributions ⁽¹⁾	(32,462)	(129,255)	—	(161,717)
Net income attributable to partners	33,086	131,736	—	164,822
Delek Holdings unit sale to public	650	(650)	—	—
Other	179	1,025	—	1,204
Balance at December 31, 2021	\$ 166,067	\$ (270,059)	\$ —	\$ (103,992)
Cash distributions ⁽¹⁾	(35,868)	(135,219)	—	(171,087)
Net income attributable to partners	33,617	125,435	—	159,052
Delek Holdings unit sale to public	5,110	(5,110)	—	—
Issuance of units pursuant to the Equity Distribution Agreement	3,096	—	—	3,096
Other	97	2,134	—	2,231
Balance at December 31, 2022	\$ 172,119	\$ (282,819)	\$ —	\$ (110,700)

(1) Cash distributions include \$0.2 million related to distribution equivalents on vested phantom units for the year ended December 31, 2022. Cash distributions for the years ended December 31, 2021 and 2020 include a nominal amount related to distribution equivalents on vested phantom units.

See accompanying notes to the consolidated financial statements

Delek Logistics Partners, LP

Consolidated Statements of Cash Flows (in thousands)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income	\$ 159,052	\$ 164,822	\$ 159,256
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	62,988	42,770	35,731
Non-cash lease expense	16,254	9,652	6,075
Amortization of customer contract intangible assets	7,211	7,211	7,211
Amortization of deferred revenue	(1,775)	(1,953)	(1,888)
Amortization of deferred financing costs and debt discount	3,872	3,016	2,412
Income from equity method investments	(31,683)	(24,575)	(22,693)
Dividends from equity method investments	22,954	20,831	25,436
Other non-cash adjustments	2,718	1,959	1,253
Changes in assets and liabilities:			
Accounts receivable	(9,071)	292	(2,472)
Inventories and other current assets	2,233	55	11,363
Accounts payable and other current liabilities	18,564	(1,913)	(13,479)
Accounts receivable/payable to related parties	(58,368)	67,161	(14,628)
Non-current assets and liabilities, net	(2,781)	(14,166)	(561)
Net cash provided by operating activities	192,168	275,162	193,016
Cash flows from investing activities:			
Asset acquisitions from Delek Holdings, net of assumed liabilities	—	—	(100,527)
Purchases of property, plant and equipment	(141,098)	(23,052)	(13,271)
Proceeds from sales of property, plant and equipment	143	275	107
Purchases of intangible assets	(5,597)	(964)	(13)
Business Combination, net of cash acquired	(625,622)	—	—
Distributions from equity method investments	1,737	8,774	2,741
Equity method investment contributions	—	(1,393)	(12,175)
Net cash used in investing activities	(770,437)	(16,360)	(123,138)
Cash flows from financing activities:			
Proceeds from issuance of common units, net of underwriters' discount	3,096	—	—
Proceeds from issuance of additional units to maintain 2% general partner interest	—	—	10
Distributions to general partner	—	—	(27,635)
Distributions to common unitholders - public	(35,868)	(32,462)	(31,532)
Distributions to common unitholders - Delek Holdings	(135,219)	(129,255)	(77,665)
Distributions to Delek Holdings unitholders and general partner related to Trucking Assets Acquisition	—	—	(47,558)
Distribution to general partner for conversion of its interest and IDR elimination	—	—	(45,000)
Proceeds from term loan debt	298,511	—	—
Proceeds from revolving credit facility	1,752,300	341,000	599,600
Payments on revolving credit facility	(1,289,800)	(829,601)	(441,400)
Proceeds from issuance of senior notes	—	400,000	—
Deferred financing costs paid	(8,206)	(6,216)	—
Payments on financing lease liabilities	(2,867)	(2,219)	—
Net cash provided by (used in) financing activities	581,947	(258,753)	(71,180)
Net increase (decrease) in cash and cash equivalents	3,678	49	(1,302)
Cash and cash equivalents at the beginning of the period	4,292	4,243	5,545
Cash and cash equivalents at the end of the period	7,970	4,292	4,243

Year Ended December 31,

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest

Income taxes

Non-cash investing activities:

(Decrease) increase in accrued capital expenditures and other

Equity issuance to Delek Holdings unitholders in connection with Midland Gathering Assets Acquisition

Non-cash financing activities:

Sponsor contribution of property, plant and equipment

Non-cash lease liability arising from obtaining right of use assets during the period

2022	2021	2020
\$ 78,148	\$ 44,633	\$ 40,582
\$ 43	\$ 34	\$ 98
\$ (10,428)	\$ 3,850	\$ 198
\$ —	\$ —	\$ 109,513
\$ —	\$ —	\$ 2,938
\$ 12,717	\$ 9,457	\$ 32,090

See accompanying notes to the consolidated financial statements

Delek Logistics Partners, LP

Notes to the Consolidated Financial Statements

1. General

Organization

As used in this report, the terms "Delek Logistics Partners, LP," the "Partnership," "we," "us," or "our" may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole.

The Partnership is a Delaware limited partnership formed in April 2012 by Delek US Holdings, Inc. ("Delek Holdings") and its subsidiary Delek Logistics GP, LLC, our general partner (our "general partner"). On April 8, 2022, DKL Delaware Gathering, LLC, a subsidiary of the Partnership, entered into a Membership Interest Purchase Agreement (the "3 Bear Purchase Agreement") with 3 Bear Energy – New Mexico LLC (the "Seller") to purchase 100% of the limited liability company interests in 3 Bear Delaware Holding – NM, LLC ("3 Bear"), related to the Seller's crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, in the Delaware Basin of New Mexico (the "3 Bear Acquisition"). The 3 Bear Acquisition was completed on June 1, 2022 (the "Acquisition Date"). See Note 3 of the accompanying consolidated financial statements for further information.

Effective August 13, 2020, the Partnership closed the transaction contemplated by a definitive exchange agreement with the general partner to eliminate all of the incentive distribution rights ("IDRs") held by the general partner and convert the 2.0% economic general partner interest into a non-economic general partner interest, all in exchange for 14.0 million newly issued common limited partner units and \$45.0 million in cash ("IDR Restructuring Transaction"). Contemporaneously, Delek Holdings purchased a 5.2% ownership interest in our general partner from certain affiliates, who were also members of our general partner's management and board of directors. See Note 4 of the accompanying consolidated financial statements for further information.

Effective May 1, 2020, the Partnership, through its wholly-owned subsidiary DKL Transportation, LLC, acquired Delek Trucking, LLC consisting of certain leased and owned tractors and trailers and related assets (the "Trucking Assets") from Delek Holdings, such transaction the "Trucking Assets Acquisition." See Note 3 of the accompanying consolidated financial statements for further information.

Effective March 31, 2020, the Partnership, through its wholly-owned subsidiary DKL Permian Gathering, LLC, acquired from Delek Holdings, a crude oil gathering system located in Howard, Borden and Martin Counties, Texas (the "Midland Gathering Assets", formerly referred to as the "Permian Gathering Assets"), and certain related assets, such transaction the "Midland Gathering Assets Acquisition" (formerly referred to as the "Permian Gathering Assets Acquisition"). See Note 3 of the accompanying consolidated financial statements for further information.

Description of Business

The Partnership provides gathering, pipeline and other transportation services primarily for crude oil and natural gas customers, storage, wholesale marketing and terminalling services primarily for intermediate and refined product customers, and water disposal and recycling services through its owned assets and joint ventures located primarily in the Permian Basin (including the Delaware sub-basin) and other select areas in the Gulf Coast region. A substantial majority of our existing assets are both integral to and dependent upon the success of Delek Holdings' refining operations, as many of our assets are contracted exclusively to Delek Holdings in support of its Tyler, El Dorado and Big Spring refineries.

The Partnership is not a taxable entity for federal income tax purposes or the income taxes of those states that follow the federal income tax treatment of partnerships. Instead, for purposes of such income taxes, each partner of the Partnership is required to take into account its share of items of income, gain, loss and deduction in computing its federal and state income tax liabilities, regardless of whether cash distributions are made to such partner by the Partnership. The taxable income reportable to each partner takes into account differences between the tax basis and the fair market value of our assets and financial reporting bases of assets and liabilities, the acquisition price of the partner's units and the taxable income allocation requirements under the Partnership's Second Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement").

2. Accounting Policies

Basis of Presentation

Our consolidated financial statements include the accounts of the Partnership and its subsidiaries. We have evaluated subsequent events through the filing of this Annual Report on Form 10-K. Any material subsequent events that occurred during this time have been properly recognized or disclosed in our financial statements.

The preparation of our financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") and in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified in order to conform to the current period presentation.

Segment Reporting

We are an energy business focused on crude oil, natural gas, intermediate and refined products pipeline and storage activities and wholesale marketing, terminalling and offloading activities as well as water disposal and recycling. Management reviews operating results in four reportable segments: (i) gathering and processing; (ii) wholesale marketing and terminalling; (iii) storage and transportation; and (iv) investments in pipeline joint ventures.

- The assets and investments reported in the gathering and processing segment provide crude oil gathering and crude oil, intermediate and refined products transportation services to Delek Holdings' refining operations and independent third parties.
- The wholesale marketing and terminalling segment provides marketing services for the refined products output of the Delek Holdings' refineries, engages in wholesale activity at our terminals and terminals owned by third parties, whereby we purchase light product for sale and exchange to third parties, and provides terminalling services at our refined products terminals to independent third parties and Delek Holdings.
- The storage and transportation segment provides crude oil, intermediate and refined products transportation and storage services to Delek Holdings' refining operations and independent third parties.
- The investments in pipeline joint ventures segment include the Partnership's joint ventures investments discussed in Note 14.

During the fourth quarter 2022, we realigned our reportable segments for financial reporting purposes to reflect changes in the manner in which our chief operating decision maker ("CODM") assesses financial information for decision-making purposes. The primary change in our segmentation as compared to prior presentations is that our pipeline operations are now viewed separately from our storage and transportation segment because of the integral nature of the pipeline operations in relation to our expanded gathering operations, and certain legacy gathering activities and operations are now managed as part of the Gathering and Processing segment. Additionally, we are now segregating out certain non-segment specific costs and expenses and, when applicable, immaterial operating segments that may not fit into our existing reportable segments as Corporate and Other activities. While this reporting change did not change our consolidated results, segment data for previous years has been restated and is consistent with the current year presentation throughout the financial statements and the accompanying notes. The CODM evaluates performance based upon earnings before interest, taxes, depreciation and amortization ("EBITDA"). We define EBITDA for any period as net income (loss) to add back interest expense, income tax expense (benefit), depreciation and amortization (including amortization of customer contract intangible assets, which is included as a component of net revenues in our accompanying consolidated statements of income and comprehensive income). Segment reporting is discussed in more detail in Note 15.

Cash and Cash Equivalents

We maintain cash and cash equivalents in accounts with large U.S. financial institutions. Any highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

Accounts Receivable

Accounts receivable primarily consists of trade receivables generated in the ordinary course of business. We perform on-going credit evaluations of our customers and generally do not require collateral on accounts receivable. All accounts receivable amounts are considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been established as of December 31, 2022 and 2021. Delek Holdings accounted for approximately 32.8% of the consolidated accounts receivable balance as of December 31, 2022. One third-party customer accounted for approximately 33.1% and 47.4% of the consolidated accounts receivable balance as of December 31, 2022 and December 31, 2021, respectively.

Inventory

Inventory consists of refined products, which are stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out ("FIFO") basis. We are not subject to concentration risk with specific suppliers, since our refined products inventory purchases are commodities that are readily available from a large selection of suppliers.

Property, Plant and Equipment

Property, plant and equipment primarily consists of crude oil pipelines, tanks, terminals and gathering systems, and trucking assets. Property and equipment is stated at the lower of historical cost less accumulated depreciation, or fair value, if impaired. Assets acquired in conjunction with business acquisitions are recorded at estimated fair market value in accordance with the purchase method of accounting as prescribed in Accounting Standards Codification ("ASC") 805, *Business Combinations* ("ASC 805"). Acquisitions of net assets that do not constitute a business are accounted for by allocating the cost of the acquisition to individual assets acquired and liabilities assumed on a relative fair value basis and shall not give rise to goodwill as prescribed in ASC 805.

Betterments, renewals and extraordinary repairs that extend the life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred.

Depreciation is computed using the straight-line method over management's estimated useful lives of the related assets. The estimated useful lives are as follows:

	Years
Buildings and building improvements	15-40
Pipelines, tanks and terminals	15-40
Asset retirement obligation assets	15-50
Other equipment	3-15

Other Intangible Assets

Other intangible assets acquired in a business combination and determined to be finite-lived are amortized over their respective estimated useful lives. The finite-lived intangible assets are amortized on straight-line basis over the estimated useful lives of 8 to 35 years. The amortization expense, with the exception of the marketing contract intangible, is included in depreciation and amortization on the accompanying consolidated statements of income. The marketing contract intangible is amortized on a straight-line basis over a 20-year period as a component of net revenues from affiliates. Acquired intangible assets determined to have an indefinite useful life are not amortized, but are instead tested for impairment in connection with our evaluation of long-lived assets as events and circumstances indicate that the asset might be impaired.

Property, Plant and Equipment and Intangibles Impairment

Property, plant and equipment and intangibles are evaluated for impairment whenever indicators of impairment exist. In accordance with ASC 360, *Property, Plant and Equipment* and ASC 350, *Intangibles - Goodwill and Other*, we evaluate the realizability of these long-lived assets as events occur that might indicate potential impairment. In doing so, we assess whether the carrying amount of the asset is recoverable by estimating the sum of the future cash flows expected to result from the use of the asset, undiscounted and without interest charges. If the carrying amount is more than the recoverable amount, an impairment charge must be recognized based on the fair value of the asset.

Goodwill and Potential Impairment

Goodwill in an acquisition represents the excess of the aggregate purchase price over the fair value of the identifiable net assets. Goodwill is reviewed at least annually during the fourth quarter for impairment, or more frequently if indicators of impairment exist, such as disruptions in our business, unexpected significant declines in operating results or a sustained market capitalization decline. Goodwill is evaluated for impairment by comparing the carrying amount of the reporting unit to its estimated fair value. Goodwill impairment charge is recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. In assessing the recoverability of goodwill, assumptions are made with respect to future business conditions and estimated expected future cash flows to determine the fair value of a reporting unit.

We elected to perform a qualitative assessment for purposes of our annual goodwill impairment test during the fourth quarter in 2022, 2021 and 2020. Our annual assessment of goodwill did not result in an impairment charge during the years ended December 31, 2022, 2021 or 2020. Details of goodwill balances by segment are included in Note 9.

Business Combinations

We recognize and measure the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date in accordance with the provisions of ASC 805. Any excess or surplus of the purchase consideration when compared to the fair value of the net tangible assets acquired, if any, is recorded as goodwill or gain from a bargain purchase. The fair value of assets and liabilities as of the acquisition date are often estimated using a combination of approaches, including the income approach, which requires us to project future cash flows and apply an appropriate discount rate; the cost approach, which requires estimates of replacement costs and depreciation and obsolescence estimates; and the market approach which uses market data and adjusts for entity-specific differences. We use all available information to make these fair value determinations and engage third-party consultants for valuation assistance. The estimates used in determining fair values are based on assumptions believed to be reasonable but which are inherently uncertain. Accordingly, actual results may differ materially from the projected results used to determine fair value.

Equity Method Investments

For equity investments that are not required to be consolidated under the variable or voting interest model, we evaluate the level of influence we are able to exercise over an entity's operations to determine whether to use the equity method of accounting. Our judgment regarding the level of influence over an equity method investment includes considering key factors such as our ownership interest, participation in policy-making and other significant decisions and material intercompany transactions. Equity investments for which we determine we have significant influence

are accounted for as equity method investments. Amounts recognized for equity method investments are included in equity method investments in our consolidated balance sheets and adjusted for our share of the net earnings and losses of the investee, dividends received and cash distributions from the investee, which are separately stated in our consolidated statements of income and comprehensive income and our consolidated statements of cash flows. The carrying value of each equity method investment is evaluated for impairment when conditions exist that indicate it is more likely than not that an impairment may have occurred, which may include the loss of a key contract, lack of sustained earnings or a deterioration of market conditions, among others. When impairment triggers are present, the fair value of the equity method investment is estimated using the income approach and the market approach. The income approach utilizes a discounted cash flow model incorporating management's expectations of the investee's future revenue (including the throughput barrel per day sold and related reduced tariff rates), operating expenses and earnings before interest, taxes, depreciation and amortization, capital expenditures and an anticipated tax rate ("EBITDA"), the estimated long term growth rate and weighted average cost of capital ("WACC") as the discount rate. The market approach uses estimated EBITDA multiples for guideline comparable companies to estimate the fair value of the equity method investment. An impairment loss is recorded in earnings in the current period if a decline in the value of an equity method investment is determined to be other than temporary. There were no impairment losses recorded on equity method investments for the years ended December 31, 2022, 2021 or 2020. Equity method investments are reported as part of the investments in pipeline joint ventures segment. See Note 14 for further information on our equity method investments.

Fair Value of Financial Instruments

The fair values of financial instruments are estimated based upon current market conditions and quoted market prices for the same or similar instruments. Management estimates that the carrying value approximates fair value for all of our assets and liabilities that fall under the scope of ASC 825, *Financial Instruments* ("ASC 825"), with the exception of our fixed rate debt.

Self-Insurance Reserves

We have no employees. Rather, we are managed by the directors and officers of our general partner. However, Delek Holdings employees providing services to the Partnership are covered under Delek Holdings' insurance programs. Delek Holdings has workers' compensation and liability insurance with varying retentions and deductibles with limits that management considers adequate.

Environmental Expenditures

It is our policy to accrue environmental and clean-up related costs of a non-capital nature when it is both probable that a liability has been incurred and the amount can be reasonably estimated. Environmental liabilities represent the current estimated costs to investigate and remediate contamination at sites where we have environmental exposure. This estimate is based on assessments of the extent of the contamination, the selected remediation technology and review of applicable environmental regulations, typically considering estimated activities and costs for 15 years, and up to 30 years if a longer period is believed reasonably necessary. Such estimates may require judgment with respect to costs, time frame and extent of required remedial and clean-up activities. Accruals for estimated costs from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study and include, but are not limited to, costs to perform remedial actions and costs of machinery and equipment that are dedicated to the remedial actions and that do not have an alternative use. Such accruals are adjusted as further information develops or circumstances change. We discount environmental liabilities to their present value if payments are fixed or reliably determinable. Expenditures for equipment necessary for environmental issues relating to ongoing operations are capitalized. Estimated recoveries of costs from other parties are recorded on an undiscounted basis as assets when their realization is deemed probable. See Note 17 for further information on crude oil releases impacting our properties and related accruals.

Asset Retirement Obligations

We recognize liabilities which represent the fair value of a legal obligation to perform asset retirement activities, including those that are conditional on a future event, when the amount can be reasonably estimated. These obligations are related to the required cleanout of our pipelines and terminal tanks and removal of certain above-grade portions of our pipelines situated on right-of-way property.

The reconciliation of the beginning and ending carrying amounts of asset retirement obligations as of December 31, 2022 and 2021 is as follows (in thousands):

	December 31,	
	2022	2021
Beginning balance	\$ 6,476	\$ 6,015
Liabilities acquired	2,261	—
Accretion expense	596	461
Ending balance	\$ 9,333	\$ 6,476

In order to determine fair value, management must make certain estimates and assumptions including, among other things, projected cash flows, a credit-adjusted risk-free rate and an assessment of market conditions that could significantly impact the estimated fair value of the asset retirement obligation.

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer. The Partnership recognizes revenue when it satisfies a performance obligation by transferring control over a product or by providing services to a customer.

Service, Product and Lease Revenues. Revenues for products sold are generally recognized upon delivery of product, which is when title and control of the product is transferred. Transaction prices for these products are typically at market rates for the product at the time of delivery. Service revenues are recognized as crude oil, intermediate and refined products are shipped through, delivered by or stored in our pipelines, trucks, terminals and storage facility assets, as applicable. We do not recognize product revenues for these services, as the product does not represent a promised good in the context of ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). All service revenues are based on regulated tariff rates or contractual rates. Payment terms require customers to pay shortly after delivery and do not contain significant financing components.

Certain agreements for gathering, transportation, storage, terminalling, and offloading with Delek Holdings were considered operating leases under ASC 840, *Leases* ("ASC 840"). As part of the adoption of ASC 842, we applied the permitted practical expedient to not separate lease and non-lease components under the predominance principle to designated asset classes associated with the provision of logistics services. We have determined that the predominant component of the related agreements currently in effect is the lease component. Therefore, the combined component is accounted for under the applicable lease accounting guidance. Refer to Note 5 for further information.

Up-Front payments to Customers. We record up-front payments to customers in accordance with ASC 606. We evaluate the nature of each payment, the rights and obligations under the related contract, and whether the payment meets the definition of an asset. When an asset is recognized for an up-front payment to a customer, the asset is amortized, as a reduction of revenue, in a manner that reflects the pattern and period over which the asset is expected to provide benefit.

Revenues Related to Reimbursements. In addition to the agreements noted above, we have cost reimbursement provisions in certain of our agreements with Delek Holdings that provide for reimbursement to the Partnership for certain costs, including certain capital expenditures. Such reimbursements are recorded in other long-term liabilities and are amortized to revenue over the life of the underlying revenue agreement corresponding to the asset.

Cost of Materials and Other and Operating Expenses

Cost of materials and other includes (i) all costs of purchased refined products, additives and related transportation of such products, (ii) costs associated with the operation of our trucking assets, which primarily include allocated employee costs and other costs related to fuel, truck leases and repairs and maintenance, (iii) the cost of pipeline capacity leased from a third-party, and (iv) gains and losses related to our commodity hedging activities.

Operating expenses include the costs associated with the operation of owned terminals and pipelines and terminalling expense at third-party locations, excluding depreciation and amortization. These costs primarily include outside services, allocated employee costs, repairs and maintenance costs and energy and utility costs. Operating expenses related to the wholesale business are excluded from cost of sales because they primarily relate to costs associated with selling the products through our wholesale business.

Depreciation and amortization is separately presented in our consolidated statement of income and disclosed by reportable segment in Note 15.

Deferred Financing Costs

Deferred financing costs are included in other non-current assets in the accompanying consolidated balance sheets and represent expenses related to issuing and amending our revolving credit facility. Deferred financing costs associated with our term loan facilities and are included as a reduction to the associated debt balance in the accompanying consolidated balance sheets. These costs represent expenses related to issuing our long-term debt and obtaining our lines of credit. These amounts are amortized ratably over the remaining term of the respective financing and are included in interest expense in the accompanying consolidated statements of income and comprehensive income.

Leases

In accordance with ASC 842-20, *Leases - Lessee* ("ASC 842-20"), we classify leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that are highly specialized or allow us to substantially utilize or pay for the entire asset over its useful life. All other leases are classified as operating leases.

We lease primarily transportation equipment. Our leases do not have any outstanding renewal options. Certain leases also include options to purchase the leased equipment. Certain of our lease agreements include rates based on equipment usage. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For all leases that include fixed rental rate increases, these are included in our fixed lease payments. Our leases may include variable payments, based on changes on price or other indices, which are expensed as incurred.

We calculate the total lease expense for the entire noncancelable lease period, considering renewals for all periods for which it is reasonably certain to be exercised, and record lease expense on a straight-line basis in the accompanying consolidated statements of income. Accordingly, a lease liability is recognized for these leases and is calculated to be the present value of the fixed lease payments, as defined by ASC 842-20, using a discount rate based on our incremental borrowing rate. A corresponding right-of-use asset is recognized based on the lease liability and adjusted for certain costs and prepayments.

Income Taxes

We are not a taxable entity for federal income tax purposes or the income taxes of those states that follow the federal income tax treatment of partnerships. Instead, for purposes of these income taxes, each partner of the Partnership is required to take into account its share of items of income, gain, loss and deduction in computing its federal and state income tax liabilities, regardless of whether cash distributions are made to such partner by the Partnership. The taxable income reportable to each partner takes into account differences between the tax basis and fair market value of our assets and financial reporting bases of assets and liabilities, the acquisition price of such partner's units and the taxable income allocation requirements under the Partnership's Second Amended and Restated Agreement of Limited Partnership, as amended (the "Partnership Agreement").

We are subject to income taxes in certain states that do not follow the federal tax treatment of partnerships. These taxes are accounted for under the provisions of ASC 740, *Income Taxes* ("ASC 740"). This statement generally requires the Partnership to record deferred income taxes for the differences between the book and tax bases of its assets and liabilities, which are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax expense or benefit represents the net change during the year in our deferred income tax assets and liabilities, exclusive of the amounts held in other comprehensive income.

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Partnership. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Partnership, and has concluded that there are no uncertain positions taken or expected to be taken. The Partnership is subject to routine audits by taxing jurisdictions.

Equity Based Compensation

Our general partner provides equity-based compensation to officers, directors and employees of our general partner or its affiliates, and certain consultants, affiliates of our general partner or other individuals who perform services for us, which may include unit options, restricted units, phantom units, unit appreciation rights, distribution equivalent rights, other unit-based awards and unit awards. The fair value of our phantom units is determined based on the closing market price of our common units on the grant date. The estimated fair value of our phantom units is amortized over the vesting period using the straight line method. Awards vest over one- to five-year service periods, unless such awards are amended in accordance with the 2012 Long-Term Incentive Plan (the "LTIP") (see Note 13). It is our practice to issue new units when phantom units vest.

Net Income per Limited Partner Unit

Basic net income per unit applicable to limited partners is computed by dividing limited partners' interest in net income by the weighted-average number of outstanding common units. Prior to August 13, 2020, we had more than one class of participating securities and used the two class method to calculate the net income per unit applicable to the limited partners. The classes of participating units prior to August 13, 2020 consisted of limited partner units, general partner units and IDRs. Pursuant to the IDR Restructuring Transaction, the IDRs were eliminated and the 2.0% general partner economic interest was converted to a non-economic general partner interest. Effective August 13, 2020, the common limited partner units are the only participating security for cash distributions. Refer to Notes 6 and 12 for further discussion.

Diluted net income per unit applicable to common limited partners includes the effects of potentially dilutive units on our common units. As of December 31, 2022, the only potentially dilutive units outstanding consist of unvested phantom units.

Comprehensive Income

Comprehensive income for the years ended December 31, 2022, 2021 and 2020 was equivalent to net income.

Sales, Use and Excise Taxes

The Partnership's policy is to exclude from revenue all taxes assessed by a governmental authority, including sales, use and excise taxes, that are both imposed on and concurrent with a specific revenue-producing transaction and collected on behalf of a customer.

New Accounting Pronouncements Adopted During 2022

ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)

In March 2020, the FASB issued an amendment which is intended to provide temporary optional expedients and exceptions to GAAP guidance on contracts, hedge accounting and other transactions affected by the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank rates. This guidance is effective for all entities at any time beginning on March 12, 2020 through December 31, 2022 and may be applied from the beginning of an interim period that includes the issuance date of the ASU. We adopted this guidance during 2022 and the adoption did not have a material impact on our business, financial condition or results of operations.

3. Acquisitions

3 Bear Acquisition

We completed the 3 Bear Acquisition on June 1, 2022, in which we acquired crude oil and natural gas gathering, processing, and transportation and storage operations, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico. The purchase price for the 3 Bear Acquisition was \$628.3 million. The 3 Bear Acquisition was financed through a combination of cash on hand and borrowings under the DKL Credit Facility.

For the year ended December 31, 2022, we incurred \$10.6 million, in incremental direct acquisition and integration costs that principally consist of legal, advisory and other professional fees. Such costs are included in general and administrative expenses in the accompanying consolidated statements of income.

Our consolidated financial and operating results reflect the 3 Bear Acquisition operations beginning June 1, 2022. Our results of operations included revenue and net income of \$123.7 million and \$14.2 million, respectively, for the year ended December 31, 2022.

The 3 Bear Acquisition was accounted for using the acquisition method of accounting, whereby the purchase price was allocated to the tangible and intangible assets acquired and the liabilities assumed based on their fair values. The excess of the consideration paid over the fair value of the net assets acquired was recorded as goodwill.

Determination of Purchase Price

The table below presents the purchase price (in thousands):

Base purchase price:	\$	624,700
Add: closing net working capital (as defined in the 3 Bear Purchase Agreement)		3,600
Less: closing indebtedness (as defined in the 3 Bear Purchase Agreement)		(80,618)
Cash paid for the adjusted purchase price		547,682
Cash paid to payoff 3 Bear credit agreement (as defined in the 3 Bear Purchase Agreement)		80,618
Purchase price	\$	628,300

Purchase Price Allocation

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed in the 3 Bear Acquisition as of June 1, 2022 (in thousands):

Assets acquired:		
Cash and cash equivalents	\$	2,678
Accounts receivables, net		28,859
Inventories		1,836
Other current assets		986
Property, plant and equipment		382,799
Operating lease right-of-use assets		7,427
Goodwill		14,848
Customer relationships intangible, net ⁽¹⁾		210,000
Rights-of-way ⁽¹⁾		13,490
Other non-current assets		500
Total assets acquired		<u>663,423</u>
Liabilities assumed:		
Accounts payable		8,020
Accrued expenses and other current liabilities		22,382
Current portion of operating lease liabilities		1,029
Asset retirement obligations		2,261
Operating lease liabilities, net of current portion		1,431
Total liabilities assumed		<u>35,123</u>
Fair value of net assets acquired	\$	<u>628,300</u>

⁽¹⁾ The acquired intangible assets amount includes the following identified intangibles:

- Customer relationship intangible that is subject to amortization with a preliminary fair value of \$210.0 million, which will be amortized over an 11.6-year useful life.
- Rights-of-way intangible that is subject to amortization with a preliminary fair value of \$13.5 million, which will be amortized over the weighted-average useful life of 25.4 years.

These fair value estimates are preliminary and therefore, the final fair value of assets acquired and liabilities assumed and the resulting effect on our financial position may change once all necessary information has become available and we finalize our valuations. To the extent possible, estimates have been considered and recorded, as appropriate, for the items above based on the information available as of December 31, 2022. We will continue to evaluate these items until they are satisfactorily resolved and adjust our purchase price allocation accordingly, within the allowable measurement period (not to exceed one year from the date of acquisition), as defined by Accounting Standards Codification ("ASC") 805, Business Combinations ("ASC 805").

The fair value of property, plant and equipment was based on the combination of the cost and market approaches. Key assumptions in the cost approach include determining the replacement cost by evaluating recently published data and adjusting replacement cost for physical deterioration, functional and economic obsolescence. We used the market approach to measure the value of certain assets through an analysis of recent sales or offerings of comparable properties.

The fair value of customer relationships was based on the income approach. Key assumptions in the income approach include projected revenue attributable to customer relationships, operating margins and discount rates.

The fair values discussed above were based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements.

The fair values of all other current assets and liabilities were equivalent to their carrying values due to their short-term nature.

The goodwill recognized in the 3 Bear Acquisition is primarily attributable to enhancing our third-party revenues, further diversification of our customer and product mix, expanding our footprint into the Delaware basin and bolstering our Environmental, Social and Governance ("ESG") optionality through furthering carbon capture opportunities and greenhouse gas reduction projects currently underway. This goodwill is deductible for income tax purposes. Goodwill related to the 3 Bear Acquisition is included in the gathering and processing segment.

Unaudited Pro Forma Financial Information

The following table summarizes the unaudited pro forma financial information of the Partnership assuming the 3 Bear Acquisition had occurred on January 1, 2021. The unaudited pro forma financial information has been adjusted to give effect to certain pro forma adjustments that are directly related to the 3 Bear Acquisition based on available information and certain assumptions that management believes are factually supportable. The most significant pro forma adjustments relate to (i) incremental interest expense and amortization of deferred financing costs associated with revolving credit facility borrowings incurred in connection with the 3 Bear Acquisition, (ii) incremental depreciation resulting from the estimated fair values of acquired property, plant and equipment, (iii) incremental amortization resulting from the estimated fair value of the acquired customer relationships intangible, (iv) accounting policy alignment and (v) transaction costs. The unaudited pro forma financial information excludes any expected cost savings or other synergies as a result of the 3 Bear Acquisition. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have been achieved had the 3 Bear Acquisition been effective as of the date presented, nor is it indicative of future operating results of the combined company. Actual results may differ significantly from the unaudited pro forma financial information.

(in thousands, except per unit data)

	Year Ended December 31,	
	2022	2021
Net sales	\$ 1,134,925	\$ 859,156
Net income attributable to partners	\$ 156,810	\$ 114,977
Net income per limited partner unit:		
Basic income per unit	\$ 3.61	\$ 2.65
Diluted income per unit	\$ 3.60	\$ 2.65

Trucking Assets Acquisition

Effective May 1, 2020, the Partnership, through its wholly-owned subsidiary DKL Transportation, LLC, acquired Delek Trucking, LLC consisting of certain leased and owned tractors and trailers and related assets from Delek Holdings. The total consideration was approximately \$48.0 million in cash. We financed this acquisition with a combination of cash on hand and borrowings under the DKL Credit Facility (as defined in Note 7).

The Trucking Assets are recorded in our storage and transportation segment and include approximately 150 trucks and trailers, which are primarily leased or owned, respectively.

In connection with the closing of the transaction, Delek Holdings, the Partnership and various of their respective subsidiaries entered into a Transportation Services Agreement (the "Trucking Assets TSA Agreement"). Under the Trucking Assets TSA Agreement, the Partnership will gather, coordinate pickup of, transport and deliver petroleum products for Delek Holdings, as well as provide ancillary services as requested. The transaction and related agreements were approved by the Conflicts Committee of the Partnership's general partner, which is comprised solely of independent directors. See Note 4 for more detailed descriptions of these agreements.

The Trucking Assets Acquisition was considered a transaction between entities under common control. Accordingly, the Trucking Assets were recorded at amounts based on Delek Holdings' historical carrying value as of the acquisition date. The carrying value of the Trucking Assets as of the acquisition date was \$13.3 million, consisting of \$0.5 million of owned assets and \$12.8 million Right of Use asset for leased assets. The Right of Use asset offsets with an equivalent operating lease liability. Prior periods have not been recast as these assets do not constitute a business in accordance with Accounting Standard Update 2017-01, *Clarifying the Definition of a Business* ("ASU 2017-01"). We capitalized approximately \$0.3 million of acquisition costs related to the Trucking Assets Acquisition.

Midland Gathering Assets Acquisition (formerly Permian Gathering Assets Acquisition)

Effective March 31, 2020, the Partnership, through its wholly-owned subsidiary DKL Permian Gathering, LLC, acquired the Midland Gathering Assets from Delek Holdings, located in Howard, Borden and Martin Counties, Texas. The total consideration was subject to certain post-closing adjustments and was comprised of \$100.0 million in cash and 5.0 million of our common limited partner units (the "Additional Units"). We financed the cash component of this acquisition with borrowings from the DKL Credit Facility.

The Midland Gathering Assets are recorded in our gathering and processing segment and include:

- Crude oil pipelines;
- Approximately 200 miles of gathering systems;
- Approximately 65 Tank battery connections;
- Terminals (total storage of approximately 650,000 bbls); and
- Applicable rights-of-way.

In connection with the closing of the transaction, Delek Holdings, the Partnership and various of their respective subsidiaries entered into a Throughput and Deficiency Agreement (the "Big Spring T&D Agreement"). Under the Big Spring T&D Agreement, the Partnership will operate and maintain the Midland Gathering Assets connecting Delek Holdings' interests in and to certain crude oil with the Partnership's Big Spring,

Texas terminal and provide gathering, transportation and other related services with respect to any and all crude produced from shipper's and certain other producers' respective interests for delivery at the Big Spring Terminal. The transaction and related agreements were approved by the Conflicts Committee of the Partnership's general partner, which is comprised solely of independent directors. See Note 4 for more detailed descriptions of these agreements.

The Midland Gathering Assets Acquisition was considered a transaction between entities under common control. Accordingly, the Midland Gathering Assets were recorded at amounts based on Delek Holdings' historical carrying value as of the acquisition date. The carrying value of the Midland Gathering Assets as of the acquisition date was \$209.5 million. Pursuant to the common control guidance, the 5.0 million units issued (which had a closing market price of \$9.10 per unit on the transaction date) were recorded in equity at \$109.5 million, representing the net carrying value of the Midland Gathering Assets purchased of \$209.5 million less the \$100.0 million cash consideration. Prior periods have not been recast as these assets do not constitute a business in accordance with ASU 2017-01. We capitalized approximately \$0.7 million of acquisition costs related to the Midland Gathering Assets Acquisition.

4. Related Party Transactions

Commercial Agreements

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering and crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be extended for various renewal terms at the option of Delek Holdings. The fees under each agreement are payable to us monthly by Delek Holdings or certain third parties to whom Delek Holdings has assigned certain of its rights and are generally subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, however, in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

Under each of these agreements, we are required to maintain the capabilities of our pipelines and terminals, such that Delek Holdings may throughput and/or store, as the case may be, specified volumes of crude oil, intermediate and refined products.

Material commercial agreements with Delek Holdings:

Asset/Operation	Initiation Date	Initial/ Maximum Term (years) ⁽¹⁾	Service	Minimum Throughput Commitment (bpd)	Fee (/bbl)
El Dorado Assets and El Dorado Gathering System:					
Crude Oil Pipelines (non-gathered)	November 2012	5 / 15	Crude oil and refined products transportation	46,000 ⁽²⁾	\$1.12 ⁽³⁾
Refined Products Pipelines	November 2012	5 / 15		40,000	\$0.13
El Dorado Gathering System	November 2012	5 / 15	Crude oil gathering	14,000	\$3.01 ⁽³⁾
East Texas Crude Logistics System:					
Crude Oil Pipelines	November 2012	5 / 15	Crude oil transportation and storage	35,000	\$0.53 ⁽⁴⁾
Storage	November 2012	5 / 15		N/A	\$329,665/month
East Texas Marketing	November 2012	10 ⁽⁵⁾	Marketing products for Tyler Refinery	50,000	\$0.90 ⁽⁵⁾
Big Sandy Terminal:					
Refined Products Transportation	November 2012	5 / 15	Refined products transportation, dedicated terminalling services and storage for the Tyler Refinery	5,000	\$0.66
Terminalling	November 2012	5 / 15		5,000	\$0.66
Storage	November 2012	5 / 15		N/A	\$65,874/month
Tyler Throughput and Tankage:					
Refined Products Throughput	July 2013	8 / 16	Dedicated Terminalling and storage	50,000	\$0.44
Storage	July 2013	8 / 16		N/A	\$1,034,886/month

Memphis Pipeline	June 1, 2018	5	Refined Products Transportation	11,000	\$1.36
El Dorado Throughput and Tankage:					
Refined Products Throughput	February 2014	8 / 16	Dedicated terminalling and storage	11,000	\$0.62
Storage	February 2014	8 / 16		N/A	\$1,620,006/month
El Dorado Assets Throughput:					
Light Crude Throughput	March 2015	9 / 15	Dedicated Offloading Services	N/A ⁽⁶⁾	\$1.25
Heavy Crude Throughput	March 2015	9 / 15	Dedicated Offloading Services	N/A ⁽⁶⁾	\$2.81
Pipelines, Storage and Throughput Facilities Agreement (Big Spring Logistics Assets):					
Crude Oil and Refined Products Throughput	March 1, 2018	10 / 15	Pipeline throughput	104,300	\$0.06
Rail Offloading	March 1, 2018	10 / 15	Offloading services	4,500	\$0.48
Terminalling	March 1, 2018	10 / 15	Dedicated Terminalling	29,250	\$0.78
Storage	March 1, 2018	10 / 15	Storage	N/A	\$1,632,647/month
Asphalt Services Agreement (Big Spring Logistics Assets):					
Terminalling	March 1, 2018	10 / 15	Dedicated Asphalt Terminalling and Storage	1,020 to 2,380 based on seasonality	\$9.86
Storage	March 1, 2018	10 / 15		N/A	\$542,173/month
Marketing Agreement (Big Spring Logistics Assets):					
Marketing Services	March 1, 2018	10 / 15	Dedicated Marketing and Selling	65,000	\$0.59 - \$0.84
Throughput and Deficiency Agreement (Midland Gathering Assets)					
Gathering System	March 31, 2020	10 / 20	Gathering and Transportation Services	120,000 ⁽⁷⁾	\$0.76
				15,000 ⁽⁸⁾	\$0.70
Re-delivery System	March 30, 2020	10 / 20		50,000	\$0.27
Pipelines, Throughput and Offloading Facilities Agreement (Big Spring Logistics Assets)					
Fintex / Magellen Pipeline	April 1, 2020	2 / 10	Refined Products	20,000	\$0.68
Crude Oil Offloading	January 1, 2020	2 / 10	Crude Oil Offloading	15,120	\$1.04
Storage	April 1, 2020	2 / 10	Storage	N/A	\$277,620/month
LPG Rack	January 1, 2020	2 / 10	Truck Unloading Facility	4,500	\$5.78
Transportation Services Agreement					
Trucking Services	May 1, 2020	10 / 14	Transportation Services	N/A	\$39,000,000/ Minimum Annual Revenue Commitment

(1) Maximum term gives effect to the extension of the commercial agreement pursuant to the terms thereof.

(2) Excludes volumes gathered on the El Dorado Gathering System (the "El Dorado Gathering System").

(3) Volumes gathered on the El Dorado Gathering System will not be subject to an additional fee for transportation on our El Dorado Assets (the "El Dorado Assets") to the El Dorado Refinery.

(4) For any volumes in excess of 50,000 bpd, the throughput fee will be \$0.79/bbl.

(5) For any volumes in excess of 50,000 bpd, the throughput fee will be \$0.88/bbl. Following the primary term, the marketing agreement automatically renews for a successive one-year term, unless either party provides notice of non-renewal 10 months prior to the expiration of the then-current term. The initial primary term for the marketing agreement has been extended through 2027.

(6) The throughput agreement provides for a minimum throughput fee of \$1.8 million per quarter for throughput of a combination of light and heavy crude.

(7) For any volumes in excess of 120,000, the throughput fee will be \$0.55/bbl.

(8) These volumes are associated with a connection expansion project completed in fourth quarter 2022 to construct additional receipt points on our gathering pipeline.

Other Agreements with Delek Holdings

In addition to the commercial agreements described above, the Partnership has entered into the following agreements with Delek Holdings:

Slurry Clarifying Services Agreement

We executed a series of agreements, effective January 1, 2022, with DK Trading & Supply, LLC ("DKT&S") and Alon Refining Krotz Springs, Inc. whereby the Partnership will operate and maintain a facility, located within the Krotz Springs, Louisiana refinery, to process slurry for DKT&S. Using a process that incorporates horizontal and vertical centrifuges, we remove metals, ash, and other solids from the slurry. The clarified product can then be sold to DKT&S or one of its affiliates. As consideration for the processing services, we will receive a fixed rate per barrel processing fee in addition to a margin-based payment. The Partnership and DKT&S have agreed to a minimum delivery commitment volume to be processed in the facility. The initial term of the agreement is for a period of three years, and thereafter, will continue a year-to-year basis unless canceled by either party.

Omnibus Agreement

The Partnership entered into an omnibus agreement with Delek Holdings, our general partner, Delek Logistics Operating, LLC, Lion Oil Company, LLC and certain of the Partnership's and Delek Holdings' other subsidiaries on November 7, 2012, which has been amended and restated from time to time in connection with acquisitions from Delek Holdings (collectively, as amended, the "Omnibus Agreement"). The Omnibus Agreement governs the provision of certain operational services and reimbursement obligations, among other matters, between the Partnership and Delek Holdings, and obligates us to pay an annual fee of \$4.3 million to Delek Holdings for its provision of centralized corporate services to the Partnership.

Pursuant to the terms of the Omnibus Agreement, we were reimbursed by Delek Holdings for certain capital expenditures. These amounts are recorded in other long-term liabilities and are amortized to revenue over the life of the underlying revenue agreement corresponding to the asset. There were no reimbursements by Delek Holdings during the year ended December 31, 2022. We were reimbursed a nominal amount and \$0.6 million during the years ended December 31, 2021 and 2020, respectively. Additionally, we are reimbursed or indemnified, as the case may be, for costs incurred in excess of certain amounts related to certain asset failures, pursuant to the terms of the Omnibus Agreement. As of December 31, 2022, there was no receivable from related parties for these matters and a nominal receivable from related parties for these matters as of December 31, 2021. These reimbursements are recorded as reductions to operating expenses. There were no reimbursements for these matters during the year ended December 31, 2022. We were reimbursed a nominal amount and \$0.1 million for these matters during the years ended December 31, 2021 and 2020, respectively.

Other Agreements

Our general partner operates our business on our behalf and is entitled under our Partnership Agreement to be reimbursed for the cost of providing those services, which include certain labor related costs. We and our subsidiaries paid Delek Holdings approximately \$34.6 million, \$21.8 million and \$29.4 million pursuant to the Partnership Agreement during the years ended December 31, 2022, 2021 and 2020, respectively. These amounts are included in operating expenses in the accompanying consolidated statements of income and comprehensive income.

Other Transactions

The Partnership manages long-term capital projects on behalf of Delek Holdings pursuant to a construction management and operating agreement (the "DPG Management Agreement") for the construction of gathering systems in the Permian Basin. The majority of the gathering systems have been constructed, however, additional costs pertaining to a pipeline connection that was not acquired by the Partnership continue to be incurred and are still subject to the terms of the DPG Management Agreement. The Partnership is also considered the operator for the project and is responsible for oversight of the project design, procurement and construction of project segments and provides other related services. Pursuant to the terms of the DPG Management Agreement, the Partnership receives a monthly operating services fee and a construction services fee, which includes the Partnership's direct costs of managing the project plus an additional percentage fee of the construction costs of each project segment. The agreement extends through December 2023. Total fees paid to the Partnership were \$1.5 million and \$1.6 million for the years ended December 31, 2022 and 2021, respectively, which are recorded in affiliate revenue in our consolidated statements of income. Additionally, the Partnership incurs the costs in connection with the construction of the assets and is subsequently reimbursed by Delek Holdings. Amounts reimbursable by Delek Holdings are recorded in accounts receivable from related parties.

Unregistered Sale of Equity Securities

In connection with the Partnership's issuance of the common limited partner units under the Midland Gathering Assets Acquisition and in accordance with the Partnership's First Amended and Restated Agreement of Limited Partnership, as amended (the "Previous Partnership Agreement"), the Partnership issued general partner units to the general partner in an amount necessary to maintain its 2% general partner interest as defined in the Previous Partnership Agreement. The sale and issuance of the Additional Units and such general partner units in connection with the Midland Gathering Assets Acquisition is exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

Additionally, in March 2020, Delek Marketing & Supply, LLC ("Delek Marketing") repurchased 451,822 common limited partner units from an unaffiliated investor pursuant to a Common Unit Purchase Agreement between Delek Marketing and such investor. The purchase price of the units amounted to approximately \$5.0 million. As a result of the transaction, Delek Holdings' ownership in our common limited partner units increased to 64.5% from 62.6%. Delek Holdings' ownership in our common limited partner units was further increased to 70.5% as a result of the issuance of 5.0 million Additional Units in connection with the Midland Gathering Assets Acquisition described above.

In August 2020, Delek Holdings ownership in our common limited partner units was further increased to approximately 80% in connection with the IDR Restructuring Transaction, when the Partnership issued 14.0 million of the Partnership's newly issued common limited partner units to Delek Holdings.

On December 22, 2021, Delek Holdings issued a press release regarding a program to sell up to 434,590 common limited partner units representing limited partner interests in the Partnership. We will not sell any securities under this program and we will not receive any proceeds from the sale of the securities by Delek Holdings. For the years ended December 31, 2022 and 2021, Delek Holdings sold 385,522 and 49,068 units, respectively, for gross proceeds of \$16.4 million (\$13.6 million, net of taxes) and \$2.1 million (\$1.7 million, net of taxes).

Amendment No. 2 to the First Amended and Restated Agreement of Limited Partnership of Delek Logistics Partners, LP

On March 31, 2020, in connection with the completion of the Midland Gathering Assets Acquisition, the Board of the general partner adopted Amendment No. 2 ("Amendment No. 2") to the Previous Partnership Agreement, effective upon adoption. Amendment No. 2 amended the Previous Partnership Agreement to provide for a waiver of distributions in respect of the Incentive Distribution Rights ("IDRs") for General Partner Additional Units ("GP Additional Units") associated with the 5.0 million Additional Units for at least two years, through at least the distribution for the quarter ending March 31, 2022 (the "IDR Waiver"). The IDR Waiver essentially reduced the distribution made to the holders of the IDRs during this period, as the holders would not receive a share of the distribution made on the GP Additional Units. Subsequently, the IDRs were eliminated in the IDR Restructuring Transaction on August 13, 2020.

Conversion of GP Economic Interest and Elimination of IDRs

On August 13, 2020, we closed the transaction contemplated by a definitive exchange agreement with Delek Holdings to eliminate all of the IDRs held by the general partner and convert the 2% general partner economic interest into a non-economic general partner interest, all in exchange for 14.0 million of the Partnership's newly issued common limited partner units and \$45.0 million cash. Contemporaneously, Delek Holdings purchased a 5.2% ownership interest in our general partner from certain affiliates who were also members of our general partner's management and board of directors. As a result of the transaction, Delek Holdings owned 100% interest in the general partner and approximately 34.7 million common limited partner units, representing approximately 80% of the Partnership's outstanding common limited partner units. To implement the transaction, our Partnership Agreement was amended and restated.

Summary of Transactions

Revenues from affiliates consist primarily of revenues from gathering, transportation, storage, offloading, Renewable Identification Numbers, wholesale marketing and products terminalling services provided primarily to Delek Holdings based on regulated tariff rates or contractually based fees and product sales. Affiliate operating expenses are primarily comprised of amounts we reimburse Delek Holdings, or our general partner, as the case may be, for the services provided to us under the Partnership Agreement. These expenses could also include reimbursement and indemnification amounts from Delek Holdings, as provided under the Omnibus Agreement. Additionally, the Partnership is required to reimburse Delek Holdings for direct or allocated costs and expenses incurred by Delek Holdings on behalf of the Partnership and for charges Delek Holdings incurred for the management and operation of our logistics assets, including an annual fee for various centralized corporate services, which are included in general and administrative expenses. In addition to these transactions, we purchase refined products and bulk biofuels from Delek Holdings, the costs of which are included in cost of materials and other.

A summary of revenue, purchases from affiliates and expense transactions with Delek Holdings and its affiliates are as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Revenues	\$ 479,411	\$ 418,826	\$ 382,666
Purchases from Affiliates	\$ 496,184	\$ 321,939	\$ 205,581
Operating and maintenance expenses	\$ 53,803	\$ 40,854	\$ 43,985
General and administrative expenses	\$ 13,565	\$ 9,330	\$ 12,557

Quarterly Cash Distribution

Prior to August 13, 2020, our common and general partner unitholders and the holders of IDRs were entitled to receive quarterly distributions of available cash as it was determined by the board of directors of our general partner in accordance with the terms and provisions of our Partnership Agreement. Pursuant to the IDR Restructuring Transaction on August 13, 2020, the general partner will no longer receive any cash distributions. During the years ended December 31, 2022, 2021 and 2020, we paid quarterly cash distributions of \$170.9 million, \$161.6 million and \$136.8 million, respectively, of which \$135.2 million, \$129.3 million and \$105.3 million, respectively, were paid to Delek Holdings and our

general partner. On January 23, 2023, the board of directors of our general partner declared a quarterly cash distribution totaling \$44.4 million based on the available cash as of the date of determination for the end of the fourth quarter of 2022. The distribution was paid on February 9, 2023 to unitholders of record on February 2, 2023, of which \$35.0 million was paid to Delek Holdings.

5. Revenues

We generate revenue by charging fees for crude oil gathering, transporting and storage of crude oil and natural gas; marketing, distributing, transporting and storing intermediate and refined products and disposing and recycling of water in select regions of the southeastern United States, the Delaware Basin in New Mexico and West Texas. A significant portion of our revenue is derived from long-term commercial agreements with Delek Holdings, which provide for annual fee adjustments for increases or decreases in the CPI, PPI or the FERC index (refer to Note 4 for a more detailed description of these agreements). In addition to the services we provide to Delek Holdings, we also generate substantial revenue from crude oil, intermediate and refined products transportation services for, and terminalling and marketing services to, third parties primarily in Texas, New Mexico, Tennessee and Arkansas. Certain of these services are provided pursuant to contractual agreements with third parties. Payment terms require customers to pay shortly after delivery and do not contain significant financing components. Delek Holdings, directly or indirectly, accounted for 46.3%, 59.8% and 67.4% of our total revenues for the years ended December 31, 2022, 2021 and 2020, respectively.

The majority of our commercial agreements with Delek Holdings meet the definition of a lease because: (1) performance of the contracts is dependent on specified property, plant or equipment and (2) it is remote that one or more parties other than Delek Holdings will take more than a minor amount of the output associated with the specified property, plant or equipment. As part of our adoption of ASC 842, *Leases* ("ASC 842"), we applied the permitted practical expedient to not separate lease and non-lease components under the predominance principle to designated asset classes associated with the provision of logistics services. We have determined that the predominant component of the related agreements currently in effect is the lease component. Therefore, the combined component is accounted for under the applicable lease accounting guidance. Of our \$924.0 million net property, plant, and equipment balance as of December 31, 2022, \$348.9 million is subject to operating leases under our commercial agreements. These agreements do not include options for the lessee to purchase our leased assets, nor do they include any material residual value guarantees or material restrictive covenants.

The following table represents a disaggregation of revenue for the gathering and processing, wholesale marketing and terminalling, and storage and transportation segments for the periods indicated (in thousands):

Year Ended December 31, 2022

	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Consolidated
Service Revenue - Third Party	\$ 29,199	\$ —	\$ 21,614	\$ 50,813
Service Revenue - Affiliate	16,458	32,593	—	49,051
Product Revenue - Third Party	90,383	415,800	—	506,183
Product Revenue - Affiliate	52,692	90,298	—	142,990
Lease Revenue - Affiliate ⁽¹⁾	116,695	50,193	120,482	287,370
Total Revenue	\$ 305,427	\$ 588,884	\$ 142,096	\$ 1,036,407

(1) Net of \$7.2 million of amortization expense for the year ended December 31, 2022, related to a customer contract intangible asset recorded in the wholesale marketing and terminalling segment.

Year Ended December 31, 2021

	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Consolidated
Service Revenue - Third Party	\$ 4,670	\$ 490	\$ 11,942	\$ 17,102
Service Revenue - Affiliate	13,723	34,033	—	47,756
Product Revenue - Third Party	—	264,974	—	264,974
Product Revenue - Affiliate	—	76,074	—	76,074
Lease Revenue - Affiliate ⁽¹⁾	143,459	37,686	113,851	294,996
Total Revenue	\$ 161,852	\$ 413,257	\$ 125,793	\$ 700,902

(1) Net of \$7.2 million of amortization expense for the year ended December 31, 2021, related to a customer contract intangible asset recorded in the wholesale marketing and terminalling segment.

Year ended December 31, 2020

	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Consolidated
Service Revenue - Third Party	\$ 1,035	\$ 634	\$ 16,561	\$ 18,230
Service Revenue - Affiliate	17,768	33,632	—	51,400
Product Revenue - Third Party	—	162,522	—	162,522
Product Revenue - Affiliate	—	71,178	—	71,178
Lease Revenue - Affiliate ⁽¹⁾	121,485	44,925	93,678	260,088
Total Revenue	\$ 140,288	\$ 312,891	\$ 110,239	\$ 563,418

(1) Net of \$7.2 million of amortization expense for the year ended December 31, 2020, related to a customer contract intangible asset recorded in the wholesale marketing and terminalling segment.

As of December 31, 2022, we expect to recognize approximately \$1.3 billion in lease revenues related to our unfulfilled performance obligations pertaining to the minimum volume commitments and capacity utilization under the non-cancelable terms of our commercial agreements with Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be extended for various renewal terms. We disclose information about remaining performance obligations that have original expected durations of greater than one year.

Our unfulfilled performance obligations as of December 31, 2022 were as follows (in thousands):

2023	\$ 293,303
2024	210,897
2025	185,592
2026	177,917
2027	430,886
Total expected revenue on remaining performance obligations	\$ 1,298,595

6. Net Income per Unit

Basic net income per unit applicable to limited partners is computed by dividing limited partners' interest in net income by the weighted-average number of outstanding common units. Prior to August 13, 2020, we had more than one class of participating securities and used the two class method to calculate the net income per unit applicable to the limited partners. The classes of participating units prior to August 13, 2020 consisted of limited partner units, general partner units and IDRs. Pursuant to the IDR Restructuring Transaction, the IDRs were eliminated and the 2% general partner economic interest was converted to a non-economic general partner interest. Effective August 13, 2020, the common limited partner units are the only participating security for cash distributions. Refer to Note 12 - Equity for a discussion of the elimination of the IDRs and conversion of the 2% general partner economic interest effective August 13, 2020.

The two-class method was based on the weighted-average number of common units outstanding during the period. Basic net income per unit applicable to limited partners was computed by dividing limited partners' interest in net income, after deducting our general partner's 2% interest and IDRs, by the weighted-average number of outstanding common units. Our net income was allocated to our general partner and limited partners in accordance with their respective partnership percentages after giving effect to priority income allocations for IDRs, which are held by our general partner pursuant to our Partnership Agreement. Earnings in excess of distributions were allocated to our general partner and limited partners based on their respective ownership interests. The IDRs were paid following the close of each quarter.

As discussed in Note 4 - Related Party Transactions, pursuant to Amendment No. 2 to the Partnership Agreement, an agreement was reached for a waiver of distributions in respect of the IDRs for the GP Additional Units associated with the 5.0 million Additional Units issued in connection with the Midland Gathering Assets Acquisition for at least two years, through at least the distribution for the quarter ending March 31, 2022. The IDR Waiver essentially reduced the distribution made to the holders of the IDRs during this period, as the holders would not receive a share of the distribution made on the GP Additional Units. An additional waiver letter was signed that waived all of the distributions for the first quarter of 2020 on the Additional Units with respect to base distributions and the IDRs. Subsequently, the IDRs were eliminated in the IDR Restructuring Transaction on August 13, 2020. Refer to Note 4 for additional details.

Diluted net income per unit applicable to common limited partners includes the effects of potentially dilutive units on our common units. As of December 31, 2022, the only potentially dilutive units outstanding consist of unvested phantom units.

Our distributions earned with respect to a given period are declared subsequent to quarter end. Therefore, the table below represents total cash distributions applicable to the period in which the distributions are earned. The date of distribution for the distributions earned during the quarterly period ended December 31, 2022 is February 9, 2023. The calculation of net income per unit is as follows (dollars in thousands, except units and per unit amounts):

Year Ended December 31,

	2022	2021	2020
Net income attributable to partners	\$ 159,052	\$ 164,822	\$ 159,256
Less: General partner's distribution (including IDRs) ⁽¹⁾	—	—	18,618
Less: Limited partners' distribution	172,933	164,484	127,070
Earning in excess (deficit) of distributions	\$ (13,881)	\$ 338	\$ 13,568
General partner's earnings:			
Distributions (including IDRs) ⁽¹⁾	\$ —	\$ —	\$ 18,618
Allocation of earnings in excess (deficit) of distributions	—	—	106
Total general partner's earnings	\$ —	\$ —	\$ 18,724
Limited partners' earnings on common units:			
Distributions	\$ 172,933	\$ 164,484	\$ 127,070
Allocation of earnings in excess (deficit) of distributions	(13,881)	338	13,462
Total limited partners' earnings on common units	\$ 159,052	\$ 164,822	\$ 140,532
Weighted average limited partner units outstanding:			
Common units - basic	43,487,910	43,447,739	33,594,284
Common units - diluted	43,511,650	43,460,470	33,597,418
Net income per limited partner unit:			
Common - basic	\$ 3.66	\$ 3.79	\$ 4.18
Common - diluted ⁽²⁾	\$ 3.66	\$ 3.79	\$ 4.18

(1) Prior to August 13, 2020, general partner distributions (including IDRs) consist of the 2% general partner interest and IDRs, which represent the right of the general partner to receive increasing percentages of quarterly distributions of available cash from operating surplus in excess of 0.43125 per unit per quarter. In connection with the IDR Restructuring Transaction on August 13, 2020, the IDRs were eliminated and the general partner interest became a non-economic general partner interest. See Note 12 for further discussion related to IDRs.

(2) There were 7,511, 4,458 and 5,201 outstanding common unit equivalents excluded from the diluted earnings per unit calculation during the years ended December 31, 2022, 2021 and 2020, respectively.

7. Inventory

Inventories consisted of \$1.5 million and \$2.4 million of refined petroleum products as of December 31, 2022 and 2021, respectively, each of which are net of lower of cost or net realizable value reserve of a nominal amount. Inventory is stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. We recognize lower of cost or net realizable value charges as a component of cost of materials and other in the consolidated statements of income and comprehensive income.

8. Property, Plant and Equipment

Property, plant and equipment, at cost, consist of the following (in thousands):

	December 31,	
	2022	2021
Land	\$ 17,367	\$ 14,533
Building and building improvements	5,072	2,742
Pipelines, tanks and terminals	1,103,857	654,154
Asset retirement obligation assets	2,073	2,073
Other equipment	30,849	30,774
Construction in process	81,466	11,594
Property, plant and equipment	1,240,684	715,870
Less: accumulated depreciation	(316,680)	(266,482)
Property, plant and equipment, net	\$ 924,004	\$ 449,388

9. Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of the identifiable net assets acquired and is not amortized. We perform an annual assessment of whether goodwill retains its value. This assessment is done more frequently if indicators of potential impairment exist. We performed our annual goodwill impairment review in the fourth quarter of 2022, 2021, and 2020. We performed a qualitative assessment for the years ended December 31, 2022, December 31, 2021, and December 31, 2020. In 2022, 2021 and 2020, the annual impairment review resulted in the determination that no indicators of impairment of goodwill were present.

A summary of our goodwill by segment is as follows (in millions):

	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Total
Balance, December 31, 2020	\$ 4,155	\$ 7,499	\$ 549	\$ 12,203
Goodwill Impairment	—	—	—	—
Balance, December 31, 2021	4,155	7,499	549	12,203
Acquisition	14,848	—	—	14,848
Goodwill Impairment	—	—	—	—
Balance, December 31, 2022	\$ 19,003	\$ 7,499	\$ 549	\$ 27,051

10. Other Intangible Assets

Our identifiable intangible assets are as follows (in thousands):

As of December 31, 2022	Useful Life	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:				
Customer relationships	11.6 years	\$ 210,000	\$ (10,560)	\$ 199,440
Marketing contract	20 years	144,219	(34,853)	109,366
Rights-of-way assets	8 - 35 years	13,490	(377)	13,113
Intangible assets not subject to amortization:				
Rights-of-way assets	Indefinite	42,877	—	42,877
Total		\$ 410,586	\$ (45,790)	\$ 364,796

As of December 31, 2021	Useful Life	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:				
Marketing contract	20 years	\$ 144,219	\$ (27,642)	\$ 116,577
Intangible assets not subject to amortization:				
Rights-of-way assets	Indefinite	37,280	—	37,280
Total		\$ 181,499	\$ (27,642)	\$ 153,857

Amortization of the rights-of-way assets and customer relationships intangible asset was \$10.9 million for the year ended December 31, 2022, and is included in depreciation and amortization on the accompanying consolidated statements of income and comprehensive income. Amortization of the marketing contract was \$7.2 million during the years ended December 31, 2022, 2021 and 2020, and is included as a reduction of net revenue on the accompanying consolidated statements of income and comprehensive income.

Amortization expense is estimated to be \$0.6 million \$7.2 million and \$18.1 million for the rights-of-way assets, marketing contract intangible and the customer relationship intangible, respectively, for each of the years ended December 31, 2023 through 2027.

11. Long-Term Obligations

Outstanding borrowings, net of unamortized debt discounts and certain deferred financing costs, under the Partnership's existing debt instruments are as follows (in thousands):

	December 31, 2022	December 31, 2021
Delek Logistics 2028 Notes ⁽¹⁾	\$ 395,190	\$ 394,302
DKL Revolving Facility ⁽²⁾	720,129	258,000
DKL Term Facility ⁽³⁾	298,605	—
Delek Logistics 2025 Notes ⁽⁴⁾	247,643	246,668
	<u>\$ 1,661,567</u>	<u>\$ 898,970</u>

(1) Net of deferred financing costs of \$4.8 million and \$5.7 million at December 31, 2022 and December 31, 2021, respectively.

(2) Net of deferred financing costs of \$0.4 million at December 31, 2022.

(3) Net of debt discount of \$1.4 million at December 31, 2022.

(4) Net of deferred financing costs of \$1.8 million and \$2.5 million and debt discount of \$0.6 million and \$0.8 million at December 31, 2022 and December 31, 2021, respectively.

7.125% Senior Notes due 2028

On May 24, 2021, the Partnership and our wholly owned subsidiary Delek Logistics Finance Corp. ("Finance Corp." and together with the Partnership, the "Issuers") issued \$400.0 million in aggregate principal amount of 7.125% senior notes due 2028 (the "2028 Notes") at par, pursuant to an indenture with U.S. Bank, National Association as trustee. The 2028 Notes are general unsecured senior obligations of the Issuers and are unconditionally guaranteed jointly and severally on a senior unsecured basis by the Partnership's subsidiaries other than Finance Corp., and will be unconditionally guaranteed on the same basis by certain of the Partnership's future subsidiaries. The 2028 Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. The 2028 Notes will mature on June 1, 2028, and interest on the 2028 Notes is payable semi-annually in arrears on each June 1 and December 1, commencing December 1, 2021.

At any time prior to June 1, 2024, the Issuers may redeem up to 35% of the aggregate principal amount of the 2028 Notes with the net cash proceeds of one or more equity offerings by the Partnership at a redemption price of 107.125% of the redeemed principal amount, plus accrued and unpaid interest, if any, subject to certain conditions and limitations. Prior to June 1, 2024, the Issuers may also redeem all or part of the 2028 Notes at a redemption price of the principal amount plus accrued and unpaid interest, if any, plus a "make whole" premium, subject to certain conditions and limitations. In addition, beginning on June 1, 2024, the Issuers may, subject to certain conditions and limitations, redeem all or part of the 2028 Notes, at a redemption price of 103.563% of the redeemed principal for the twelve-month period beginning on June 1, 2024, 101.781% for the twelve-month period beginning on June 1, 2025, and 100.00% beginning on June 1, 2026 and thereafter, plus accrued and unpaid interest, if any.

In the event of a change of control, accompanied or followed by a ratings downgrade within a certain period of time, subject to certain conditions and limitations, the Issuers will be obligated to make an offer for the purchase of the 2028 Notes from holders at a price equal to 101.00% of the principal amount thereof, plus accrued and unpaid interest.

As of December 31, 2022, we had \$400.0 million in outstanding principal amount under the 2028 Notes, and the effective interest rate was 7.40%. The estimated fair value of the 2028 Notes was \$359.7 million and \$414.0 million as of December 31, 2022 and December 31, 2021, respectively, measured based upon quoted market prices in an active market, defined as Level 1 in the fair value hierarchy.

DKL Credit Facility

On September 28, 2018, the Partnership entered into a third amended and restated senior secured revolving credit agreement (hereafter, the "DKL Credit Facility") with Fifth Third Bank, National Association ("Fifth Third"), as administrative agent, and a syndicate of lenders with total lender commitments of \$850.0 million. The DKL Credit Facility contains a dual currency borrowing tranche that permits draw downs in U.S. or Canadian dollars. The DKL Credit Facility also contains an accordion feature whereby the Partnership can increase the size of the credit facility to an aggregate of \$1.0 billion, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent. The obligations under the DKL Credit Facility remain secured by first priority liens on substantially all of the Partnership's and its subsidiaries' tangible and intangible assets.

The DKL Credit Facility had a maturity date of September 28, 2023. Borrowings denominated in U.S. dollars bear interest at either a U.S. dollar prime rate, plus an applicable margin, or Secured Overnight Financing Rate ("SOFR"), plus an applicable margin, at the election of the borrowers. Borrowings denominated in Canadian dollars bear interest at either a Canadian dollar prime rate, plus an applicable margin, or the Canadian Dealer Offered Rate, plus an applicable margin, at the election of the borrowers.

The applicable margin in each case and the fee payable for any unused revolving commitments vary based upon the Partnership's most recent total leverage ratio calculation delivered to the lenders, as called for and defined under the terms of the DKL Credit Facility. At December 31, 2022, the weighted average interest rate for our borrowings under the facility was approximately 7.55%. Additionally, the DKL Credit Facility

requires us to pay a leverage ratio dependent quarterly fee on the average unused revolving commitment. As of December 31, 2022, this fee was 0.50% per year.

In August 2020, the Partnership entered into a First Amendment to the DKL Credit Facility which, among other things, permitted the transfer of cash and equity consideration for the elimination of incentive distribution rights held by Delek Logistics GP, LLC, our general partner. It also modified the total leverage ratio and the senior leverage ratio (each as defined in the DKL Credit Facility) calculations to reduce the total funded debt (as defined in the DKL Credit Facility) component thereof by the total amount of unrestricted consolidated cash and cash equivalents on the balance sheet of the Partnership and its subsidiaries up to \$300.0 million.

In May 2022, the Partnership entered into Second and Third Amendments to the DKL Credit Facility which, among other things, provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") with credit spread adjustments for 1-month and 3-month Term SOFR loans, and provided consent and flexibility related to the previously announced 3 Bear Acquisition with respect to certain covenants in the DKL Credit Facility. We believe we were in compliance with all covenant requirements as of December 31, 2022.

Further, on May 26, 2022, the Partnership entered into a Fourth Amendment (the "Fourth Amendment") to the DKL Credit Facility. Among other things, the Fourth Amendment: (i) increased the U.S. Revolving Credit Commitments (as defined in the DKL Credit Facility) by an amount equal to \$150.0 million, for an aggregate amount of \$1,000.0 million, (ii) increased the U.S. L/C Sublimit (as defined in the DKL Credit Facility) to an aggregate amount equal to \$90.0 million and (iii) increased the U.S. Swing Line Sublimit (as defined in the DKL Credit Facility) to an aggregate amount equal to \$18.0 million.

On October 13, 2022, the Partnership entered into a fourth amended and restated DKL Credit Facility (the "2022 DKL Credit Facility") with Fifth Third, as administrative agent and a syndicate of lenders. The 2022 DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and (ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024 and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances. The DKL Term Facility requires four quarterly amortization payments of \$3.8 million in 2023 and three quarterly amortization payments of \$7.5 million in 2024.

Borrowings under the DKL Revolving Facility bear interest at the election of the Partnership at either a U.S. dollar prime rate, plus an applicable margin ranging from 1.00% to 2.00% depending on the Partnership's Total Leverage Ratio (as defined in the DKL Credit Agreement), or a SOFR rate plus a credit spread adjustment of 0.10% for one-month interest periods and 0.25% for three-month interest periods plus an applicable margin ranging from 2.00% to 3.00% depending on the Partnership's Total Leverage Ratio. Unused revolving commitments under the DKL Revolving Facility incur a commitment fee that ranges from 0.30% to 0.50% depending on the Partnership's Total Leverage Ratio. Borrowings under the DKL Term Facility bear interest at the election of the Partnership at either a U.S. dollar prime rate, plus an applicable margin of 2.50% for the first year of the DKL Term Facility and 3.00% for the second year of the DKL Term Facility, or a SOFR rate plus a credit spread adjustment of 0.10% for one-month interest periods and 0.25% for three-month interest periods plus an applicable margin of 3.50% for the first year of the Term Facility and 4.00% for the second year of the DKL Term Facility.

The 2022 DKL Credit Facility contains affirmative and negative covenants and events of default, which the Partnership considers customary and are similar to those in our predecessor DKL Credit Facility. Under the financial covenants in the 2022 DKL Credit Facility, the Partnership cannot:

- permit, as of the last day of each fiscal quarter, the Total Leverage Ratio (as defined in the DKL Credit Facility) to be greater than 5.25 to 1.00; provided, that during any Temporary Increase Period (as defined in the DKL Credit Facility, the Partnership cannot permit the foregoing ratio to be greater than 5.50 to 1.00 (a Temporary Increase Period with respect to the 3 Bear Acquisition (as defined in the DKL Credit Facility) is in effect through March 31, 2023);
- permit, as of the last day of each fiscal quarter, the Senior Leverage Ratio (as defined in the DKL Credit Facility) to be greater than 3.75 to 1.00; and
- permit, as of the last day of each fiscal quarter, the interest coverage ratio to be equal to or less than 2.00 to 1.00.

The obligations under the 2022 DKL Credit Facility remain secured by a first priority lien on substantially all of the Partnership's and its subsidiaries' tangible and intangible assets.

As of December 31, 2022 and 2021, we had outstanding borrowings under the DKL Revolving Facility of \$720.5 million and \$258.0 million with weighted average borrowing rates of 7.55% and 2.46%, respectively. As of December 31, 2022 there were no letters of credit in place. Unused credit commitments under the DKL Credit Facility as of December 31, 2022 were \$179.5 million.

At December 31, 2022, the weighted average borrowing rate under the DKL Term Loan Facility was approximately 7.92%, comprised entirely of SOFR borrowings. The principal amount outstanding thereunder was \$300.0 million, and the effective interest rate was 8.22%.

6.750% Senior Notes Due 2025

On May 23, 2017, the Partnership and Delek Logistics Finance Corp., a Delaware corporation and a wholly owned subsidiary of the Partnership ("Finance Corp." and together with the Partnership, the "Issuers"), issued \$250.0 million in aggregate principal amount of 6.75% senior notes due 2025 (the "2025 Notes") at a discount. The 2025 Notes are general unsecured senior obligations of the Issuers. The 2025 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by the Partnership's existing subsidiaries (other than Finance Corp., the "Guarantors") and will be unconditionally guaranteed on the same basis by certain of the Partnership's future subsidiaries. The 2025 Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. The 2025 Notes will mature on May 15, 2025, and Interest on the 2025 Notes is payable semi-annually in arrears on each May 15 and November 15.

The Issuers may, subject to certain conditions and limitations, redeem all or part of the 2025 Notes at a redemption price of 101.688% of the redeemed principal during the twelve-month period beginning on May 15, 2022 and 100.00% beginning on May 15, 2023 and thereafter, plus accrued and unpaid interest, if any. In the event of a change of control, accompanied or followed by a ratings downgrade within a certain period of time, subject to certain conditions and limitations, the Issuers will be obligated to make an offer for the purchase of the 2025 Notes from holders at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

On April 25, 2018, we made an offer to exchange the 2025 Notes and the related guarantees that were validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradeable, as required under the terms of the original indenture. The terms of the exchange notes that were issued in May 2018 as a result of the exchange (also referred to as the "2025 Notes") are substantially identical to the terms of the original 2025 Notes.

As of December 31, 2022, we had \$250.0 million in outstanding principal amount of the 2025 Notes. As of December 31, 2022, the effective interest rate related to the 2025 Notes was approximately 7.21%. The estimated fair value of the 2025 Notes was \$243.4 million and \$253.8 million as of December 31, 2022 and December 31, 2021, respectively, measured based upon quoted market prices in an active market, defined as Level 1 in the fair value hierarchy.

Principal maturities of the Partnership's existing third-party debt instruments for the next five years and thereafter are as follows as of December 31, 2022 (in thousands):

Year Ended December 31,	Total
2023	\$ 15,000
2024	285,000
2025	250,000
2026	—
2027	720,500
Thereafter	400,000
Total	<u>\$ 1,670,500</u>

12. Equity

We had 9,257,305 common limited partner units held by the public outstanding as of December 31, 2022. Additionally, as of December 31, 2022, Delek Holdings owned an 78.8% limited partner interest in us, consisting of 34,311,278 common limited partner units.

On November 14, 2022, we entered into an Equity Distribution Agreement with RBC Capital Markets, LLC (the "Manager") under which we may issue and sell, from time to time, to or through the Manager, as sales agent and/or principal, as applicable, common units representing limited partner interests, having an aggregate offering price of up to \$100.0 million. The Equity Distribution Agreement provides us the right, but not the obligation, to sell common units in the future, at prices we deem appropriate. The net proceeds from any sales under this agreement will be used for general partnership purposes. For the year ended December 31, 2022, we sold 59,192 common units under the Equity Distribution Agreement for net proceeds of \$3.1 million. Underwriting discounts were immaterial.

On April 14, 2022, we filed a shelf registration statement with the SEC, which was declared effective on April 29, 2022, which provides the Partnership the ability to offer up to \$200.0 million of our common limited partner units from time to time and through one or more methods of distribution, subject to market conditions and our capital needs.

On December 22, 2021, Delek Holdings issued a press release regarding a program to sell up to 434,590 common limited partner units representing limited partner interests in the Partnership. We did not sell any securities under this program and we did not receive any proceeds from the sale of the securities by Delek Holdings.

Effective August 13, 2020, the Partnership closed on the IDR Restructuring Transaction, and contemporaneous with this transaction, Delek Holdings purchased a 5.2% ownership interest in our general partner from certain affiliates, who were also members of our general partner's

management and board of directors, at fair market value. Delek Holdings now owns 100% of the outstanding ownership interest in our general partner. As part of this transaction, we expensed approximately \$1.1 million of transaction costs.

In August 2020, we filed a shelf registration statement with the U.S. Securities and Exchange Commission, which subsequently became effective, for the proposed re-sale or other disposition from time to time by Delek Holdings of up to 14.0 million of our common limited partner units. As of December 31, 2022, we did not sell any securities under this shelf registration statement and we will not receive any proceeds from the sale of securities by Delek Holdings.

Equity Activity

The table below summarizes the changes in the number of units outstanding from December 31, 2020 through December 31, 2022.

	Common - Public	Common - Delek Holdings	General Partner	Total
Balance at December 31, 2019	9,131,579	15,294,046	498,482	24,924,107
General partner units issued to maintain 2% interest	—	—	102,196	102,196
Unit-based compensation awards ⁽¹⁾	17,711	—	—	17,711
Midland Gathering Assets Acquisition equity issuance	—	5,000,000	—	5,000,000
Delek Holdings unit purchases from public	(451,822)	451,822	—	—
General Partner units converted to non-economic general partner interest	—	—	(600,678)	(600,678)
Common limited partner units issued in IDR Restructuring Transaction	—	14,000,000	—	14,000,000
Balance at December 31, 2020	8,697,468	34,745,868	—	43,443,336
Delek Holdings resale of units	49,068	(49,068)	—	—
Unit-based compensation awards ⁽¹⁾	27,517	—	—	27,517
Balance at December 31, 2021	8,774,053	34,696,800	—	43,470,853
Delek Holdings resale of units	385,522	(385,522)	—	—
Unit-based compensation awards ⁽¹⁾	38,538	—	—	38,538
Issuance of units pursuant to the Equity Distribution Agreement	59,192	—	—	59,192
Balance at December 31, 2022	9,257,305	34,311,278	—	43,568,583

(1) Unit-based compensation awards are presented net of 12,224, 5,315 and 926 units withheld for taxes as of December 31, 2022, 2021 and 2020, respectively.

Issuance of Additional Securities

Our Partnership Agreement authorizes us to issue an unlimited number of additional partnership securities for the consideration and on the terms and conditions determined by our general partner without the approval of the unitholders. Costs associated with the issuance of securities are allocated to all unitholders' capital accounts based on their ownership interest at the time of issuance.

Allocations of Net Income

Our Partnership Agreement contains provisions for the allocation of net income and loss to the unitholders. For purposes of maintaining partner capital accounts, the Partnership Agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Prior to August 13, 2020, normal allocations were made according to percentage interests after giving effect to priority income allocations in an amount equal to incentive cash distributions allocated 100% to our general partner. Effective August 13, 2020, the IDRs were eliminated and the 2% general partner economic interest was converted to a non-economic general partner interest that no longer receives cash distributions. The following table presents the allocation of the general partner's interest in net income (in thousands, except percentage of ownership interest):

	Year Ended December 31,		
	2022	2021	2020
Net income attributable to partners	\$ 159,052	\$ 164,822	\$ 159,256
Less: General partner's IDRs	—	—	(17,632)
Net income available to partners	\$ 159,052	\$ 164,822	\$ 141,624
General partner's ownership interest	— %	— %	2.0 %
General partner's allocated interest in net income	—	—	1,092
General partner's IDRs	—	—	17,632
Total general partner's interest in net income	\$ —	\$ —	\$ 18,724

Incentive Distribution Rights

Effective August 13, 2020, the Partnership closed on the IDR Restructuring Transaction and the general partner no longer receives any cash distributions. Prior to August 13, 2020, our general partner was entitled to 2.0% of all quarterly distributions that we make prior to our liquidation. Our general partner had the right, but not the obligation, to contribute up to a proportionate amount of capital to us to maintain its current general partner interest. Our general partner held IDRs that entitled it to receive increasing percentages, up to a maximum of 48.0%, of the cash we distributed from operating surplus (as defined in our Partnership Agreement) in excess of \$0.43125 per unit per quarter. The maximum distribution was 48.0% and did not include any distributions that our general partner or its affiliates may have received on common or general partner units that it owns. As of August 12, 2020, the IDRs held by our general partner were entitled to receive the maximum distribution.

Pursuant to Amendment No. 2 to the Prior Partnership Agreement, prior to the IDR Restructuring Transaction, an agreement was reached for a waiver of distributions in respect of the IDRs associated with the 5.0 million Additional Units for at least two years, through at least the distribution for the quarter ending March 31, 2022 (the "IDR Waiver"). The IDR Waiver essentially reduced the distribution made to the holders of the IDRs during this period, as the holders would not receive a share of the distribution made on the GP Additional Units. Subsequently, the IDRs were eliminated in the IDR Restructuring Transaction on August 13, 2020.

Cash Distributions

Our Partnership Agreement sets forth the calculation to be used to determine the amount and priority of available cash distributions that our limited partner unitholders and general partner will receive. Our distributions earned with respect to a given period are declared subsequent to quarter end. The table below summarizes the quarterly distributions related to our quarterly financial results:

Quarter Ended	Total Quarterly Distribution Per Limited Partner Unit	Total Cash Distribution (in thousands)	Date of Distribution	Unitholders Record Date
December 31, 2020	\$ 0.910	\$ 39,533	February 9, 2021	February 2, 2021
March 31, 2021	\$ 0.920	\$ 39,968	May 14, 2021	May 10, 2021
June 30, 2021	\$ 0.940	\$ 40,846	August 11, 2021	August 5, 2021
September 30, 2021	\$ 0.950	\$ 41,286	November 10, 2021	November 5, 2021
December 31, 2021	\$ 0.975	\$ 42,384	February 8, 2022	February 1, 2022
March 31, 2022	\$ 0.980	\$ 42,604	May 12, 2022	May 5, 2022
June 30, 2022	\$ 0.985	\$ 42,832	August 11, 2022	August 4, 2022
September 30, 2022	\$ 0.990	\$ 43,057	November 10, 2022	November 4, 2022
December 31, 2022	\$ 1.020	\$ 44,440	February 9, 2023	February 2, 2023

The allocations of total quarterly cash distributions made to general and limited partners for the years ended December 31, 2022, 2021 and 2020 are set forth in the table below. Distributions earned with respect to a given period are declared subsequent to quarter end. Therefore, the table below presents total cash distributions applicable to the period in which the distributions are earned (in thousands, except per unit amounts):

	Year Ended December 31,		
	2022	2021	2020
General partner's distributions:			
General partner's distributions	\$ —	\$ —	\$ 986
General partner's IDRs	—	—	17,632
Total general partner's distributions	—	—	18,618
Limited partners' distributions:			
Common limited partners' distributions	172,933	164,484	127,070
Total cash distributions	\$ 172,933	\$ 164,484	\$ 145,688
Cash distributions per limited partner unit	\$ 3.975	\$ 3.785	\$ 3.605

13. Equity-Based Compensation

The Delek Logistics GP, LLC 2012 Long-Term Incentive Plan (the "LTIP") was adopted by the Delek Logistics GP, LLC board of directors in connection with the completion of our initial public offering in November 2012. The LTIP is administered by the Conflicts Committee of the board of directors. Equity-based compensation expense is included in general and administrative expenses in the accompanying consolidated statements of income and comprehensive income and is immaterial for the years ended December 31, 2022, 2021 and 2020. See Note 2 for additional information on terms and measurement considerations.

On June 9, 2021, the LTIP was amended to increase the number of units representing limited partner interest in the Partnership (the "Common Units") authorized for issuance by 300,000 Common Units to 912,207 Common Units. Additionally, the term of the LTIP was extended to June 9, 2031.

14. Equity Method Investments

The Partnership owns a 33% membership interest in Red River Pipeline Company LLC ("Red River"), a joint venture operated with Plains Pipeline, L.P. Red River owns a 16-inch crude oil pipeline running from Cushing, Oklahoma to Longview, Texas with prior capacity of 150,000 bpd and increased capacity of 235,000 bpd after completion of an expansion project in October 2020. During the years ended December 31, 2021 and 2020, we made capital contributions to Red River of \$1.4 million and \$12.2 million, respectively. We made no capital contributions during the year ended December 31, 2022.

Summarized financial information for Red River on a 100% basis is shown below (in thousands):

	As of December 31, 2022		As of December 31, 2021	
Current Assets	\$	33,365	\$	28,735
Non-current Assets	\$	394,267	\$	403,692
Current liabilities	\$	5,144	\$	10,040

	Years Ended December 31,			
	2022	2021	2020	
Revenues	\$ 95,525	\$ 68,057	\$ 51,001	
Gross profit	\$ 62,726	\$ 41,121	\$ 31,103	
Operating income	\$ 61,975	\$ 40,436	\$ 30,382	
Net income	\$ 62,113	\$ 40,390	\$ 30,404	

We have two additional joint ventures that have constructed separate crude oil pipeline systems and related ancillary assets, which are serving third parties and subsidiaries of Delek Holdings. We own a 50% membership interest in the entity formed with an affiliate of Plains All American Pipeline, L.P. ("CP LLC") to operate one of these pipeline systems and a 33% membership interest in the entity formed with Andeavor Logistics Rio Pipeline LLC ("Andeavor Logistics"), formerly known as Rangeland Energy II, LLC ("Rangeland Energy") to operate the other pipeline system.

Combined summarized financial information for these two equity method investees on a 100% basis is shown below (in thousands):

	As of December 31, 2022		As of December 31, 2021	
Current assets	\$	18,888	\$	15,010
Non-current assets	\$	231,898	\$	242,599
Current liabilities	\$	1,973	\$	1,492

	Years Ended December 31,			
	2022	2021	2020	
Revenues	\$ 45,109	\$ 46,335	\$ 55,482	
Gross profit	\$ 25,849	\$ 26,688	\$ 36,904	
Operating income	\$ 23,121	\$ 24,587	\$ 34,951	
Net Income	\$ 23,198	\$ 24,589	\$ 34,977	

The Partnership's investments in these three entities were financed through a combination of cash from operations and borrowings under the DKL Credit Facility. The Partnership's investment balances in these joint ventures were as follows (in thousands):

	As of December 31, 2022	As of December 31, 2021
Red River	\$ 149,635	\$ 144,041
CP LLC	64,056	61,670
Andeavor Logistics	43,331	44,319
Total Equity Method Investments	\$ 257,022	\$ 250,030

We do not consolidate any part of the assets or liabilities or operating results of our equity method investees. Our share of net income or loss of the investees will increase or decrease, as applicable, the carrying value of our investments in unconsolidated affiliates. With respect to our equity method investments, we determined that these entities do not represent variable interest entities and consolidation is not required. We have the ability to exercise significant influence over each of these joint ventures through our participation in the management committees, which make all significant decisions. However, since all significant decisions require the consent of the other investor(s) without regard to economic interest, we have determined that we have joint control and have applied the equity method of accounting. Our investment in these joint ventures is reflected in our investments in pipeline joint ventures segment.

15. Segment Data

We aggregate our operating segments into four reportable segments: (i) gathering and processing; (ii) wholesale marketing and terminalling; (iii) storage and transportation; and (iv) investment in pipeline joint ventures. Operations that are not specifically included in the reportable segments are included in Corporate and other segment.

During the fourth quarter 2022, we realigned our reportable segments for financial reporting purposes to reflect changes in the manner in which our chief operating decision maker, or CODM, assesses financial information for decision-making purposes. The change primarily represents reporting the operating results of our pipeline operations and legacy gathering assets and the operating results of the 3 Bear assets within a new reportable segment called gathering and processing. Prior to this change, the pipeline operations and legacy gathering assets were reported as part of pipelines and transportation segment. The former pipelines and transportation reportable segment was renamed to storage and transportation. Additionally, we are also now segregating out certain non-segment specific costs and expenses and, when applicable, immaterial operating segments that may not fit into our existing reportable segments as Corporate and Other activities. Corporate and other primarily includes general and administrative expenses, interest expense and depreciation and amortization. While this reporting change did not change our consolidated results, segment data for previous years has been restated and is consistent with the current year presentation throughout the financial statements and the accompanying notes.

Our operating segments adhere to the accounting policies used for our consolidated financial statements. Our operating segments are managed separately because each segment requires different industry knowledge, technology and marketing strategies. Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation.

Through September 30, 2022, the CODM believed that contribution margin was a meaningful measure of performance, and it was used by the CODM to analyze the Partnership and stand-alone operating segment performance. During the fourth quarter 2022, the CODM determined that EBITDA is the key performance measure for planning and forecasting purposes and discontinued the use of contribution margin as a measure of performance. Segment EBITDA should not be considered a substitute for results prepared in accordance with U.S. GAAP and should not be considered alternatives to net income (loss), which is the most directly comparable financial measure to EBITDA that is in accordance with U.S. GAAP. Segment EBITDA, as determined and measured by us, should also not be compared to similarly titled measures reported by other companies.

Assets by segment is not a measure used to assess the performance of the Partnership by the CODM and thus is not disclosed.

The following is a summary of business segment operating performance as measured by EBITDA for the periods indicated (in thousands):

Year Ended December 31, 2022						
(In thousands)	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Pipeline Joint Ventures	Corporate and Other	Consolidated
Net revenues:						
Affiliate ⁽¹⁾	\$ 185,845	\$ 173,084	\$ 120,482	\$ —	\$ —	\$ 479,411
Third party	119,582	415,800	21,614	—	—	556,996
Total revenue	<u>\$ 305,427</u>	<u>\$ 588,884</u>	<u>\$ 142,096</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,036,407</u>
Segment EBITDA	\$ 175,250	\$ 83,098	\$ 56,269	\$ 31,683	\$ (34,363)	\$ 311,937
Depreciation and amortization	47,206	6,308	8,591	—	883	62,988
Amortization of customer contract intangible	—	7,211	—	—	—	7,211
Interest expense, net	—	—	—	—	82,304	82,304
Income tax expense	—	—	—	—	—	382
Net income	—	—	—	—	—	<u>\$ 159,052</u>
Capital spending ^{(2) (3)}	<u>\$ 122,594</u>	<u>\$ 1,548</u>	<u>\$ 6,528</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 130,670</u>
Year Ended December 31, 2021						
(In thousands)	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Pipeline Joint Ventures	Corporate and Other	Consolidated
Net revenues:						
Affiliate ⁽¹⁾	\$ 157,182	\$ 147,793	\$ 113,851	\$ —	\$ —	\$ 418,826
Third party	4,670	265,464	11,942	—	—	282,076
Total revenue	<u>\$ 161,852</u>	<u>\$ 413,257</u>	<u>\$ 125,793</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 700,902</u>
Segment EBITDA	\$ 126,818	\$ 79,597	\$ 56,929	\$ 24,575	\$ (22,742)	\$ 265,177
Depreciation and amortization	22,394	5,547	8,588	—	6,241	42,770
Amortization of customer contract intangible	—	7,211	—	—	—	7,211
Interest expense, net	—	—	—	—	50,221	50,221
Income tax expense	—	—	—	—	—	153
Net income	—	—	—	—	—	<u>\$ 164,822</u>
Capital spending ^{(2) (3)}	<u>\$ 22,262</u>	<u>\$ 3,622</u>	<u>\$ 1,567</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 27,451</u>

Year ended December 31, 2020

(In thousands)	Gathering and Processing	Wholesale Marketing and Terminalling	Storage and Transportation	Investments in Pipeline Joint Ventures	Corporate and Other	Consolidated
Net revenues:						
Affiliate ⁽¹⁾	\$ 139,253	\$ 149,735	\$ 93,678	\$ —	\$ —	\$ 382,666
Third party	1,035	163,156	16,561	—	—	180,752
Total revenue	<u>\$ 140,288</u>	<u>\$ 312,891</u>	<u>\$ 110,239</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 563,418</u>
Segment EBITDA	\$ 108,752	\$ 79,602	\$ 51,704	\$ 22,693	\$ (17,456)	\$ 245,295
Depreciation and amortization	18,415	5,520	9,205	—	2,591	35,731
Amortization of customer contract intangible	—	7,211	—	—	—	7,211
Interest expense, net	—	—	—	—	42,874	42,874
Income tax expense						223
Net income						<u>\$ 159,256</u>
Capital spending ^{(2) (3)}	<u>\$ 5,384</u>	<u>\$ 5,962</u>	<u>\$ 4,087</u>	<u>\$ —</u>	<u>\$ 16</u>	<u>\$ 15,449</u>

(1) Affiliate revenue for the wholesale marketing and terminalling segment is presented net of amortization expense pertaining to the Marketing Contract Intangible Acquisition. See Note 3 for additional information.

(2) Capital spending for the year ended December 31, 2020, excludes transaction costs capitalized in the amount of \$0.3 million that relate to the Trucking Assets Acquisition and \$0.7 million that relate to the Midland Gathering Assets Acquisition.

(3) Capital spending for the years ended December 31, 2021 and 2020 excludes contributions to equity method investments amounting to \$1.4 million and \$12.2 million, respectively. There were no contributions made during the year ended December 31, 2022.

16. Income Taxes

For tax purposes, each partner of the Partnership is required to take into account its share of income, gain, loss and deduction in computing its federal and state income tax liabilities, regardless of whether cash distributions are made to such partner by the Partnership. The taxable income reportable to each partner takes into account differences between the tax basis and fair market value of our assets, the acquisition price of such partner's units and the taxable income allocation requirements under our Partnership Agreement.

The Partnership is not a taxable entity for federal income tax purposes. While most states do not impose an entity level tax on partnership income, the Partnership is subject to entity level tax in both Tennessee and Texas. The Partnership does not file a separate Texas tax return. Our results of operations are included in Delek Holdings' consolidated return. However, the provisions of ASC 740 have been followed as if we were a stand-alone entity. As a result, the Partnership must record deferred income taxes for the differences between book and tax bases of its assets and liabilities based on those states' enacted tax rates and laws that will be in effect when the differences are expected to reverse.

As of December 31, 2022 and 2021, the total non-current deferred tax liability was \$1.0 million and \$1.0 million, respectively. These amounts are included in other non-current liabilities in our accompanying consolidated balance sheets. The majority component of our non-current deferred tax liabilities as of December 31, 2022 and 2021 was depreciation and amortization.

The difference between the actual income tax expense and the tax expense computed by applying the statutory federal income tax rate to income before income taxes is attributable to the following (in thousands):

	Year Ended December 31,		
	2022	2021	2020
State income taxes	\$ 382	\$ 153	\$ 223
Income tax expense	\$ 382	\$ 153	\$ 223

Income tax expense (benefit) is as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Current	\$ 377	\$ (200)	\$ (178)
Deferred	5	353	401
Total	\$ 382	\$ 153	\$ 223

Delek Holdings files a consolidated Texas gross margin tax return, and tax payments for the Partnership are paid by Delek Holdings. Therefore, a portion of the current tax payable is included in accounts receivable/payable from related parties. As of both December 31, 2022 and 2021, income taxes payable were immaterial and were included in accounts receivable/payable from related parties in the accompanying consolidated balance sheets. Taxes that are determined on a consolidated basis apply the "benefits for loss" allocation method; thus, tax attributes are realized when used in the combined tax return to the extent that they have been subject to a valuation allowance. We are no longer subject to audit through 2017.

We recognize accrued interest and penalties related to unrecognized tax benefits as an adjustment to the current provision for income taxes. There were no uncertain tax positions recorded as of December 31, 2022 or 2021, and there were no interest or penalties recognized related to uncertain tax positions for the years ended December 31, 2022, 2021 or 2020. We have examined uncertain tax positions for any material changes in the next 12 months and none are expected.

17. Commitments and Contingencies

Litigation

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our financial statements. See "Crude Oil and Other Releases" below for discussion of an enforcement action.

Environmental, Health and Safety

We are subject to extensive federal, state and local environmental and safety laws and regulations enforced by various agencies, including the Environmental Protection Agency (the "EPA"), the United States Department of Transportation, the Occupational Safety and Health Administration, as well as numerous state, regional and local environmental, safety and pipeline agencies. These laws and regulations govern the discharge of materials into the environment, waste management practices and pollution prevention measures, as well as the safe operation of our pipelines and the safety of our workers and the public. Numerous permits or other authorizations are required under these laws and regulations for the operation of our terminals, pipelines, saltwells, trucks and related operations, and may be subject to revocation, modification and renewal.

These laws and permits raise potential exposure to future claims and lawsuits involving environmental and safety matters, which could include soil, surface water and groundwater contamination, air pollution, personal injury and property damage allegedly caused by substances which we may have handled, used, released or disposed of, transported, or that relate to pre-existing conditions for which we may have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and we expect that there will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including the receipt and response to notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required to comply with existing and new requirements, as well as evolving interpretations and enforcement of existing laws and regulations.

Releases of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, or is not a reimbursable event under the Omnibus Agreement, subject us to substantial expenses, including costs to respond to, contain and remediate a release, to

comply with applicable laws and regulations and to resolve claims by governmental agencies or other persons for personal injury, property damage, response costs, or natural resources damages.

Crude Oil and Other Releases

During the year ended December 31, 2022, there were no significant releases.

In August 2021, a release of finished product from our Greenville pipeline occurred near Dixon, Texas (the "Greenville Dixon Release"). Cleanup operations, site maintenance and remediation on this release are currently on-going where such costs incurred as of December 31, 2022 totaled \$4.7 million. The affected area is currently being treated to bring it to acceptable residential levels protective of groundwater. We believe additional costs associated with this release will be nominal.

On October 3, 2019, a release of diesel fuel involving one of our pipelines occurred near Sulphur Springs, Texas (the "Sulphur Springs Release"). Cleanup operations, site maintenance and remediation on this release have been completed with closure granted and ground water monitoring wells removed. We filed suit in January 2020 against a third-party contractor, seeking damages related to this release; two related actions were filed in November and December 2020 by and against the contractor's insurance company seeking judgments related to insurance coverage. Those matters were settled during the third quarter of 2022, for an amount of \$3.7 million paid to the Partnership. We have not received notification that any legal action with respect to fines and penalties will be pursued by the regulatory agencies.

For other releases that occurred in prior years, we have received regulatory closure or a majority of the cleanup and remediation efforts are substantially complete. We expect regulatory closure in 2022 for the release sites that have not yet received it and do not anticipate material costs associated with any fines or penalties or to complete activities that may be needed to achieve regulatory closure. Regulatory authorities could require additional remediation based on the results of our remediation efforts. We may incur additional expenses as a result of further scrutiny by regulatory authorities and continued compliance with laws and regulations to which our assets are subject. As of December 31, 2022, we have accrued \$0.3 million for remediation and other such matters related to these releases.

Expenses incurred for the remediation of these crude oil and other releases are included in operating expenses in our consolidated statements of income and comprehensive income. The majority of our releases have been subsequently reimbursed by Delek Holdings pursuant to the terms of the Omnibus Agreement, with the exception of the Greenville Dixon Release noted above as it is not covered under the Omnibus Agreement. Reimbursements are recorded as a reduction to operating expense. We do not believe the total costs associated with these events, whether alone or in the aggregate, including any fines or penalties and net of available insurance, indemnification or reimbursement, will have a material adverse effect upon our business, financial condition or results of operations.

During the year ended December 31, 2022, we recorded \$1.7 million of crude oil and other releases remediation expenses, net of reimbursable expenses. During the year ended December 31, 2021 crude oil and other releases remediation expenses, net of reimbursable costs, were immaterial.

18. Leases

We lease certain pipeline and transportation equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term.

Our leases do not have any outstanding renewal options. Certain leases also include options to purchase the leased equipment.

Certain of our lease agreements include rates based on equipment usage and others include rate inflationary indices based increases. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table presents additional information related to our operating leases in accordance ASC 842:

	Years Ended December 31,	
(in thousands)	2022	2021
Lease Cost ⁽¹⁾		
Operating lease cost	\$ 12,054	\$ 12,586
Short-term lease cost	2,541	1,609
Variable lease costs	4,803	600
Total lease cost	\$ 19,398	\$ 14,795

Other Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ (12,054)	\$ (12,586)
Leased assets obtained in exchange for new operating lease liabilities	\$ 12,682	\$ 6,386
Leased assets obtained in exchange for new financing lease liabilities	\$ 35	\$ 3,071

	Years Ended December 31,	
	2022	2021
Weighted-average remaining lease term (years) for operating leases	3.3	3.3
Weighted-average discount rate ⁽²⁾ operating leases	6.6 %	5.8 %
Weighted-average remaining lease term (years) for finance lease	1.1	2.1
Weighted-average discount rate ⁽²⁾ finance lease	1.9 %	1.8 %

(1) Includes an immaterial amount of financing lease.

(2) Our discount rate is primarily based on our incremental borrowing rate in accordance with ASC 842.

The following is an estimate of the maturity of our lease liabilities for operating leases having remaining noncancellable terms in excess of one year as of December 31, 2022 (in thousands) under ASC 842:

2023	\$	9,058
2024		6,673
2025		3,527
2026		1,357
2027		807
Thereafter		1,235
Total lease payments	\$	22,657
Less: Interest		2,523
Present value of lease liabilities	\$	20,134

The following is an estimate of the maturity of our lease liabilities for financing leases having remaining noncancellable terms in excess of one year as of December 31, 2022 (in thousands) under ASC 842:

2023	\$	2,807
2024		320
2025		24
2026		—
2027		—
Thereafter		—
Total lease payment	\$	3,151
Less: Interest		84
Present values of lease liabilities	\$	3,067

19. Subsequent Events

Distribution Declaration

On January 23, 2023, our general partner's board of directors declared a quarterly cash distribution of \$1.02 per unit, paid on February 9, 2023, to unitholders of record on February 2, 2023.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Delek Logistics Partners, LP
by and through its general partner, Delek Logistics GP, LLC

By: /s/ Reuven Spiegel
Reuven Spiegel
Director, Executive Vice President and Chief Financial Officer

Dated: March 1, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by or on behalf of the following persons on behalf of the registrant and in the capacities indicated on March 1, 2023:

/s/ Avigal Soreq
Avigal Soreq
President
(Principal Executive Officer)

/s/ Reuven Spiegel
Reuven Spiegel
Director, Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Robert Wright
Robert Wright
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

/s/ Ezra Uzi Yemin
Ezra Uzi Yemin
Executive Chairman of the Board of Directors

/s/ Sherri A. Brillon
Sherri A. Brillon
Director

/s/ Charles J. Brown, III

Charles J. Brown, III

Director

/s/ Eric D. Gadd

Eric D. Gadd

Director

/s/ Frederec Charles Green

Frederec Charles Green

Director

/s/ Ron W. Haddock

Ron W. Haddock

Director

/s/ Gennifer F. Kelly

Gennifer F. Kelly

Director

Wholesale Marketing and Terminalling

The operational assets in our wholesale marketing and terminalling segment consist of refined products terminals and pipelines in Texas, Tennessee, Arkansas and Oklahoma. We generate revenue in our wholesale marketing and terminalling segment by providing marketing services for the refined products output of the Tyler and Big Spring refineries, engaging in wholesale activity at our terminals in West Texas and at terminals owned by third parties, whereby we purchase light products for sale and exchange to third parties, and by providing terminalling services at our refined products terminals to independent third parties and Delek Holdings.

Our wholesale marketing and terminalling segment provides wholesale marketing and terminalling services to Delek Holdings' refining operations and to independent third parties from whom we receive fees for marketing, transporting, storing and terminalling refined products and to whom we wholesale market refined products. In providing certain of these services, we take ownership of the products and are therefore exposed to market risks related to the volatility of commodity and refined product prices in our West Texas operations, which depend on many factors, including demand and supply of refined products in the West Texas market, the timing of refined product deliveries and downtime at refineries in the surrounding area. Effective March 1, 2018, this segment also includes certain wholesale marketing and terminalling assets acquired from Delek Holdings, primarily located at or adjacent to the Big Spring Refinery. As of March 31, 2022, we generated revenue in our wholesale marketing and terminalling segment by (i) providing marketing services for the refined products output of the Tyler Refinery and the Big Spring Refinery, (ii) engaging in wholesale activity at our Abilene and San Angelo, Texas terminals, as well as at terminals owned by third parties, whereby we purchase light products for sale and exchange to third parties, and (iii) providing terminalling services to independent third parties and Delek Holdings.

3 Bear Operations

The operational assets in our 3 Bear operations segment, which we acquired in connection with the 3 Bear Acquisition, consist of approximately 485 miles of pipelines, 88 million cubic feet ("MMCF") per day ("MMCF/d") of cryogenic natural gas processing capacity, 140 thousand barrels ("MBbl") per day ("MBbl/d") of crude gathering capacity, 120 MBbl of crude storage capacity and 200 MBbl/d of water disposal capacity. These assets support 3 Bear's crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico. Additionally, the combination of these services provides a comprehensive, integrated midstream service offering to producers.

With respect to our acquired 3 Bear operations segment, we generate two principal types of revenues:

- Product sales - comprised of residual products as a result of our gathering services where 3 Bear meets the definition of the principal rather than an agent, and where such revenue is recognized upon satisfaction of the performance obligation, which is generally upon delivery
- Gathering and processing services - comprised of fees charged for one or more of the following services under dedicated acreage and other long-term fee-based contracts: gathering, processing and transportation of natural gas; gathering, transportation and storage of NGLs; gathering, recycling and disposal of wastewater; and transportation, storage and distribution of crude oil, and other hydrocarbon-based products. The contractual fees are generally related to the volume of natural gas, NGLs, water, crude oil that is gathered, transported, stored or processed and therefore is not directly impacted by commodity prices.

Investments in Pipeline Joint Ventures

The Partnership owns a portion of three joint ventures (accounted for as equity method investments) that have constructed separate crude oil pipeline systems and related ancillary assets, which provide crude oil and refined product pipeline transportation to third parties and subsidiaries of Delek Holdings.

Because the 3 Bear Acquisition occurred in June 2022, integration efforts continue to be in process as of September 30, 2022. In connection with those efforts, management is continuing to: (1) review, refine and integrate operational and management reporting processes, controls, policies and procedures for the acquired operations; (2) develop an operator-view understanding of the nature of the acquired operations and the similarity/dissimilarity compared to our legacy operating segments; and (3) to evaluate the nature and level of discrete financial information on results of operations that will ultimately be used to manage the acquired operations on a long-term basis. As a result, it is possible that segment presentation could change in the near term and that such changes could include the creation of new or different reportable segments or changes to the view of aggregation into existing reportable segments which are not yet determinable.

2022 Strategic Developments

3 Bear Acquisition

On June 1, 2022, the Partnership, through its subsidiary DKL Delaware Gathering, LLC, acquired 100% of the limited liability company interests in 3 Bear related to the Seller's crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico (the "3 Bear Acquisition"). The purchase price for 3 Bear was \$628.1 million. The 3 Bear Acquisition was financed through a combination of cash on hand and borrowings under the Partnership's existing credit agreement. Through this strategic transaction, the Partnership expects to significantly increase its third party revenue and further diversify its customer and product mix, expand its footprint into the Delaware sub-basin of the Permian, and provide immediate accretion to Distributable Cash Flow. Additionally, we believe the addition of 3 Bear may provide access to expanded carbon capture opportunities.

Amendments to DKL Credit Facility

In May 2022, we entered into Second and Third Amendments to our Third Amended and Restated Credit Agreement, which provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") and also amended certain financial covenant calculations in order to provide flexibility in connection with the timing of the 3 Bear Acquisition. Additionally, on May 26, 2022, we entered into a Fourth Amendment to Third Amended and Restated Credit Agreement to, among other things, increase the U.S. Revolving Credit Commitments (as defined in the Credit Agreement) by an amount equal to \$150 million under an existing accordion feature, for an aggregate amount of commitments under our Existing Credit Agreement of \$1.0 billion. The exercise of the accordion feature gave us the flexibility to utilize borrowings under the Credit Agreement to help fund the acquisition of 3 Bear while continuing to maintain sufficient availability to continue to effectively manage our working capital needs and liquidity risk, and to evaluate longer term capitalization strategies.

On October 13, 2022, we entered into a Fourth Amended and Restated Credit Agreement with Fifth Third, as administrative agent and a syndicate of lenders (the "2022 DKL Credit Facility"). The 2022 DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and (ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024, and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances.

Slurry Clarifying Services Agreement

We executed a series of agreements with DK Trading & Supply, LLC ("DKT&S") and Alon Refining Krotz Springs, whereby the Partnership will operate and maintain a facility, located within the Krotz Springs, Louisiana refinery, to process slurry for DKT&S. Using a process that incorporates horizontal and vertical centrifuges, we will remove metals, ash, and other solids from the slurry. The clarified product can then be sold to DKT&S or one of its affiliates. As consideration for the processing services, we will receive a fixed rate per barrel processing fee in addition to a margin-based payment. The Partnership and DKT&S have agreed to a minimum delivery commitment volume to be processed in the facility. The initial term of the agreement is for a period of three years, and thereafter, will continue a year-to-year basis unless canceled by either party.

Connectors Expansion Project

In connection with the Permian Gathering System Acquisition (formerly known as the Big Spring Gathering Acquisition), we agreed to expend \$33.8 million to construct additional Receipt Points to our gathering pipeline at the request of Delek Holdings producers with which we have dedicated acreage agreements, to be owned and operated by the Partnership. Such Receipt Points, once completed, result in incremental pipeline revenues, subject to the minimum volume commitments and other terms of the throughput and deficiency commercial agreement with Delek Holdings, entered into in connection with this Acquisition. Additionally, both Delek Holdings and the Partnership continue to identify and secure dedicated acreage and producer agreements that require construction of receipt points and also provide the opportunity for additional pipeline volumes, but that are not required under the original commitment. Related to these incremental agreements, the Partnership has begun construction or otherwise separately committed to construct receipt points where the estimated remaining costs to complete totaled \$25.3 million as of September 30, 2022, all of which is expected to be expended during 2022. See Note 13 for additional information.

Inflation Adjustments

On July 1, 2022, the tariffs on certain of our FERC regulated pipelines and the throughput fees and storage fees under certain of our agreements with Delek Holdings and third parties that are subject to adjustments using FERC indexing increased by approximately 8.7%, which was the amount of the change in the FERC oil pipeline index. The tariff on FERC regulated system acquired from 3 Bear has

historically been adjusted as of January 1 each year. Under certain of our agreements with Delek Holdings and third parties, the fees that are subject to adjustments using the consumer price index increased 7.1% and the fees that are subject to adjustments using the producer price index increased approximately 10.8%.

Commercial Agreements with Delek Holdings

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering, crude oil, intermediate and refined products transportation and storage services, and marketing, terminalling and offloading services to Delek Holdings, and Delek Holdings commits to provide us with minimum monthly throughput volumes of crude oil, intermediate and refined products. Generally, these agreements include minimum quarterly volume, revenue or throughput commitments and have tariffs or fees indexed to inflation-based indices, provided that the tariffs or fees will not be decreased below the initial amount. See our Annual Report on Form 10-K filed with the SEC on February 25, 2022 for a discussion of our material commercial agreements with Delek Holdings.

Other Transactions with Delek Holdings

The Partnership manages long-term capital projects on behalf of Delek Holdings pursuant to a construction management and operating agreement (the "DPG Management Agreement") for the construction of gathering systems in the Permian Basin (the "Delek Permian Gathering Project"). The majority of the gathering systems has been constructed, however, additional costs pertaining to a pipeline connection that was not acquired by the Partnership continue to be incurred and are still subject to the terms of the DPG Management Agreement. The Partnership is also considered the operator for the project and is responsible for the oversight of the project design, procurement and construction of project segments and for providing other related services. See Note 3 to our accompanying condensed consolidated financial statements for additional information on the DPG Management Agreement.

How We Evaluate Our Operations

We use a variety of financial and operating metrics to analyze our segment performance. These metrics are significant factors in assessing our operating results and profitability and include:

- volumes (including pipeline throughput and terminal volumes)
- contribution margin per barrel
- operating and maintenance expenses
- cost of materials and other
- EBITDA and distributable cash flow (as such terms are defined below).

Volumes

The amount of revenue we generate primarily depends on the volumes of crude oil, natural gas, natural gas liquids ("NGLs"), refined products, and produced water that we handle in our pipeline, transportation, terminalling, storage and marketing operations. These volumes are primarily affected by the supply of and demand for crude oil, natural gas, NGLs, intermediate and refined products in the markets served directly or indirectly by our assets. Although Delek Holdings has committed to minimum volumes under certain of the commercial agreements, as described above, our results of operations will be impacted by:

- Utilization of our assets in excess of minimum volume commitments;
- our ability to identify and execute acquisitions and organic expansion projects, and capture incremental volume increases from Delek Holdings or third parties;
- our ability to increase throughput volumes at our refined products terminals and provide additional ancillary services at those terminals;
- our ability to identify and serve new customers in our marketing and trucking operations;
- our ability to successfully integrate the 3 Bear business and to successfully realize the anticipated benefits of the financial and operating synergies of the 3 Bear Acquisition, including our ability to serve existing customers and to identify and serve new customers in those related lines of business and geographic location; and
- our ability to make connections to third-party facilities and pipelines.

Contribution Margin per Barrel

Because we do not allocate general and administrative expenses by segment, we measure the performance of our operating segments by the amount of contribution margin as generated in operations, except for the investments in pipeline joint ventures segment. Contribution margin is defined as net revenues less cost of materials and other and operating expenses, excluding depreciation and amortization.

For our wholesale marketing and terminalling segment, we also measure gross margin per barrel. Gross margin per barrel reflects the gross margin (net revenues less cost of materials and other) of the wholesale marketing operations divided by the number of barrels of refined products sold during the measurement period. Both contribution margin and gross margin per barrel can be affected by fluctuations

in the prices and cost of gasoline, distillate fuel, ethanol and Renewable Identification Numbers ("RINs"). Historically, the profitability of our wholesale marketing operations has been affected by commodity price volatility, (specifically as it relates to changes in the price of refined products between the time we purchase such products from our suppliers and the time we sell the products to our wholesale customers), and the fluctuation in the value of RINs. Commodity price volatility may also impact our wholesale marketing operations when the selling price of refined products does not adjust as quickly as the purchase price. Our wholesale marketing gross margin may also be impacted by the fixed price ethanol agreements we enter into to fix the price we pay for ethanol.

Operating and Maintenance Expenses

We seek to maximize the profitability of our operations by effectively managing operating and maintenance expenses. These expenses include the costs associated with the operation of owned terminals and pipelines and terminalling expenses at third-party locations, excluding depreciation and amortization. These costs primarily include outside services, allocated employee costs, repairs and maintenance costs and energy and utility costs. Operating expenses related to the wholesale business are excluded from cost of sales because they primarily relate to costs associated with selling the products through our wholesale business. These expenses generally remain relatively stable across broad ranges of throughput volumes, but can fluctuate from period to period depending on the mix of activities performed during that period and the timing of said expenses. Additionally, compliance with federal, state and local laws and regulations relating to the protection of the environment, health and safety may require us to incur additional expenditures. We will seek to manage our maintenance expenditures on our pipelines and terminals by scheduling maintenance over time to avoid significant variability in our maintenance expenditures and minimize their impact on our cash flow.

Cost of Materials and Other

These costs include:

- | | |
|---|---|
| <p>(i) all costs of purchased refined products in our wholesale marketing and terminalling segment, as well as additives and related transportation of such products;</p> <p>(ii) costs associated with the operation of our trucking assets, which primarily include allocated employee costs and other costs related to fuel, truck leases and repairs and maintenance;</p> | <p>(iii) the cost of pipeline capacity leased from any third parties;</p> <p>(iv) gains and losses related to our commodity hedging activities; and</p> <p>(v) all costs of natural gas purchases and other direct cost of product sales in our 3 Bear operations segment, including costs associate with condensate and skim oil, and to the extent applicable, the related transportation of such products.</p> |
|---|---|

Financing

The Partnership has declared a cash distribution to its unitholders at a distribution rate of \$0.99 per unit for the quarter ended September 30, 2022 (\$3.96 per unit on an annualized basis). Our Partnership Agreement requires that the Partnership distribute all of its available cash (as defined in the Partnership Agreement) to its unitholders quarterly. As a result, the Partnership expects to fund future capital expenditures primarily from operating cash flows, borrowings under our DKL Credit Facility and any potential future issuances of equity and debt securities. See Note 8 to the accompanying condensed consolidated financial statements for further discussion.

How We Evaluate Our Investments in Pipeline Joint Ventures

We make strategic investments in pipeline joint ventures generally when it provides an economic benefit in terms of pipeline access we can use for our existing or future customers and when we expect a rate of return that meets our internal investment criteria. Our existing investments in pipeline joint ventures all provide a combination of strategic benefit and return on investment. The strategic benefit for each is described below:

- The RIO Pipeline is positioned in the Delaware basin and benefits from drilling activity in the area, while also offering producers and shippers connections to Midland, Texas takeaway pipelines;
- The Caddo Pipeline provides crude oil logistics connectivity for shippers from Longview, Texas area to Shreveport, Louisiana area; and
- The Red River Pipeline provides crude oil transportation and optionality from Cushing, Oklahoma to Longview, Texas area and connectivity to our Caddo JV along with DKL Paline pipeline for access to Gulf Coast markets. It also has additional expansion optionality.

Market Trends

Fluctuations in crude oil, natural gas and NGLs prices and the prices of related refined and other hydrocarbon products impact operations in the midstream energy sector. For example, the prices of each of these products have the ability to influence drilling activity in many basins and the amounts of capital spending that crude oil exploration and production companies incur to support future growth. Exploration and production activities have a direct impact on volumes transported through our gathering assets in the geologic basins in which we operate. Additionally, the demand for hydrocarbon-based refined products and related crack spreads significantly impact production decisions of our refining customers and likewise throughputs on our pipelines and other logistics assets. Finally, fluctuations in demand and commodity prices for refined products, as well as the value attributable to RINs, directly impacts our wholesale marketing operations, where we are subject to short-term commodity price fluctuations at the rack.

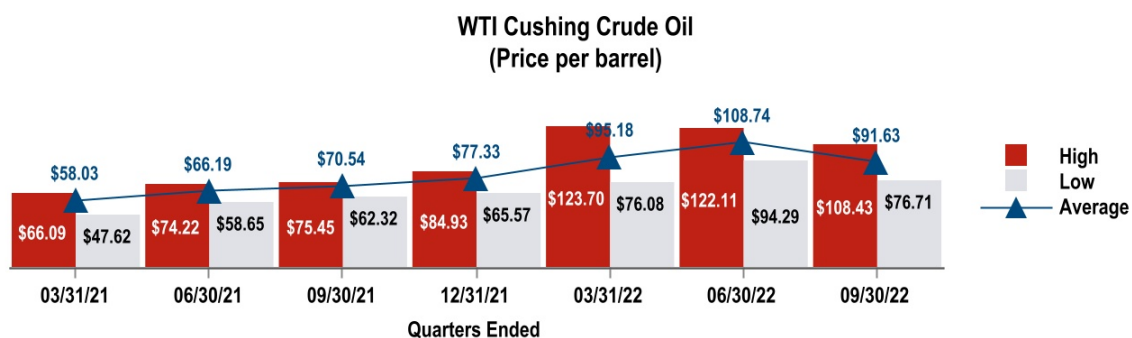
Most of the logistics services we provide (including pipelines and transportation, gathering and processing services) are subject to long-term fee-based contracts with minimum volume commitments or long-term dedicated acreage agreements which mitigate most of our short-term financial risk to price and demand volatility. However, sustained depressed demand/prices over the longer term could not only curb exploration and production expansion opportunities under our agreements, it could also impact our customers' willingness or ability to renew commercial agreements or result in liquidity or credit constraints that could impact our longer term relationship with them. That said, our recent acquisition of 3 Bear and recent expansion of our gas processing capabilities have improved both our customer and geographic diversification which lowers concentration risk in those areas, in addition to adding service offerings to our portfolio. Furthermore, our dedicated acreage agreements provide significant growth opportunities in strong economic conditions (e.g., high demand/high commodity prices) without incremental customer acquisition cost. Given all of these factors, we believe that we continue to be strategically positioned, even in tougher market conditions, to sustain positive operating results and cash flows and to continue developing profitable growth projects that are needed to support future distribution growth.

Market Outlook for the Remainder of 2022

As we look to the remainder of the year, commodity markets are predicting a decline in demand as consumer purchasing continues to be eroded by inflation. Such conditions could spell a global economic downturn, which may upend markets in unexpected ways and make capital more difficult to come by. However, due to years of global underinvestment in oil production and the supply-constrained demand for oil and related commodity prices may continue to be strong, sitting at or near the higher end of the life-cycle. That said, domestic regulatory intervention could put pressure on profits of oil companies and may have unanticipated effects on the commodities markets and capital markets, as well as on exploration and production activities. We are continuously evaluating forward markets and have actively engaged cost and risk mitigation strategies to proactively take advantage of opportunities through disciplined capital allocation. We are committed to lowering our costs in all aspects of our business and challenging ourselves to achieve operating excellence by improving efficiency. We are continuously looking to improve our operating and general and administrative cost structure and are exploring a zero-based budgeting process for 2023. For these reasons, we continue to position the Company to expand our third-party revenue diversification as well as our midstream footprint and product offerings to take advantage of favorable volume environments while working to ensure steady-stream minimum volume income streams and cash flows that will provide sustainability in periods of market disruption. Additionally, we will continue to balance the cost of debt and cost of equity while continuing to exercise a longer-term sustainable view of capital allocation.

From a geographic positioning perspective, absent government intervention, industry analysts expect Brent crude oil, a global benchmark crude oil, to WTI differential to continue to be favorable for domestic exports throughout 2022, including the U.S. Gulf Coast region. Furthermore, while the likelihood of a favorable Midland-Cushing differential is constrained by overbuilt pipeline capacity, significant export developments and other factors could quickly shift differentials to be more favorable to our Permian-heavy gathering and logistics positioning.

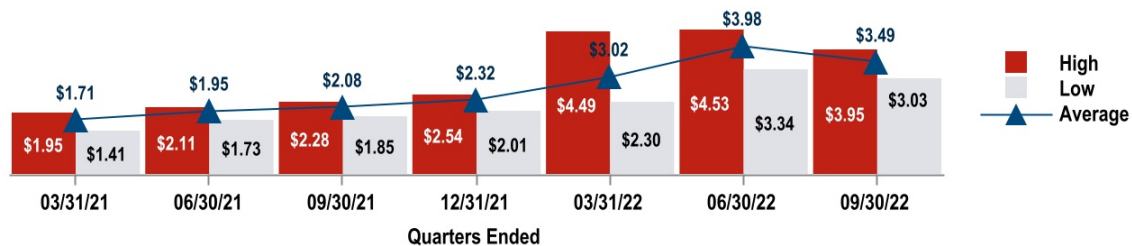
The charts on the following page provide historical commodity pricing statistics for crude oil, refined product and natural gas.



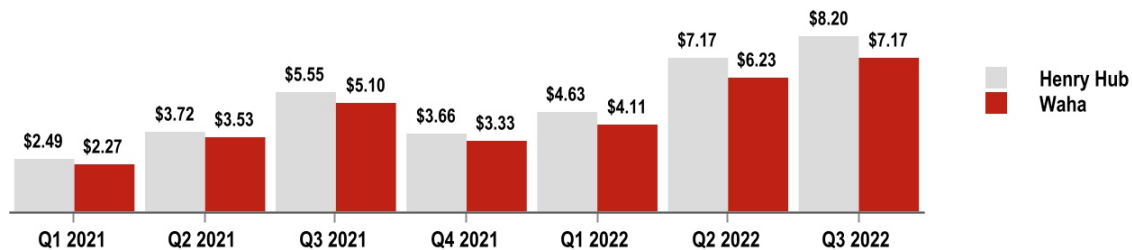
Gasoline Prices
(Price per gallon)



Diesel Prices
(Price per gallon)



Natural Gas Prices
(Average Price per MMBtu)



Critical Accounting Estimates

The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The SEC has defined critical accounting estimates as those that are both most important to the portrayal of our financial condition and results of operations and require our most difficult, complex or subjective judgments or estimates. Based on this definition and as further described in our Annual Report on Form 10-K, we believe our critical accounting estimates include estimates related to equity method investments impairment assessment. Additionally, we have identified the following critical accounting policy that impacts the nine months ended September 30, 2022:

Business Combinations

We recognize and measure the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date. Any excess or surplus of the purchase consideration when compared to the fair value of the net tangible assets acquired, if any, is recorded as goodwill or gain from a bargain purchase. The fair value of assets and liabilities as of the acquisition date are often estimated using a combination of approaches, including the income approach, which requires us to project future cash flows and

apply an appropriate discount rate; the cost approach, which requires estimates of replacement costs and depreciation and obsolescence estimates; and the market approach which uses market data and adjusts for entity-specific differences. We use all available information to make these fair value determinations and engage third-party consultants for valuation assistance. The estimates used in determining fair values are based on assumptions believed to be reasonable but which are inherently uncertain. Accordingly, actual results may differ materially from the projected results used to determine fair value.

Non-GAAP Measures

Our management uses certain "non-GAAP" operational measures to evaluate our operating segment performance and non-GAAP financial measures to evaluate past performance and prospects for the future to supplement our GAAP financial information presented in accordance with U.S. GAAP. These financial and operational non-GAAP measures are important factors in assessing our operating results and profitability and include:

- **Earnings before interest, taxes, depreciation and amortization ("EBITDA")** - calculated as net income before net interest expense, income tax expense, depreciation and amortization expense, including amortization of customer contract intangible assets, which is included as a component of net revenues in our accompanying condensed consolidated statements of income.
- **Distributable cash flow** - calculated as net cash flow from operating activities plus or minus changes in assets and liabilities, less maintenance capital expenditures net of reimbursements and other adjustments not expected to settle in cash. The Partnership believes this is an appropriate reflection of a liquidity measure by which users of its financial statements can assess its ability to generate cash.

EBITDA and distributable cash flow are non-U.S. GAAP supplemental financial measures that management and external users of our condensed consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of EBITDA, financing methods;
- the ability of our assets to generate sufficient cash flow to make distributions to our unitholders;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of EBITDA and distributable cash flow provide information useful to investors in assessing our financial condition and results of operations and assists in evaluating our ongoing operating performance for current and comparative periods. EBITDA and distributable cash flow should not be considered alternatives to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA and distributable cash flow have important limitations as analytical tools because they exclude some, but not all, items that affect net income and net cash provided by operating activities. Additionally, because EBITDA and distributable cash flow may be defined differently by other partnerships in our industry, our definitions of EBITDA and distributable cash flow may not be comparable to similarly titled measures of other partnerships, thereby diminishing their utility. For a reconciliation of EBITDA and distributable cash flow to their most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, please refer to "Results of Operations" below.

Summary of Financial and Other Information

A discussion and analysis of the factors contributing to our results of operations is presented below. The financial statements, together with the following information, are intended to provide investors with a reasonable basis for assessing our historical operations, but should not serve as the only criteria for predicting our future performance.

The following table and discussion present a summary of our consolidated results of operations for the three and nine months ended September 30, 2022 and 2021, including a reconciliation of net income to EBITDA and net cash flow provided by operating activities to distributable cash flow.

Statement of Operations Data (in thousands, except unit and per unit amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net revenues:				
Pipelines and transportation	\$ 85,278	\$ 76,202	\$ 241,689	\$ 211,612
Wholesale marketing and terminalling	147,865	113,425	444,181	299,406
3 Bear	60,882	—	81,486	—
Total	294,025	189,627	767,356	511,018
Operating costs and expenses:				
Cost of materials and other	177,740	105,129	480,295	274,995
Operating expenses (excluding depreciation and amortization)	25,901	17,588	64,997	48,027
General and administrative expenses	11,959	5,898	30,826	15,933
Depreciation and amortization	19,540	10,156	43,297	30,862
Other operating (income) expense, net	(132)	273	(120)	54
Total operating costs and expenses	235,008	139,044	619,295	369,871
Operating income	59,017	50,583	148,061	141,147
Interest expense, net	22,559	14,529	53,621	35,924
Income from equity method investments	(8,567)	(7,261)	(22,666)	(17,952)
Other income, net	(36)	(115)	(39)	(118)
Total non-operating costs and expenses	13,956	7,153	30,916	17,854
Income before income tax expense (benefit)	45,061	43,430	117,145	123,293
Income tax expense (benefit)	387	(194)	793	156
Net income attributable to partners	\$ 44,674	\$ 43,624	\$ 116,352	\$ 123,137
EBITDA⁽¹⁾	\$ 88,962	\$ 69,917	\$ 219,471	\$ 195,487
Net income per limited partner unit:				
Basic	\$ 1.03	\$ 1.00	\$ 2.68	\$ 2.83
Diluted	\$ 1.03	\$ 1.00	\$ 2.67	\$ 2.83
Weighted average limited partner units outstanding:				
Basic	43,485,779	43,454,535	43,477,801	43,447,739
Diluted	43,515,960	43,468,289	43,499,837	43,457,857

(1) For a definition of EBITDA, please see "Non-GAAP Measures" above.

Non-GAAP Reconciliations

The following table provides a reconciliation of EBITDA and distributable cash flow to the most directly comparable U.S. GAAP measure, or net income and net cash from operating activities, respectively.

Reconciliation of net income to EBITDA (in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 44,674	\$ 43,624	\$ 116,352	\$ 123,137
Add:				
Income tax expense (benefit)	387	(194)	793	156
Depreciation and amortization	19,540	10,156	43,297	30,862
Amortization of marketing contract intangible asset	1,802	1,802	5,408	5,408
Interest expense, net	22,559	14,529	53,621	35,924
EBITDA ⁽¹⁾	\$ 88,962	\$ 69,917	\$ 219,471	\$ 195,487

(1) For a definition of EBITDA, please see "Non-GAAP Measures" above.

Reconciliation of net cash from operating activities to distributable cash flow (in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 164,425	\$ 74,752	\$ 297,482	\$ 222,276
Changes in assets and liabilities	(94,450)	(16,256)	(115,358)	(56,898)
Distributions from equity method investments in investing activities	—	845	1,737	6,245
Non-cash lease expense	(2,100)	(2,460)	(13,584)	(6,967)
Maintenance and regulatory capital expenditures ⁽¹⁾	(2,143)	(850)	(3,183)	(3,712)
Reimbursement from Delek Holdings for capital expenditures ⁽²⁾	19	11	5	1,588
Accretion of asset retirement obligations	(168)	(116)	(415)	(346)
Deferred income taxes	(76)	(138)	(76)	(203)
Gain (loss) on sale of assets	132	(273)	120	(54)
Distributable cash flow ⁽³⁾	\$ 65,639	\$ 55,515	\$ 166,728	\$ 161,929

(1) Maintenance and regulatory capital expenditures represent cash expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity. Examples of maintenance and regulatory capital expenditures are expenditures for the repair, refurbishment and replacement of pipelines and terminals, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations.

(2) For the three and nine month periods ended September 30, 2022 and 2021, Delek Holdings reimbursed us for certain capital expenditures pursuant to the terms of the Omnibus Agreement (as defined in Note 3 to our accompanying condensed consolidated financial statements).

(3) For a definition of distributable cash flow, please see "Non-GAAP Measures" above.

Results of Operations

Consolidated Results of Operations — Comparison of the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021

The table below presents a summary of our consolidated results of operations. The discussion immediately following presents the consolidated results of operations (in thousands):

	Consolidated			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Revenues:				
Affiliates	\$ 127,150	\$ 123,519	\$ 375,270	\$ 308,435
Third-Party	166,875	66,108	392,086	202,583
Total Consolidated	294,025	189,627	767,356	511,018
Cost of materials and other	177,740	105,129	480,295	274,995
Operating expenses (excluding depreciation and amortization presented below)	25,901	17,588	64,997	48,027
Contribution margin	90,384	66,910	222,064	187,996
General and administrative expenses	11,959	5,898	30,826	15,933
Depreciation and amortization	19,540	10,156	43,297	30,862
Other operating (income) expense, net	(132)	273	(120)	54
Operating income	\$ 59,017	\$ 50,583	\$ 148,061	\$ 141,147

Net Revenues

Q3 2022 vs. Q3 2021

Net revenues increased by \$104.4 million, or 55.1%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increased revenues of \$60.9 million as a result of the 3 Bear Acquisition, which was completed on June 1, 2022; and
- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased \$0.57 per gallon and \$1.44 per gallon, respectively; and
 - the volumes of gasoline and diesel sold decreased by 0.8 million gallons and 1.1 million gallons, respectively.
- increases in pipeline throughputs, where the third quarter of 2021 was negatively impacted by the COVID-19 Pandemic.

YTD 2022 vs. YTD 2021

Net revenues increased by \$256.3 million, or 50.2%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increased revenues of \$81.5 million as a result of the 3 Bear Acquisition, which was completed on June 1, 2022;
- increases in the average sales prices per gallon of gasoline and diesel sold and volume of diesel sold, partially offset by a decrease in the volume of gasoline sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased by \$0.96 per gallon and \$1.56 per gallon, respectively; and
 - the average volume of gasoline sold decreased by 2.0 million gallons and the volume of diesel sold increased by 1.9 million gallons.
- increases in pipeline throughputs, where the nine months ended September 30, 2021 were negatively impacted by the COVID-19 Pandemic as well as severe weather events.

Cost of Materials and Other

Q3 2022 vs. Q3 2021

Cost of materials and other increased by \$72.6 million, or 69.1%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increase in costs of materials and other totaling \$35.1 million as a result of the 3 Bear Acquisition, which was completed on June 1, 2022; and
- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased \$0.56 per gallon and \$1.42 per gallon, respectively; and
 - the volumes of gasoline and diesel sold decreased by 0.8 million gallons and 1.1 million gallons, respectively.

YTD 2022 vs. YTD 2021

Cost of materials and other increased by \$205.3 million, or 74.7%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increase in costs of materials and other totaling \$48.9 million as a result of the 3 Bear Acquisition, which was completed on June 1, 2022; and
- increases in the average cost per gallon of gasoline and diesel sold and the volume of diesel sold, partially offset by a decrease in the volume of gasoline sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased by \$0.97 per gallon and \$1.55 per gallon, respectively; and
 - the volume of gasoline sold decreased by 2.0 million gallons and the volume of diesel sold increased by 1.9 million gallons.

Operating Expenses

Q3 2022 vs. Q3 2021

Operating expenses increased by \$8.3 million, or 47.3%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increase due to additional expenses associated with 3 Bear, which was acquired on June 1, 2022;
- increases in employee and outside service costs after cost cutting measures previously implemented to respond to the COVID-19 Pandemic, including delaying non-essential projects, ended;
- increase in energy costs, due to higher natural gas prices; and
- increases in utilities, maintenance and other variable expenses due to higher throughput.

YTD 2022 vs. YTD 2021

Operating expenses increased by \$17.0 million, or 35.3%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increase due to additional expenses associated with 3 Bear, which was acquired on June 1, 2022;
- increases in employee and outside service costs; and
- increases in variable expenses such as maintenance and materials costs due to higher throughput.

General and Administrative Expenses

Q3 2022 vs. Q3 2021

General and administrative expenses increased by \$6.1 million, or 102.8%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by an increase in outside services costs primarily associated with the 3 Bear Acquisition.

YTD 2022 vs. YTD 2021

General and administrative expenses increased by \$14.9 million, or 93.5%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by transaction costs incurred in connection with the 3 Bear Acquisition.

Depreciation and Amortization

Q3 2022 vs. Q3 2021

Depreciation and amortization increased by \$9.4 million, or 92.4%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- the acquisition of property, plant and equipment and customer relationship intangible as part of the 3 Bear Acquisition.

YTD 2022 vs. YTD 2021

Depreciation and amortization increased by \$12.4 million, or 40.3%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- the acquisition of property, plant and equipment and customer relationship intangible as part of the 3 Bear Acquisition.

Interest Expense

Q3 2022 vs. Q3 2021

During the third quarter of 2022 we incurred \$22.6 million of interest expense, compared to \$14.5 million during the third quarter of 2021, an increase of \$8.1 million, or 56.0%. This increase was primarily driven by the following:

- increased borrowings under the DKL Credit Facility; and
- higher floating rate interests under the DKL Credit Facility.

YTD 2022 vs. YTD 2021

During the nine months ended September 30, 2022 we incurred \$53.6 million of interest expense, compared to \$35.9 million during the nine months ended September 30, 2021, an increase of \$17.7 million, or 49.3%. This increase was primarily driven by the following:

- increased borrowings under the DKL Credit Facility to fund the 3 Bear Acquisition;
- higher fixed rate interest on the 2028 Notes compared to our floating interest rates under the DKL Credit Facility; and
- increase in floating interest rates applicable to the DKL Credit Facility.

Results from Equity Method Investments

Q3 2022 vs. Q3 2021

We recognized income of \$8.6 million from equity method investments during the third quarter of 2022 compared to \$7.3 million for the third quarter of 2021, an increase of \$1.3 million, or 17.8%. This increase was primarily driven by the following:

- increase in income from our Red River and Caddo equity method investment due to higher throughput volumes and resulting revenue increases.

YTD 2022 vs. YTD 2021

During the nine months ended September 30, 2022 we recognized income of \$22.7 million from equity method investments, compared to \$18.0 million for the nine months ended September 30, 2021, an increase of \$4.7 million, or 26.1%. This increase was primarily driven by the following:

- increase in income from our Red River and Caddo equity method investment due to higher throughput volumes and resulting revenue increases; and
- partially offset by decrease in income from Rio equity method investment.

Operating Segments

Our business consists of four reportable segments: (i) pipelines and transportation; (ii) wholesale marketing and terminalling; (iii) 3 Bear; and (iv) investment in pipeline joint ventures.

We review operating results in the following two reportable segments on a disaggregated basis: (i) pipelines and transportation and (ii) wholesale marketing and terminalling. Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. The 3 Bear operations segment was added as a new reportable segment in the second quarter of 2022 in connection with the acquisition of this business on June 1, 2022 and includes the results of operations and cash flows of 3 Bear beginning on June 1, 2022. The Partnership is in the process of identifying its long-term plan for integrating 3 Bear into its existing segments and as a result, the Partnership's operating segments may change in the near future. Management measures the operating performance of these reportable segments based on the segment contribution margin. Segment reporting is discussed in more detail in Note 11 to our accompanying condensed consolidated financial statements.

Pipelines and Transportation Segment

Our pipelines and transportation segment assets provide crude oil gathering and crude oil, intermediate and refined products transportation and storage services to Delek Holdings and third parties. These assets include:

- the pipeline assets used to support Delek Holdings' El Dorado refinery (the "El Dorado Assets")
- the gathering system that supports transportation of crude oil to the El Dorado Refinery (the "El Dorado Gathering System")
- the Paline Pipeline System
- the East Texas Crude Logistics System
- the Tyler-Big Sandy Pipeline
- the El Dorado Tank Assets and El Dorado Rail Offloading Racks
- the Tyler Tank Assets and Tyler Crude Tank
- the Greenville-Mount Pleasant Pipeline and Greenville Storage Facility
- refined product pipeline capacity leased from Enterprise TE Products Pipeline Company ("Enterprise") that runs from El Dorado, Arkansas to our Memphis terminal and the Big Spring Pipeline
- pipelines and storage assets acquired in the Big Spring Logistics Assets Acquisition
- assets acquired in the Permian Gathering Assets Acquisition
- assets acquired in the Trucking Assets Acquisition
- 264 tractors and 353 trailers used to haul primarily crude oil and other products for related and third parties

The following tables and discussion present the results of operations and certain operating statistics of the pipelines and transportation segment for the three and nine months ended September 30, 2022 and 2021:

Pipelines and Transportation				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Revenues:				
Affiliates	\$ 79,395	\$ 70,879	\$ 225,711	\$ 199,591
Third-Party	5,883	5,323	15,978	12,021
Total Pipelines and Transportation	85,278	76,202	241,689	211,612
Cost of materials and other	20,004	15,170	58,272	42,595
Operating expenses (excluding depreciation and amortization presented below)	11,292	13,680	37,789	34,710
Segment contribution margin	\$ 53,982	\$ 47,352	\$ 145,628	\$ 134,307

Throughputs (average bpd)				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
El Dorado Assets:				
Crude pipelines (non-gathered)	87,653	81,929	81,795	60,344
Refined products pipelines to Enterprise Systems	65,761	62,263	63,391	42,733
El Dorado Gathering System	14,354	14,086	16,150	14,056
East Texas Crude Logistics System	23,960	18,644	20,015	24,045
Permian Gathering System ⁽¹⁾	121,304	84,325	107,699	79,251
Plains Connection System	184,254	131,571	166,864	120,905
Trucking Assets	15,763	11,450	13,606	10,655

⁽¹⁾ Formerly known as the Big Spring Gathering System. Excludes volumes that are being temporarily transported via trucks while connectors are under construction.

Comparison of the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021

Net Revenues

Q3 2022 vs. Q3 2021

Net revenues for the pipelines and transportation segment increased by \$9.1 million, or 11.9%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increases in throughputs, where the third quarter of 2021 was negatively impacted by the COVID-19 Pandemic as well as severe weather events impacting Delek Holdings.

YTD 2022 vs. YTD 2021

Net revenues for the pipelines and transportation segment increased by \$30.1 million, or 14.2%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increased revenues associated with the Slurry Clarifying Services Agreement, which was effective January 1, 2022;
- increases in throughputs due to the impact of the severe freezing conditions that affected most of the regions where we operate and increases in throughputs at the Paline Pipeline due to scheduled pipeline maintenance during nine months ended September 30, 2021 compared to the nine months ended September 30, 2022; and
- increased revenues at our BSR Crude Pipeline, as a result of Luther Station becoming operational in 2021.

Cost of Materials and Other

Q3 2022 vs. Q3 2021

Cost of materials and other for the pipelines and transportation segment increased by \$4.8 million, or 31.9%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increases in transportation costs related to our trucking assets, including driver wages and benefits and fuel expenses proportionate to increase in fees, insurance, supplies and maintenance expenses.

YTD 2022 vs. YTD 2021

Cost of materials and other for the pipelines and transportation segment increased by \$15.7 million, or 36.8%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increases in driver wages and benefits and fuel expense proportionate to increases in fees, insurance, supplies and maintenance expenses.

Operating Expenses

Q3 2022 vs. Q3 2021

Operating expenses for the pipelines and transportation segment decreased by \$2.4 million, or 17.5%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increase in employee and outside service costs compared to same period prior year when cost cutting measures were implemented to respond to the COVID-19 Pandemic including delaying non-essential projects;
- increase in energy costs due to higher natural gas prices; and
- increase in utilities and other variable expenses due to higher throughputs.

YTD 2022 vs. YTD 2021

Operating expenses for the pipelines and transportation segment increased by \$3.1 million, or 8.9%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increases in employee and outside service costs.

Contribution Margin

Q3 2022 vs. Q3 2021

Contribution margin for the pipelines and transportation segment increased by \$6.6 million, or 14.0%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increases in revenue due to higher throughput volumes as explained above; and
- partially offset by increases in operating expenses.

YTD 2022 vs. YTD 2021

Contribution margin for the pipelines and transportation segment increased by \$11.3 million, or 8.4%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increases in revenue due to higher throughput volumes as explained above; and
 - partially offset by increases in operating expenses.
-

Wholesale Marketing and Terminalling Segment

We use our wholesale marketing and terminalling assets to generate revenue by providing wholesale marketing and terminalling services to Delek Holdings' refining operations and to independent third parties.

The tables and discussion below present the results of operations and certain operating statistics of the wholesale marketing and terminalling segment for the three and nine months ended September 30, 2022 and 2021:

Wholesale Marketing and Terminalling				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Revenues:				
Affiliates	\$ 45,162	\$ 52,640	\$ 144,004	\$ 108,844
Third-Party	102,703	60,785	300,177	190,562
Total Wholesale Marketing and Terminalling	147,865	113,425	444,181	299,406
Cost of materials and other	122,614	89,959	373,126	232,400
Operating expenses (excluding depreciation and amortization presented below)	6,952	3,908	17,397	13,317
Segment contribution margin	\$ 18,299	\$ 19,558	\$ 53,658	\$ 53,689

Operating Information				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
East Texas - Tyler Refinery sales volumes (average bpd) ⁽¹⁾	65,396	71,847	66,473	72,791
Big Spring marketing throughputs (average bpd)	74,238	81,880	76,135	76,680
West Texas marketing throughputs (average bpd)	10,082	10,560	10,023	10,033
West Texas gross margin per barrel	\$ 4.23	\$ 3.33	\$ 3.84	\$ 3.64
Terminalling throughputs (average bpd) ⁽²⁾	142,003	144,355	138,558	142,959

⁽¹⁾ Excludes jet fuel and petroleum coke.

⁽²⁾ Consists of terminalling throughputs at our Tyler, Big Spring, Big Sandy and Mount Pleasant, Texas, El Dorado and North Little Rock, Arkansas and Memphis and Nashville, Tennessee terminals.

Comparison of the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021

Net Revenues

Q3 2022 vs. Q3 2021

Net revenues for the wholesale marketing and terminalling segment increased by \$34.4 million, or 30.4%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

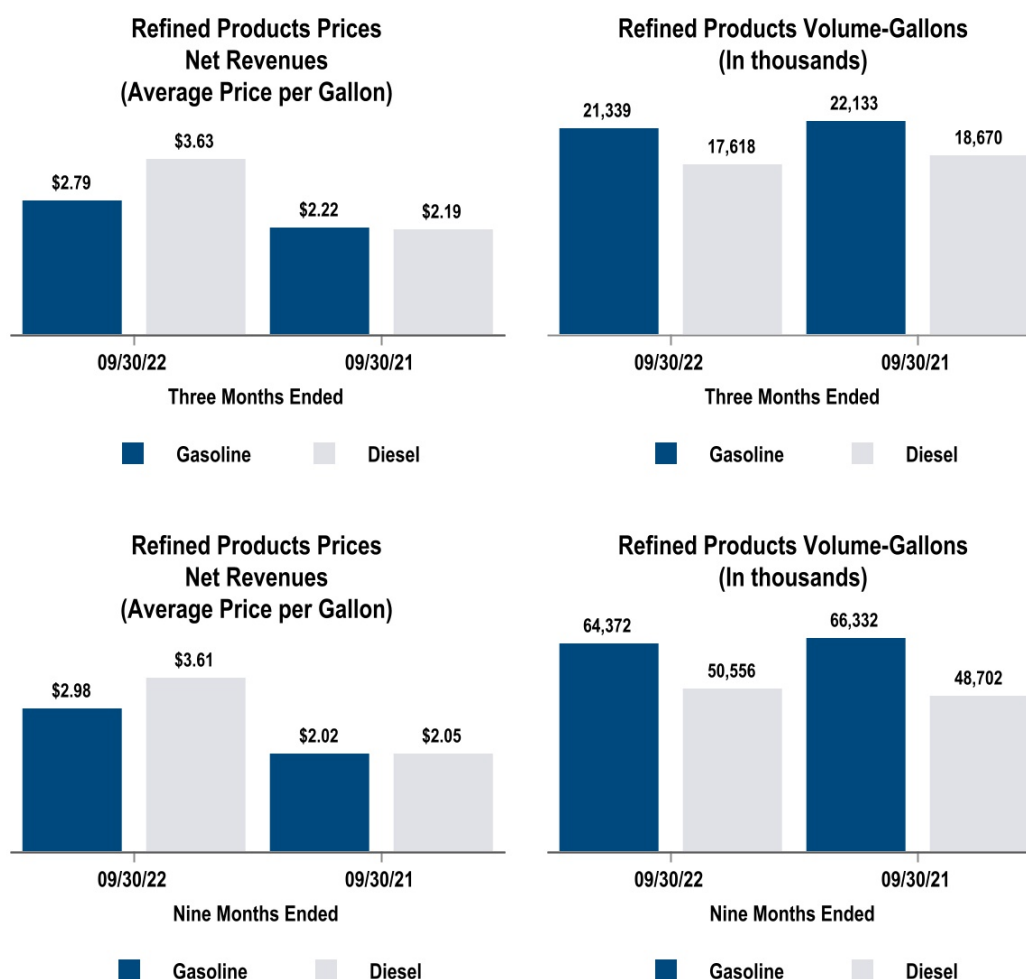
- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased \$0.57 per gallon and \$1.44 per gallon, respectively; and
 - the volumes of gasoline and diesel sold decreased by 0.8 million gallons and 1.1 million gallons, respectively.

YTD 2022 vs. YTD 2021

Net revenues for the wholesale marketing and terminalling segment increased by \$144.8 million, or 48.4%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increases in the average sales prices per gallon of gasoline and diesel sold and volume of diesel sold, partially offset by a decrease in the volume of gasoline sold in our West Texas marketing operations:
 - the average sales prices per gallon of gasoline and diesel sold increased by \$0.96 per gallon and \$1.56 per gallon, respectively; and

◦ the average volume of gasoline sold decreased by 2.0 million gallons and the volume of diesel sold increased by 1.9 million gallons. The following charts show summaries of the average sales prices per gallon of gasoline and diesel and refined products volume impacting our West Texas operations.



Cost of Materials and Other

Q3 2022 vs. Q3 2021

Cost of materials and other for our wholesale marketing and terminalling segment increased by \$32.7 million, or 36.3%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

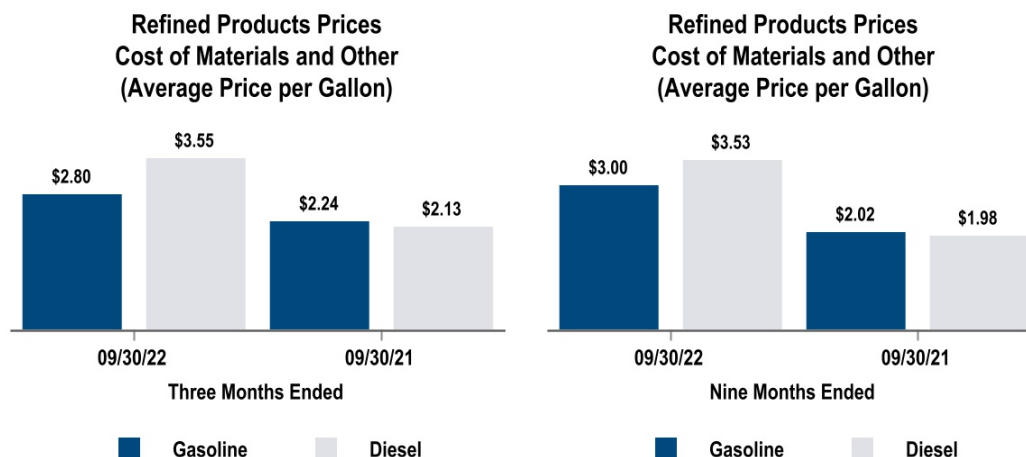
- increases in the average cost per gallon of gasoline and diesel sold, partially offset by decreases in the volumes of gasoline and diesel sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased \$0.56 per gallon and \$1.42 per gallon, respectively; and
 - the volumes of gasoline and diesel sold decreased by 0.8 million gallons and 1.1 million gallons, respectively.

YTD 2022 vs. YTD 2021

Cost of materials and other for our wholesale marketing and terminalling segment increased by \$140.7 million, or 60.6%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increases in the average cost per gallon of gasoline and diesel sold and the volume of diesel sold, partially offset by a decrease in the volume of gasoline sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold increased by \$0.97 per gallon and \$1.55 per gallon, respectively; and
 - the volume of gasoline sold decreased by 2.0 million gallons and the volume of diesel sold increased by 1.9 million gallons.

The following chart shows a summary of the average prices per gallon of gasoline and diesel sold in our West Texas operations for the three and nine months ended September 30, 2022 and 2021. Refer to the Refined Products Volume chart above for a summary of volumes impacting our West Texas operations.



Operating Expenses

Q3 2022 vs. Q3 2021

Operating expenses for our wholesale marketing and terminalling segment increased by \$3.0 million, or 77.9% in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by the following:

- increases in employee and outside service costs after cost cutting measures previously implemented to respond to the COVID-19 Pandemic, including delaying non-essential projects, ended;
- increase in energy costs, due to higher natural gas prices; and
- increases in utilities, maintenance and other variable expenses due to higher throughput.

YTD 2022 vs. YTD 2021

Operating expenses for our wholesale marketing and terminalling segment increased by \$4.1 million, or 30.6%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the following:

- increases in employee and outside service costs; and
- increases in variable expenses such as maintenance and materials costs due to higher throughput.

Contribution Margin

Q3 2022 vs. Q3 2021

Contribution margin for the wholesale marketing and terminalling segment decreased by \$1.3 million, or 6.4%, in the third quarter of 2022 compared to the third quarter of 2021, primarily driven by an increase in cost of materials and other due to increases in average cost per gallon of diesel and gasoline sold as described above. Such decreases were offset by an increase in revenue due to increases in average price per gallon of diesel and gasoline as described above.

YTD 2022 vs. YTD 2021

The change in contribution margin for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was immaterial.

3 Bear Operations

3 Bear Operations		
	Three Months Ended September 30, 2022	Period from June 1 through September 30, 2022
Net Revenues:		
Affiliates	\$ 2,593	\$ 5,555
Third-Party	58,289	75,931
Total net revenues	60,882	81,486
Cost of materials and other	35,122	48,897
Operating expenses (excluding depreciation and amortization presented below)	7,657	9,811
Segment contribution margin	\$ 18,103	\$ 22,778

Volumes		
	Three Months Ended September 30, 2022	Period from June 1 through September 30, 2022
Natural Gas Gathering and Processing (Mcf⁽¹⁾)	64,429	115,721
Crude Oil Gathering (bpd⁽²⁾)	86,483	164,891
Water Disposal and Recycling (bpd⁽²⁾)	69,411	125,127

⁽¹⁾ Mcfd - average thousand cubic feet per day.

⁽²⁾ bpd - average barrels per day.

The 3 Bear operations segment includes the results of operations associated with crude oil and natural gas gathering, processing and transportation operations, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico, since the Acquisition Date, or June 1, 2022. As a result, there is no comparative financial and operating data related to the three months and nine months ended September 30, 2021, and the Partnership's consolidated results of operations for the three and nine months ended September 30, 2022 only reflect segment operations since June 1, 2022.

The revenues and contribution margin for the period from the Acquisition Date through September 30, 2022 are largely driven by production volumes and gathering activities, which are a function of both producer activities as well as our capacity, subject to the dedicated acreage agreements and the portions of acreage which have been developed, the extent to which connection points and interconnects have been brought on-line, and the extent to which maintenance or other planned or unplanned operational disruptions may occur. While the strong demand for crude oil and associated products have led to strong levels of production, we performed certain turnaround activities on our Libby plant associated with the expansion project during the month ended June 30, 2022 which reduced volumes of gathered natural gas and related wastewater during the month, and likewise reduced related product sales volumes, though favorable prices on condensate and skim oil largely offset product sales volume decreases. While periodic maintenance or other temporary disruptions may occur, the specific maintenance activities impacting these results were completed during June.

See Note 2 for information related to the acquisition and for pro forma financials for the three and nine months ended September 30, 2022. Refer to Consolidated Results of Operations above for details and discussion of the 3 Bear operations segment for the quarter ended September 30, 2022.

Investments in Pipeline Joint Ventures Segment

The investments in pipeline joint ventures segment relates to investments in entities for which we share joint control that support the Delek Holdings operations in terms of offering connection to takeaway pipelines, alternative crude supply sources and flow of high quality crude oil to the Delek Holdings refining system. As a result, Delek Holdings is a major shipper and customer on certain of the joint venture pipelines, with minimum volume commitment ("MVC") agreements, which cushion the joint venture entities during periods of low activity as recently experienced due to the impact of COVID-19 Pandemic and impact of the extreme weather events. The other joint venture owners are usually major shippers on the pipelines resulting in a majority of the revenue of the joint venture entities coming from MVC agreements with related entities.

Investments in pipeline joint ventures segment include the Partnership's joint ventures investments described in Note 10 to our accompanying condensed consolidated financial statements.

Liquidity and Capital Resources

Sources of Capital

We consider the following when assessing our liquidity and capital resources:

- (i) cash generated from operations;
- (iii) potential issuance of additional equity; and
- (ii) borrowings under our revolving credit facility;
- (iv) potential issuance of additional debt securities.

At September 30, 2022 our total liquidity amounted to \$208.0 million, comprised of \$193.1 million in unused credit commitments under the DKL Credit Facility and \$14.9 million in cash and cash equivalents, which represented an increase of \$75.1 million from June 30, 2022. Historically, we have generated adequate cash from operations to fund ongoing working capital requirements, pay quarterly cash distributions and operational capital expenditures, and we expect the same to continue in the foreseeable future. Other funding sources, including the issuance of additional debt securities, have been utilized to fund growth capital projects such as dropdowns. In addition, we have historically been able to source funding at rates that reflect market conditions, our financial position and our credit ratings. We continue to monitor market conditions, our financial position and our credit ratings and expect future funding sources to be at rates that are sustainable and profitable for the Partnership. However, there can be no assurances regarding the availability of any future financings or additional credit facilities or whether such financings or additional credit facilities can be made available on terms that are acceptable to us.

We believe we have sufficient financial resources from the above sources to meet our funding requirements in the next 12 months, including working capital requirements, quarterly cash distributions and capital expenditures. Nevertheless, our ability to satisfy working capital requirements, to service our debt obligations, to fund planned capital expenditures, or to pay distributions will depend upon future operating performance, which will be affected by prevailing economic conditions in the oil industry and other financial and business factors, including the current COVID-19 Pandemic and crude oil prices, some of which are beyond our control.

If market conditions were to change, for instance due to the uncertainty created by the COVID-19 Pandemic or the Russia-Ukraine War, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be unfavorably impacted.

We continuously review our liquidity and capital resources. If market conditions were to change, for instance due to a significant decline in crude oil prices or uncertainty created by the COVID-19 Pandemic, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be reduced. Additionally, it could cause the rating agencies to lower our credit ratings. There are no ratings triggers that would accelerate the maturity of any borrowings under our debt agreements. Management continues to actively respond to the impact of the COVID-19 Pandemic to enhance our liquidity position. Such actions include seeking alternative financing solutions and enacting cost reduction measures. Refer to the Business Overview section of this MD&A for a complete discussion of the uncertainties identified by management and the actions taken to respond to the COVID-19 Pandemic.

We believe we were in compliance with the covenants in all our debt facilities as of September 30, 2022. After considering the potential effect of the uncertainty created by the COVID-19 Pandemic on our operations, we currently expect to remain in compliance with our debt covenants. See Note 7 to our accompanying condensed consolidated financial statements for a complete discussion of our third-party indebtedness.

Amendments to DKL Credit Facility

In May 2022, we entered into Second and Third Amendments to our Third Amended and Restated Credit Agreement, which provided for the transition from a LIBOR benchmark to a term Secured Overnight Financing Rate benchmark ("Term SOFR") and also amended certain financial covenant calculations in order to provide flexibility in connection with the timing of the 3 Bear Acquisition. Additionally, on May 26, 2022, we entered into a Fourth Amendment to Third Amended and Restated Credit Agreement to, among other things, increase the U.S. Revolving Credit Commitments (as defined in the Credit Agreement) by an amount equal to \$150 million under an existing accordion feature, for an aggregate amount of commitments under our Existing Credit Agreement of \$1 billion. The exercise of the accordion feature gave us the flexibility to utilize borrowings under the Credit Agreement to help fund the acquisition of 3 Bear while continuing to maintain sufficient availability to continue to effectively manage our working capital needs and liquidity risk, and to evaluate longer term capitalization strategies.

On October 13, 2022, we entered into a Fourth Amended and Restated Credit Agreement with Fifth Third, as administrative agent and a syndicate of lenders (the "2022 DKL Credit Facility"). The DKL Credit Facility, among other things, (i) increased total aggregate commitments to \$1.2 billion, comprised of (A) senior secured revolving commitments of \$900.0 million in aggregate (eliminating the Canadian dollar tranche), with sublimit of up to \$115.0 million for letters of credit and \$25.0 million for swing line loans (the "DKL Revolving Facility") with an extended maturity date of October 13, 2027, and (B) a new senior secured term loan in the original principal amount of \$300.0 million (the "DKL Term Facility"), (ii) reset the accordion feature under the DKL Revolving Facility, such that aggregate revolving commitments can be increased to up to \$1.15 billion upon the agreement of the Partnership and one or more existing or new lenders and

(ii) provided for the DKL Term Facility be drawn in full on October 13, 2022, with a maturity date of October 13, 2024, and with a prepayment requirement for the proceeds obtained from certain senior unsecured notes issuances.

Cash Distributions

On October 25, 2022, the board of directors of our general partner declared a distribution of \$0.99 per common unit (the "Distribution"), which equates to approximately \$43.1 million per quarter, based on the number of common units expected to be outstanding as of November 4, 2022. The Distribution is expected to be paid on November 10, 2022 to common unitholders of record on November 4, 2022 and represents a 4.2% increase over the third quarter 2021 distribution. We have set a distribution growth guidance of 5% for the full year 2022. This increase in the distribution is consistent with our intent to maintain an attractive distribution growth profile over the long term. Although our Partnership Agreement requires that we distribute all of our available cash each quarter, we do not otherwise have a legal obligation to distribute any particular amount per common unit.

The table below summarizes the quarterly distributions related to the periods indicated:

Quarter Ended	Total Quarterly Distribution Per Limited Partner Unit	Total Quarterly Distribution Per Limited Partner Unit, Annualized	Total Cash Distribution (in thousands)	Date of Distribution	Unitholders Record Date
March 31, 2021	\$ 0.920	\$ 3.680	\$ 39,968	May 14, 2021	May 10, 2021
June 30, 2021	\$ 0.940	\$ 3.760	\$ 40,846	August 11, 2021	August 5, 2021
September 30, 2021	\$ 0.950	\$ 3.800	\$ 41,286	November 10, 2021	November 5, 2021
December 31, 2021	\$ 0.975	\$ 3.900	\$ 42,384	February 8, 2022	February 1, 2022
March 31, 2022	\$ 0.980	\$ 3.920	\$ 42,604	May 12, 2022	May 5, 2022
June 30, 2022	\$ 0.985	\$ 3.940	\$ 42,832	August 11, 2022	August 4, 2022
September 30, 2022	\$ 0.990	\$ 3.960	\$ 43,057	November 10, 2022 ⁽¹⁾	November 4, 2022

(1) Expected date of distribution.

Cash Flows

The following table sets forth a summary of our consolidated cash flows 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	\$ 297,482	\$ 222,276
Net cash used in investing activities	(705,087)	(7,971)
Net cash provided by (used) in financing activities	418,258	(213,684)
Net increase in cash and cash equivalents	\$ 10,653	\$ 621

Operating Activities

Net cash provided by operating activities was \$297.5 million for the nine months ended September 30, 2022, compared to \$222.3 million for the nine months ended September 30, 2021, resulting in a \$75.2 million increase in net cash provided by operating activities. The cash receipts from customer activities increased by \$250.1 million and cash payments to suppliers and for allocations from Delek Holdings for salaries increased by \$164.3 million. In addition, cash dividends received from equity method investments increased by \$8.1 million and cash paid for debt interest increased by \$18.7 million.

Investing Activities

Net cash used in investing activities increased by \$697.1 million during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The 3 Bear Acquisition, which closed on June 1, 2022, was partially financed through borrowings under the DKL Credit Facility amounting to \$625.4 million, which was recorded in investing activities. There were no acquisitions during the nine months ended September 30, 2021. In addition, there were additions to property, plant and equipment amounting to \$76.9 million, purchases of intangible assets amounting to \$4.7 million and distributions from equity method investments amounting \$1.7 million during the nine months ended September 30, 2022 compared to additions to property, plant and equipment amounting to \$12.4 million, purchases of intangible assets amounting to \$0.7 million and distributions from equity method investments amounting to \$6.2 million during the nine months ended September 30, 2021. Additionally, there were no contributions to our equity method investments during the nine months ended September 30, 2022 compared to \$1.4 million during the nine months ended September 30, 2021.

Financing Activities

Net cash provided by (used) in financing activities amounted to \$418.3 million during the nine months ended September 30, 2022 compared to \$213.7 million net cash provided by financing activities during the nine months ended September 30, 2021. We had net borrowings of \$548.9 million under the revolving credit facility during the nine months ended September 30, 2022, compared to net repayments of \$485.7 million under the revolving credit facility during the nine months ended September 30, 2021. We had no proceeds from senior notes during the nine months ended September 30, 2022, compared to proceeds of \$400.0 million during the nine months ended September 30, 2021. We paid quarterly cash distributions totaling \$128.0 million during the nine months ended September 30, 2022, compared to quarterly cash distributions totaling \$120.4 million during the nine months ended September 30, 2021. In addition, we made payments on finance lease liability in the amount of \$1.9 million during the nine months ended September 30, 2022, compared to payments on finance lease liability in the amount of \$1.4 million during the nine months ended September 30, 2021.

Debt Overview

As of September 30, 2022, we had total indebtedness of \$1,448.8 million comprised of \$806.4 million under the amended and restated senior secured revolving agreement (the "DKL Credit Facility"), net of deferred financing costs, \$247.4 million of 6.75% senior notes due 2025 (the "2025 Notes"), net of deferred financing costs and original issue discount, and \$395.0 million of the 2028 Notes, net of deferred financing costs. Deferred financing costs on the DKL Credit Facility amounted to \$0.5 million. Deferred financing costs and original issue discount on the 2025 Notes amounted to \$2.0 million and \$0.6 million, respectively. Deferred financing costs on the 2028 Notes amounted to \$5.0 million. The increase of \$549.8 million in our long-term debt balance compared to the balance at December 31, 2021 resulted primarily from the borrowings under the DKL Credit Facility during the nine months ended September 30, 2022:

- An aggregate principal amount of \$806.4 million under the DKL Credit Facility ("revolving credit facility"), due on September 28, 2023, with an average borrowing rate of 5.64%, which was amended and restated on October 13, 2022. See Note 15 to our accompanying condensed consolidated financial statements for further information.
- An aggregate principal amount of \$247.4 million, under the 2025 Notes (6.75% senior notes), due in 2025, with an effective interest rate of 7.19%.
- An aggregate principal amount of \$395.0 million, under the 2028 Notes (7.125% senior notes), due in 2028, with an effective interest rate of 7.40%.

We believe we were in compliance with the covenants in all of our debt facilities as of September 30, 2022. See Note 7 to our accompanying condensed consolidated financial statements for a complete discussion of our third-party indebtedness.

Agreements Governing Certain Indebtedness of Delek Holdings

Although we are not contractually bound by and are not liable for Delek Holdings' debt under its credit arrangements, we are indirectly affected by certain prohibitions and limitations contained therein. Specifically, certain of Delek Holdings' credit arrangements require that Delek Holdings meet certain minimum covenant levels for (i) consolidated shareholders' equity and (ii) a ratio of consolidated shareholders' equity to adjusted total assets. Delek Holdings, due to its majority ownership and control of our general partner, has the ability to prevent us from taking actions that would cause Delek Holdings to violate these and any other covenants in its credit arrangements or otherwise be in default under any of its credit arrangements. As a result we cannot assure you that such covenants will not impact our ability to use the full capacity under our revolving credit facility in the future. Delek Holdings' level of indebtedness, the terms of its borrowings and any future credit ratings could adversely affect our ability to grow our business, our ability to make cash distributions to our unitholders and our credit profile. Our current and future credit ratings may also be affected by Delek Holdings' level of indebtedness, financial performance and credit ratings.

Equity Units Overview

On April 14, 2022, we filed a shelf registration statement with the SEC, which was declared effective on April 29, 2022, which provides the Partnership the ability to offer up to \$200.0 million of our common limited partner units from time to time and through one or more methods of distribution, subject to market conditions and our capital needs.

Capital Spending

A key component of our long-term strategy is our capital expenditure program, which includes strategic consideration and planning for the timing and extent of regulatory maintenance, sustaining maintenance, and discretionary capital projects. These categories are described below:

- Regulatory maintenance projects in the pipelines and transportation segment are those expenditures expected to be spent on certain of our pipelines to maintain their operational integrity pursuant to applicable environmental and other regulatory requirements. Regulatory projects in the wholesale marketing and terminalling segment relates to scheduled maintenance and improvements on our terminalling tanks and racks at certain of our terminals in order to maintain environmental and other regulatory compliance. These expenditures have historically been and will continue to be financed through cash generated from operations.

- Sustaining maintenance capital expenditures represent capitalizable expenditures for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets made to maintain our long-term operating income or operating capacity. Examples of maintenance capital expenditures are expenditures for the repair, refurbishment and replacement of pipelines, tanks and terminals, to maintain equipment reliability, integrity and safety and to maintain compliance with environmental laws and regulations. Delek Holdings has agreed to reimburse us with respect to certain assets it has transferred to us pursuant to the terms of the Omnibus Agreement (as defined in Note 3 to our accompanying condensed consolidated financial statements). When not provided for under reimbursement agreements, such activities are generally funded by cash generated from operations.
- Discretionary projects include those projects that do not fall into one of the two categories above, and could include committed expansion projects under contracts with customers as well as other incremental growth projects, but are generally expected to produce incremental cash flows in accordance with our internal return on invested capital policy. Depending on the magnitude, funding for such projects may include cash generated from operations, borrowings under existing credit facilities, or issuances of additional debt or equity securities.

The following table summarizes our actual capital expenditures, including any material capital expenditure payments made or forecasted to be made in advance of receipt of goods and materials, for the nine months ended September 30, 2022 and planned capital expenditures for the full year 2022 by segment and by major category (in thousands):

	Full Year 2022 Forecast	Nine Months Ended September 30, 2022
Pipelines and Transportation		
Regulatory	\$ 3,733	\$ 1,945
Maintenance	1,431	371
Discretionary ⁽¹⁾	84,004	48,477
Pipelines and transportation segment total	\$ 89,168	\$ 50,793
Wholesale Marketing and Terminalling		
Regulatory	\$ 909	\$ 907
Maintenance	315	—
Discretionary	624	430
Wholesale marketing and terminalling segment total	\$ 1,848	\$ 1,337
3 Bear		
Regulatory	\$ —	\$ —
Maintenance	—	753
Discretionary ⁽²⁾	25,862	14,889
3 Bear operations segment total	\$ 25,862	\$ 15,642
Total capital spending ^{(3) (4)}	\$ 116,878	\$ 67,772

(1) The majority of the \$84.0 million for discretionary projects in the pipelines and transportation segment relates to current and forecasted remaining current year spend on development of our DPG Connectors Expansion Project, as discussed in the 2022 Strategic Developments section of Management Discussion and Analysis. Upon completion, these expenditures are expected to generate incremental cash flows under related dedicated acreage and throughput agreements. These capital expenditures are expected to be funded with cash from operations or borrowings under existing credit facilities and potential future issuances of equity and debt securities. The current year spend excludes approximately \$12.0 million of capital expenditures that were prepaid in the fourth quarter 2021, but which assets were received and placed in service in 2022.

(2) The majority of the \$25.9 million budgeted for discretionary projects in the 3 Bear operations segment is expected to be spent on expansions and connections of the assets acquired in the 3 Bear Acquisition. Upon completion, these expenditures are expected to generate incremental cash flows. These capital expenditures are expected to be funded with cash from operations or borrowings under existing credit facilities and potential future issuances of equity and debt securities.

(3) There were no capital contributions to equity method investments for the nine months ended September 30, 2022.

(4) The current year spend excludes approximately \$8.1 million for equipment purchased during the nine months ended September 30, 2022 to be used in future expansion projects.

The amount of our capital expenditure budget is subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects. For example, we may experience increases in the cost of and/or timing to obtain necessary equipment required for our continued compliance with government regulations or to complete improvement projects. Additionally, the scope and cost of employee or contractor labor expense related to installation of that equipment could increase from our projections.

Long-term Cash Requirements

Information regarding our known contractual obligations of the types described below, as of September 30, 2022, is set forth in the following table (in thousands):

	<1 Year	1-3 Years	3-5 Years	>5 Years	Total
Long term debt and notes payable	\$ 806,900	\$ 250,000	\$ —	\$ 400,000	\$ 1,456,900
Interest ⁽¹⁾	91,231	90,750	57,000	28,500	267,481
Finance lease obligation	2,968	1,668	—	—	4,636
Operating lease commitments ⁽²⁾	8,697	11,556	1,540	1,218	23,011
Total	\$ 909,796	\$ 353,974	\$ 58,540	\$ 429,718	\$ 1,752,028

(1) Includes expected interest payments on debt balances outstanding under the DKL Credit Facility and the 2025 and 2028 Notes at September 30, 2022. Floating interest rate debt is calculated using rates in effect on September 30, 2022.

(2) Amounts reflect future estimated lease payments under operating leases having remaining non-cancelable terms in excess of one year as of September 30, 2022.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements through the date of the filing of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Impact of Changing Prices

Our revenues and cash flows, as well as estimates of future cash flows, are sensitive to changes in commodity prices. Shifts in the cost of crude oil, natural gas, NGLs, refined products and ethanol and related selling prices of these products can generate changes in our operating margins.

Interest Rate Risk

Debt that we incur under the DKL Credit Facility bears interest at floating rates and will expose us to interest rate risk. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt outstanding as of September 30, 2022 would be to change interest expense by approximately \$8.1 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that the information that we are required to disclose in reports we file under the Exchange Act is accumulated and appropriately communicated to management. We carried out an evaluation required by Rule 13a-15(b) of the Exchange Act, under the supervision and with the participation of our management, including the Principal Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures at the end of the reporting period. Based on that evaluation, the Principal Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the reporting period.

We acquired 3 Bear effective June 1, 2022, and have included the operating results and assets and liabilities of 3 Bear in our consolidated financial statements as of September 30, 2022. As permitted by SEC guidance for newly acquired businesses, management's assessment of the our disclosure controls and procedures did not include an assessment of those disclosure controls and procedures of 3 Bear that are subsumed by internal control over financial reporting. 3 Bear accounted for approximately 40.8% of the total assets of the Partnership as of September 30, 2022 and approximately 10.6% of total revenues of the Partnership for the six months ended September 30, 2022. Other than our internal controls for 3 Bear, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the third quarter of 2022 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

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including, environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations. See Note 13 to our accompanying condensed consolidated financial statements, which is incorporated by reference in this Item 1, for additional information.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors identified in the Partnership's fiscal 2021 Annual Report on Form 10-K and the Partnership's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022, except as set forth below:

We may be unsuccessful in integrating the operations of the assets we have acquired or may acquire with our operations, and in realizing all or any part of the anticipated benefits of any such acquisitions.

From time to time, we evaluate and acquire assets and businesses that we believe complement our existing assets and businesses. Acquisitions may require substantial capital or the incurrence of substantial indebtedness. Our capitalization and results of operations may change significantly as a result of completed or future acquisitions. Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them, and new geographic areas and the diversion of management's attention from other business concerns. Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions.

On April 8, 2022, DKL Delaware Gathering, LLC (the "Purchaser"), a subsidiary of the Partnership, entered into a Membership Interest Purchase Agreement with 3 Bear Energy – New Mexico LLC (the "Seller") to purchase 100% of the limited liability company interests in 3 Bear Delaware Holding – NM, LLC (the "3 Bear Acquisition"), related to the Seller's crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, in the Delaware Basin in New Mexico (the "3 Bear Purchase Agreement"). The Partnership also entered into a guaranty agreement with the Seller in order to guaranty the payment obligations of the Purchaser under the Purchase Agreement. These transactions were completed on June 1, 2022.

The 3 Bear Acquisition will require the management to devote significant attention and resources to integrating the 3 Bear business with our business. Potential difficulties that may be encountered in the integration process include, among others:

- the inability to successfully integrate the 3 Bear business into our business in a manner that permits us to achieve the revenue and cost savings that we announced as anticipated from the acquisition;
- complexities associated with managing the larger, integrated business;
- potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the 3 Bear Acquisition;
- integrating personnel from the two companies while maintaining focus on providing consistent, high-quality products and services;
- loss of key employees;
- integrating relationships with customers, vendors and business partners;
- performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the acquisition and integration of 3 Bear's operations into the Partnership; and
- the disruption or loss in momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies.

Delays or difficulties in the integration process could adversely affect our business, financial results, financial condition and common unit price. Even if we are able to integrate our business operations successfully, there can be no assurance that the integration will result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or have communicated from this integration or that these benefits will be achieved within the anticipated timeframe.

The Russia-Ukraine War, and events occurring in response thereto, including sanctions brought by the United States and other countries against Russia and any expansion of hostilities, may have an adverse impact on our business, our future results of operations, and our overall financial performance.

The effects of the military conflict that began with the Russian invasion of Ukraine in February 2022 on our business, financial condition, and results of operations are impossible to predict. Sanctions brought by the United States and other countries against Russia or any of its allies, any escalation of the conflict, including the regional or global expansion of hostilities, and other future developments could significantly affect the global economy, lead to market volatility and supply chain disruptions, have an adverse impact on energy prices, including prices for crude oil, other feedstocks, and refined petroleum products, have an adverse impact on the margins from our petroleum product marketing operations, and have a material adverse effect on our business, financial condition, and results of operations.

The physical effects of climate change and severe weather present risks to our operations.

The potential physical effects of climate change and severe weather on our operations are highly uncertain and depend upon the unique geographic and environmental factors present. We have systems in place to manage potential acute physical risks, including those that may be caused by climate change, but if any such events were to occur, they could have an adverse effect on our assets and operations. Examples of potential physical risks include floods, hurricane-force winds, wildfires, freezing temperatures and snowstorms. We have incurred, and will continue to incur, costs to protect our assets from physical risks, and to employ processes, to the extent available, to mitigate such risks.

Any extreme weather events may disrupt the ability to operate our facilities or to transport crude oil, refined petroleum or petrochemical and plastics products in these areas. Extended periods of such disruption could have an adverse effect on our results of operations. We could also incur substantial costs to prevent or repair damage to these facilities. Finally, depending on the severity and duration of any extreme weather events or climate conditions, our operations may need to be modified and material costs incurred, which could materially and adversely affect our business, financial condition and results of operations.

There are certain environmental hazards and risks inherent in our operations that could adversely affect those operations and our financial results.

The operation of refineries, pipelines, terminals and vessels is inherently subject to the risks of spills, discharges or other inadvertent releases of petroleum or hazardous substances. If any of these events had previously occurred or occurs in the future in connection with any of our refineries, pipelines or refined petroleum products terminals, or in connection with any facilities that receive our wastes or byproducts for treatment or disposal, other than events for which we are indemnified, we could be liable for all costs and penalties associated with their remediation under federal, state, local and international environmental laws or common law, and could be liable for property damage to third parties caused by contamination from releases and spills.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
<u>10.1</u>	# <u>Assignment and Assumption Agreement and Guaranty, dated as of March 22, 2022, by and among Lion Oil Trading & Transportation, LLC, DK Trading & Supply, LLC, Delek Logistics Operating, LLC, Lion Oil Company, LLC, and Delek US Energy, Inc.</u>
<u>10.2</u>	# <u>Partial Assignment and Assumption Agreement, dated as of March 23, 2022, by and among Lion Oil Company, LLC, DK Trading & Supply, LLC, and Delek Logistics Partners, LP.</u>
<u>10.3</u>	# <u>Omnibus Assignment and Assumption Agreement, dated as of September 12, 2022, by and among Alon USA, LP, DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto.</u>
<u>10.4</u>	# <u>Omnibus Assignment and Assumption Agreement, dated as of September 12, 2022, by and among Lion Oil Company, LLC, DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto.</u>
<u>10.5</u>	# <u>Omnibus Assignment and Assumption Agreement, dated as of September 13, 2022, by and among Delek Refining Ltd., DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto.</u>
<u>10.6</u>	# <u>Omnibus Assignment and Assumption Agreement, dated as of September 13, 2022, by and among Lion Oil Trading & Transportation, LLC, DK Trading & Supply, LLC, and the parties set forth on Schedule 1 thereto.</u>
<u>31.1</u>	# <u>Certification of Delek Logistics GP, LLC's Principal Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.</u>
<u>31.2</u>	# <u>Certification of Delek Logistics GP, LLC's Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.</u>
<u>32.1</u>	## <u>Certification of Delek Logistics GP, LLC's Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2</u>	## <u>Certification of Delek Logistics GP, LLC's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	The following materials from Delek Logistics Partners, LP's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021 (Unaudited), (ii) Condensed Consolidated Statements of Income and Comprehensive Income for the three and nine months ended September 30, 2022 and 2021 (Unaudited), (iii) Condensed Consolidated Statement of Partners' Equity (Deficit) for the three and nine months ended September 30, 2022 and 2021 (Unaudited), (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2022 and 2021 (Unaudited), and (v) Notes to Condensed Consolidated Financial Statements (Unaudited).
104	The cover page from Delek Logistics Partners, LP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 has been formatted in Inline XBRL.
#	Filed herewith
##	Furnished herewith

SIGNATURES

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

Delek Logistics Partners, LP

By: Delek Logistics GP, LLC
Its General Partner

By: /s/ Avigal Soreq
Avigal Soreq
President
(Principal Executive Officer)

By: /s/ Reuven Spiegel
Reuven Spiegel
Executive Vice President and Chief Financial
Officer
(Principal Financial Officer)

By: /s/ Robert Wright
Robert Wright
Senior Vice President and Chief Accounting
Officer
(Principal Accounting Officer)

Dated: November 8, 2022

**ASSIGNMENT AND ASSUMPTION AGREEMENT
AND GUARANTY**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT AND GUARANTY (the "Assignment") is made and entered into effective as of March 22, 2022, to be effective as of January 1, 2022 (the "Effective Date"), by and between LION OIL TRADING & TRANSPORTATION LLC ("Assignor"), DK TRADING & SUPPLY, LLC ("Assignee"), DELEK LOGISTICS OPERATING, LLC ("Logistics"), LION OIL COMPANY, LLC ("LION") and, solely for the purposes set forth in Section 2 herein, DELEK US ENERGY, INC. ("Delek US").

WITNESSETH:

WHEREAS, Assignor, Assignee, Logistics and Lion Oil Company, then an Arkansas corporation, entered into that certain Throughput Agreement (El Dorado Rail Offloading Facility) dated as of March 31, 2015 (the "Throughput Agreement"); and

WHEREAS, Lion was subsequently converted from a corporation to a limited liability company); and

WHEREAS, Assignor has agreed to assign all of its right, title and interest in the Throughput Agreement to Assignee; and

WHEREAS, Assignee has agreed to assume Assignor's obligations and liabilities under the Throughput Agreement to the extent first arising during and related to periods from and after the Effective Date; and

WHEREAS, Logistics has agreed to consent to the assignment of the Throughput Agreement by Assignor to Assignee, and Lion has agreed to acknowledge that its consent is not required for the assignment of the Throughput Agreement by Assignor to Assignee; and

WHEREAS, Delek US has agreed to guaranty the payment obligations of Assignee under the Throughput Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Assignee, Logistics and Lion agree as follows:

1. Assignment and Assumption. Assignor hereby assigns all of its right, title and interest in, to and under the Throughput Agreement to Assignee. Assignee hereby assumes all of the obligations and liabilities of Assignor under the Throughput Agreement to the extent, but only to the extent, such obligations and liabilities first arise and relate to periods from and after the Effective Date; provided Assignor shall remain responsible for and Assignee is not assuming any obligations or liabilities of Assignor under the Throughput Agreement that (i) arose prior to the Effective Date, (ii) are related to an event, matter or circumstance that occurred prior to the Effective Date, even though such obligations or liabilities do not accrue until after the Effective Date, or (iii) result from or relate to any default by Assignor under the Throughput Agreement prior to the Effective Date (the obligations and liabilities described in subparagraphs (i) through (iii) of this Section 1 are collectively referred to as the "Retained Liabilities"). In the event there are any Retained Liabilities, Assignee may, at its option and in addition to its other rights and remedies hereunder, at law or in equity, satisfy such Retained Liabilities, in which case Assignor shall reimburse Assignee for all reasonable costs and expenses that Assignee incurs in connection therewith.

2. Guaranty by Delek US. Delek US hereby unconditionally and irrevocably guarantees to Logistics the due and punctual payment of all sums payable by Assignee under this Agreement. In the case of the failure of Assignee to make any such payment as and when due, Delek US hereby

agrees to make such payment or cause such payment to be made, promptly upon written demand by Logistics to Delek US, but any delay in providing such notice shall not under any circumstances reduce the liability of Delek US or operate as a waiver of Logistics' right to demand payment.

3. Indemnity.

(a) Assignor shall indemnify, defend (with counsel reasonably satisfactory to Assignee) and hold harmless Assignee for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignor's failure to observe, perform and discharge each and every one of its obligations and liabilities under the Throughput Agreement not expressly assumed by Assignee under Section 1 of this Assignment, including, without limitation, the Retained Liabilities, or (ii) any default by Assignor under the Throughput Agreement occurring prior to the Effective Date.

(b) Assignee shall indemnify, defend (with counsel reasonably satisfactory to Assignor) and hold harmless Assignor for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignee's failure to observe, perform and discharge each and every one of the obligations and liabilities under the Throughput Agreement expressly assumed by Assignee under Section 1 of this Assignment, or (ii) any default by Assignee under the Throughput Agreement occurring from and after the Effective Date.

4. Notice Address. The address for notices to Assignee (as successor to Assignor) under the Throughput Agreement shall be as follows:

If to Assignee: DK TRADING & SUPPLY, LLC
c/o Delek US Holdings, Inc.
7102 Commerce Way
Brentwood, Tennessee 37027
Attn: EVP, Commercial

With a copy to: DK TRADING & SUPPLY, LLC
c/o Delek US Holdings, Inc.
7102 Commerce Way
Brentwood, Tennessee 37027
Attn: Legal Department
Email: legalnotices@delekus.com

The address for notices to Delek US, as guarantor of Assignee, shall be as follows:

If to Assignee: DELEK US ENERGY, INC.
7102 Commerce Way
Brentwood, Tennessee 37027
Attn: EVP, Commercial

With a copy to: DELEK US ENERGY, INC.
7102 Commerce Way
Brentwood, Tennessee 37027
Attn: Legal Department
Email: legalnotices@delekus.com

5. Consent to Assignment. Logistics consents to the assignment of the Throughput Agreement by Assignor to Assignee. Lion acknowledges and agrees that its consent is not required for Assignor to assign the Throughput Agreement to Assignee.

6. Status. Assignor hereby represents and warrants to Assignee that: (i) a true, correct and complete copy of the Throughput Agreement is set forth on Exhibit A, attached hereto and incorporated herein by reference; (ii) the Throughput Agreement has not been amended, modified or supplemented; (iii) Assignor is the sole owner and holder of its interest in the Throughput Agreement; (iv) Assignor has the right, power and authority necessary to validly assign its right, title and interest in the Throughput Agreement to Assignee, without obtaining the consent of any third party whose consent has not been obtained; (v) Assignor's right, title and interest in the Throughput Agreement is not subject to any lien or other encumbrance, other than liens or encumbrances existing or arising in connection with any credit facilities to which Assignor's and Assignee's ultimate parent entity is a party or is otherwise bound; and (vi) the Throughput Agreement is in full force and effect.

7. Successors and Assigns. The Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8. Entire Agreement. This Assignment constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof.

9. Severability. In the event any provision of this Assignment shall be prohibited by or invalidated under applicable laws, the remaining provisions of this Assignment shall remain fully effective.

10. No Waiver. No waiver of any provision of this Assignment shall be deemed to have been made unless expressed in writing and signed by the party charged therewith. The failure of any party to insist in any one or more instances upon the strict performance of any provision of this Assignment or to take advantage of any of its rights under this Assignment shall not be construed as a waiver of such provision or the relinquishment of such rights. No delay or omission in the exercise of any remedy accruing upon the breach of this Assignment shall impair such remedy or be construed as a waiver of such breach. The waiver of any breach of this Assignment shall not be deemed a waiver of any other breach of the same or any other provision hereof.

11. Construction. Whenever the context may require, any pronoun used in this Assignment shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Assignment, unless the context shall indicate otherwise. The terms "hereof", "hereunder" and similar expressions refer to this Assignment as a whole and not to any particular article, section or paragraph contained herein. The titles of the articles, sections and paragraphs of this Assignment are for convenience only and shall not affect the meaning of any provision hereof. The parties have agreed to the particular language of this Assignment, and any question regarding the meaning of this Assignment shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS ASSIGNMENT, TIME SHALL BE CONSIDERED OF THE ESSENCE.

12. Attorneys' Fees. In the event any legal proceeding is commenced related to this Assignment, the prevailing party in such proceeding shall be entitled to recover its reasonable attorneys' fees, court costs and litigation expenses from the non-prevailing party therein.

13. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS ASSIGNMENT HEREBY EXPRESSLY WAIVES ITS RIGHT TO A TRIAL BY JURY OF ANY CLAIM ARISING UNDER OR RELATED TO THIS ASSIGNMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING.

14. Governing Law. This Assignment shall be governed by the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state.

15. Miscellaneous. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Electronic signatures shall be valid and sufficient to bind any party to this Assignment. Signatures to this Assignment transmitted by facsimile, email or other electronic transmission (for example, through the use of a Portable Document Format or “PDF” file) shall be valid and effective to bind the party so signing. The exchange of copies of this Assignment and of signature pages by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will constitute effective execution and delivery of this Assignment as to the parties. Signatures of the parties to this Assignment transmitted by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will be deemed to be their original signatures for all purposes. This Assignment may only be modified by a written instrument executed by Assignor, Assignee, Logistics and Lion.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

Lion Oil Trading & Transportation, LLC

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

By: /s/ Stephen Sundstrom
Name: Stephen Sundstrom
Title: Vice President

ASSIGNEE:

DK Trading & Supply, LLC

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

By: /s/ Stephen Sundstrom
Name: Stephen Sundstrom
Title: Vice President

LOGISTICS:

Delek Logistics Operating, LLC

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

By: /s/ Michael Odigie
Name: Michael Odigie
Title: Senior Vice President

LION:
Lion Oil Company, LLC

By: /s/ Nithia Thaver
Name: Nithia Thaver
Title: Senior Vice President

By: /s/ Michael Reed
Name: Michael Reed
Vice President and General
Title: Manager

Solely for the purposes of Section 2 herein:

DELEK US:
Delek US Energy, Inc.

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

By: /s/ Stephen Sundstrom
Name: Stephen Sundstrom
Title: Vice President

PARTIAL ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS PARTIAL ASSIGNMENT AND ASSUMPTION AGREEMENT (the “Partial Assignment”) is made and entered on March 23, 2022 and is effective as of January 1, 2022 (the “Effective Date”), by and between LION OIL COMPANY, LLC an Arkansas limited liability company (the “Assignor”), DK TRADING & SUPPLY, LLC, a Delaware limited liability company (“Assignee”), and, solely for the purposes of Section 5, herein, DELEK LOGISTICS PARTNERS, LP, a Delaware limited partnership (the “Partnership”). For purposes hereof, Assignor and Assignee referred to individually as a “Party” or collectively as the “Parties”).

WITNESSETH:

WHEREAS, Assignor, then an Arkansas corporation, Partnership, Sala Gathering Systems LLC (“SALA”), El Dorado Pipeline Company, LLC (“El Dorado”), Magnolia Pipeline Company, LLC (“Magnolia”), and J. Aron & Company (“J. Aron”) entered into that certain Pipelines and Storage Facilities Agreement having a Commencement Date of November 7, 2012 (the “Original Agreement”); and

WHEREAS, on November 4, 2017 Lion exercised its option under Section 2.1 of the Original Agreement to extend such agreement for the first Renewal Term; and

WHEREAS, the Parties entered into that certain First Amendment to Pipelines and Storage Facilities Agreement dated as of December 14, 2018 (the Original Agreement, as amended, hereinafter the “Pipelines & Storage Agreement”); and

WHEREAS, Assignor was subsequently converted from a corporation to a limited liability company, and

WHEREAS, Assignor has agreed to assign its rights and interests in, and delegate its duties under, the Pipelines & Storage Agreement to Assignee to the extent, but only to the extent, such rights, interests and duties (i) relate to the Lion Crude Pipelines and (ii) first arise or are allocable to periods from and after the Effective Date, including, without limitation, rights, interests and duties of Assignor related to the El Dorado Crude Pipeline, the El Dorado Crude Pipeline Minimum Throughput Capacity, the Lion Crude Pipelines, the Lion Crude Minimum Throughput Commitment, the Lion Crude Throughput Fee, the Magnolia Pipeline, the Magnolia Pipeline Minimum Throughput Capacity, and the Rail Pipeline to the extent first arising or allocable to periods from and after the Effective Date (such rights, interests and duties are collectively referred to as the “Assigned Interests”); and

WHEREAS, Assignee has agreed to assume Assignor’s obligations and liabilities under the Pipelines & Storage Agreement related to the Assigned Interests to the extent, but only to the extent, first arising during or allocable to periods from and after the Effective Date.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Assignee and Partnership agree as follows:

1. Defined Terms. For purposes hereof, any capitalized terms defined in the Pipelines & Supply Agreement and not in this Partial Assignment shall have meaning ascribed to them in the Pipelines & Supply Agreement.

2. Partial Assignment and Assumption. Assignor hereby assigns all of the Assigned Interests to Assignee. Assignee hereby assumes all of the obligations and liabilities of Assignor under the Pipelines & Storage Agreement related to the Assigned Interests to the extent, but only to the extent, such obligations and liabilities first arise and relate to periods from and after the Effective Date; provided Assignor shall remain responsible for and Assignee is not assuming any obligations, duties or liabilities of Assignor under the Pipelines & Storage Agreement that (i)

arose prior to the Effective Date, (ii) are related to an event, matter or circumstance that occurred prior to the Effective Date, even though such obligations or liabilities do not accrue until after the Effective Date, (iii) result from or relate to any default by Assignor under the Pipelines & Storage Agreement prior to the Effective Date, or (iv) do not related to the Assigned Interest (the obligations, duties and liabilities described in subparagraphs (i) through (iv) of this Section 2 are collectively referred to as the “Retained Liabilities”). In the event Assignor fails to satisfy any of the Retained Liabilities as and when required under the Pipelines & Supply Agreement, Assignee may, at its option and in addition to its other rights and remedies hereunder, at law or in equity, satisfy such Retained Liabilities, in which case Assignor shall reimburse Assignee for all reasonable costs and expenses that Assignee incurs in connection therewith. Except for the Assigned Interest (and the obligations and liabilities under the Pipelines & Supply Agreement related to the same that are expressly assumed by Assignee hereunder), Assignor agrees to timely comply with and satisfy all of its obligations and liabilities under the Pipelines & Storage Agreement.

3. Indemnity.

(a) Assignor shall indemnify, defend (with counsel reasonably satisfactory to Assignee) and hold harmless Assignee for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys’ fees, arising out of or in connection with (i) Assignor’s failure to observe, perform and discharge each and every one of its obligations, liabilities and duties under the Pipelines & Storage Agreement not expressly assumed by Assignee under Section 2 of this Partial Assignment, including, without limitation, the Retained Liabilities, or (ii) any default by Assignor under the Pipelines & Storage Agreement occurring prior to the Effective Date.

(b) Assignee shall indemnify, defend (with counsel reasonably satisfactory to Assignor) and hold harmless Assignor for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys’ fees, arising out of or in connection with (i) Assignee’s failure to observe, perform and discharge each and every one of the obligations, duties and liabilities under the Pipelines & Storage Agreement expressly assumed by Assignee under Section 2 of this Partial Assignment, or (ii) any default by Assignee under the Pipelines & Storage Agreement occurring from and after the Effective Date.

4. Notices. Assignor shall cause a copy of all notices, requests, demands and other communications (each, a “Notice”) received by Assignor that are related to the Assigned Interests or that could affect the Assigned Interests or any matter related thereto to be sent directly to Assignee, if possible; provided, if any such Notice is not sent directly to Assignee, Assignor shall cause a copy of such Notice to be delivered to Assignee within two (2) business days after Assignor’s receipt thereof.

5. Consent to Assignment. Partnership consents to the partial assignment of the Pipelines & Storage Agreement by Assignor to Assignee as provided herein.

6. Status. Assignor hereby represents and warrants to Assignee that: (i) a true, correct and complete copy of the Pipelines & Storage Agreement is set forth on Exhibit A, attached hereto and incorporated herein by reference; (ii) the Pipelines & Storage Agreement has not been further amended, modified or supplemented; (iii) Assignor is the sole owner and holder of its rights and interests in the Pipelines & Storage Agreement; (iv) Assignor has the right, power and authority necessary to validly assign its rights and interests in the Pipelines & Storage Agreement to Assignee, without obtaining the consent of any third party whose consent has not been obtained; (v) Assignor’s right, title and interest in the Pipelines & Storage Agreement is not subject to any lien or other encumbrance, other than liens or encumbrances (A) existing or arising in connection with any credit facilities to which Assignor’s and Assignee’s ultimate parent entity is a party or is otherwise bound and (B) liens, if any, in favor of J. Aron; and (vi) the Pipelines & Storage Agreement is in full force and effect.

7. Successors and Assigns. The Partial Assignment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

8. Entire Agreement. This Partial Assignment constitutes the entire agreement and understanding of the Parties hereto with respect to the subject matter hereof.

9. Severability. In the event any provision of this Partial Assignment shall be prohibited by or invalidated under applicable laws, the remaining provisions of this Partial Assignment shall remain fully effective.

10. No Waiver. No waiver of any provision of this Partial Assignment shall be deemed to have been made unless expressed in writing and signed by the Party charged therewith. The failure of any Party to insist in any one or more instances upon the strict performance of any provision of this Partial Assignment or to take advantage of any of its rights under this Partial Assignment shall not be construed as a waiver of such provision or the relinquishment of such rights. No delay or omission in the exercise of any remedy accruing upon the breach of this Partial Assignment shall impair such remedy or be construed as a waiver of such breach. The waiver of any breach of this Partial Assignment shall not be deemed a waiver of any other breach of the same or any other provision hereof.

11. Construction. Whenever the context may require, any pronoun used in this Partial Assignment shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Partial Assignment, unless the context shall indicate otherwise. The terms "hereof", "hereunder" and similar expressions refer to this Partial Assignment as a whole and not to any particular article, section or paragraph contained herein. The titles of the articles, sections and paragraphs of this Partial Assignment are for convenience only and shall not affect the meaning of any provision hereof. The Parties have agreed to the particular language of this Partial Assignment, and any question regarding the meaning of this Partial Assignment shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS ASSIGNMENT, TIME SHALL BE CONSIDERED OF THE ESSENCE.

12. Attorneys' Fees. In the event any legal proceeding is commenced related to this Partial Assignment, the prevailing party in such proceeding shall be entitled to recover its reasonable attorneys' fees, court costs and litigation expenses from the non-prevailing party therein.

13. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS PARTIAL ASSIGNMENT HEREBY EXPRESSLY WAIVES ITS RIGHT TO A TRIAL BY JURY OF ANY CLAIM ARISING UNDER OR RELATED TO THIS PARTIAL ASSIGNMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING.

14. Governing Law. This Partial Assignment shall be governed by the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state.

15. Miscellaneous. This Partial Assignment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Electronic signatures shall be valid and sufficient to bind any party to this Partial Assignment. Signatures to this Partial Assignment transmitted by facsimile, email or other electronic transmission (for example, through the use of a Portable Document Format or "PDF" file) shall be valid and effective to bind the party so signing. The exchange of copies of this Partial Assignment and of signature pages by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) will constitute effective execution and delivery of this Partial Assignment as to the Parties. Signatures of the Parties to this Partial

Assignment transmitted by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will be deemed to be their original signatures for all purposes. This Partial Assignment may only be modified by a written instrument executed by Assignor and Assignee.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Partial Assignment as of the date first above written.

ASSIGNOR:

Lion Oil Company, LLC

By: /s/ Nithia Thaver
Name: Nithia Thaver
Title: Senior Vice President

By: /s/ Michael Reed
Name: Michael Reed
Vice President and General
Title: Manager

ASSIGNEE:

DK Trading & Supply, LLC

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

By: /s/ Stephen Sundstrom
Name: Stephen Sundstrom
Title: Vice President

Solely for the purposes of Section 5 herein:

PARTNERSHIP:

Delek Logistics Partners, LP

By: Delek Logistics GP, LLC
General Partner

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

By: /s/ Michael Odigie
Name: Michael Odigie
Title: Senior Vice President

OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT
(Alon USA, LP to DK Trading & Supply, LLC)

THIS OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is made and entered into this 12th day of September, 2022 to be effective as of July 1, 2022 ("Effective Date"), by and between each of ALON USA, LP ("Assignor") and DK TRADING & SUPPLY, LLC ("Assignee"), and, for the limited purpose set forth in Section 3 hereof, the parties set forth on Schedule 1 hereto ("Counterparties").

WITNESSETH:

WHEREAS, Assignor entered into those certain agreements listed on Exhibit A ("Agreements");

WHEREAS, Assignor has agreed to assign all of its right, title and interest in all of the Agreements to Assignee;

WHEREAS, Assignee has agreed to assume Assignor's obligations and liabilities under all of the Agreements to the extent first arising during and related to periods from and after the Effective Date, and

WHEREAS, the Counterparties to the Agreements desire to provide their acknowledgement and/or consent to such assignment and assumption.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Assignor hereby assigns all of its right, title and interest in, to and under all of the Agreements to Assignee. Assignee hereby assumes all of the obligations and liabilities of Assignor under all of the Agreements to the extent, but only to the extent, such obligations and liabilities first arise and relate to periods from and after the Effective Date; provided Assignor shall remain responsible for and Assignee is not assuming any obligations or liabilities of Assignor under any of the Agreements that (i) arose prior to the Effective Date, (ii) are related to an event, matter or circumstance that occurred prior to the Effective Date, even though such obligations or liabilities do not accrue until after the Effective Date, or (iii) result from or relate to any default by Assignor under any of the Agreements prior to the Effective Date (the obligations and liabilities described in subparagraphs (i) through (iii) of this Section 1 are collectively referred to as the "Retained Liabilities"). In the event there are any Retained Liabilities, Assignee may, at its option and in addition to its other rights and remedies hereunder, at law or in equity, satisfy such Retained Liabilities, in which case Assignor shall reimburse Assignee for all reasonable costs and expenses that Assignee incurs in connection therewith.

2. Indemnity.

(a) Assignor shall indemnify, defend (with counsel reasonably satisfactory to Assignee) and hold harmless Assignee for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignor's failure to observe, perform and discharge each and every one of its obligations and liabilities under any of the Agreements not expressly assumed by Assignee under Section 1 of this Assignment, including, without limitation, the Retained Liabilities, or (ii) any default by Assignor under any of the Agreements occurring prior to the Effective Date.

(b) Assignee shall indemnify, defend (with counsel reasonably satisfactory to Assignor) and hold harmless Assignor for, from and against all claims, demands, losses, damages, liabilities, costs and

expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignee's failure to observe, perform and discharge each and every one of the obligations and liabilities under any of the Agreements expressly assumed by Assignee under Section 1 of this Assignment, or (ii) any default by Assignee under any of the Agreement occurring from and after the Effective Date.

3. Acknowledgement and Consent of Counterparties.

(a) Each of the Counterparties, severally and not jointly, hereby joins in this Assignment solely for the limited purpose of indicating their acknowledgement of and, if required by the terms of any of their respective Agreements, their consent to the foregoing assignment and assumption of their respective Agreements.

(b) Delek US Holdings, Inc. ("Delek US") is a party to one or more of the Agreements solely for the purpose of guaranteeing Assignor's payments and/or other obligations thereunder. Delek US hereby agrees that all of its obligations under the Agreements are unchanged by this Assignment and remain in full force and effect.

4. Notice Address. The address for notice (i) between Assignor and Assignee in connection with this Assignment and (ii) to Assignee as successor to Assignor under the Agreements shall be as follows:

If to Assignor: Alon US, LP
c/o Delek US Holdings, Inc. 7102 Commerce Way
Brentwood, Tennessee 37027 Attn: General Counsel
Email: legalnotices@delekus.com

If to Assignee: DK Trading & Supply, LLC
c/o Delek US Holdings, Inc. 7102 Commerce Way
Brentwood, Tennessee 37027 Attn: General Counsel
Email: legalnotices@delekus.com

5. Status. Assignor hereby represents and warrants to Assignee that: (i) the Agreements have not been amended, modified or supplemented; (ii) Assignor is the sole owner and holder of its interest in the Agreements and the same have not been previously assigned, pledged, collaterally assigned, hypothecated or encumbered; (iii) Assignor has the right, power and authority necessary to validly assign its right, title and interest in the Agreements to Assignee, without obtaining the consent of any third party whose consent has not been obtained; (iv) Assignor's right, title and interest in the Agreements is not subject to any lien or other encumbrance; (v) all of the Agreements are in full force and effect; (vi) Assignor is not in default under any of the Agreements and no circumstance or matter exists that with the giving of notice, the passage of time, or both would constitute such a default; and (vii) to the best of Assignor's knowledge, no counterparty is in default under any of the Agreements and no circumstance or matter exists that with the giving of notice, the passage of time or both would constitute such a default.

6. Successors and Assigns. The Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Entire Agreement. This Assignment constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof.

8. Severability. In the event any provision of this Assignment shall be prohibited by or invalidated under applicable laws, the remaining provisions of this Assignment shall remain fully effective.

9. No Waiver. No waiver of any provision of this Assignment shall be deemed to have been made unless expressed in writing and signed by the party charged therewith. The failure of any party to insist in any one or more instances upon the strict performance of any provision of this Assignment or to take advantage of any of its rights under this Assignment shall not be construed as a waiver of such provision or the relinquishment of such rights. No delay or omission in the exercise of any remedy accruing upon the breach of this Assignment shall impair such remedy or be construed as a waiver of such breach. The waiver of any breach of this Assignment shall not be deemed a waiver of any other breach of the same or any other provision hereof.

10. Construction. Whenever the context may require, any pronoun used in this Assignment shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Assignment, unless the context shall indicate otherwise. The terms "hereof", "hereunder" and similar expressions refer to this Assignment as a whole and not to any particular article, section or paragraph contained herein. The titles of the articles, sections and paragraphs of this Assignment are for convenience only and shall not affect the meaning of any provision hereof. The parties have agreed to the particular language of this Assignment, and any question regarding the meaning of this Assignment shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS ASSIGNMENT, TIME SHALL BE CONSIDERED OF THE ESSENCE.

11. Attorneys' Fees. In the event any legal proceeding is commenced related to this Assignment, the prevailing party in such proceeding shall be entitled to recover its reasonable attorneys' fees, court costs and litigation expenses from the non-prevailing party therein.

12. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS ASSIGNMENT HEREBY EXPRESSLY WAIVES ITS RIGHT TO A TRIAL BY JURY OF ANY CLAIM ARISING UNDER OR RELATED TO THIS ASSIGNMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING.

13. Governing Law. This Assignment shall be governed by the laws of the State of Tennessee.

14. Miscellaneous. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Electronic signatures shall be valid and sufficient to bind any party to this Assignment. Signatures to this Assignment transmitted by facsimile, email or other electronic transmission (for example, through the use of a Portable Document Format or "PDF" file) shall be valid and effective to bind the party so signing. The exchange of copies of this Assignment and of signature pages by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will constitute effective execution and delivery of this Assignment as to the parties. Signatures of the parties to this Assignment transmitted by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will be deemed to be their original signatures for all purposes. This Assignment may only be modified by a written instrument executed by Assignor and Assignee. The parties acknowledge that all exhibits referenced in this Assignment are attached hereto and are incorporated herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written. ASSIGNOR:

Alon USA, LP

By: Alon USA GP II, LLC
General Partner

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

ASSIGNEE:

DK Trading & Supply, LLC

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

Schedule 1

Acknowledgement and Consent of Counterparties to the Agreements

As set forth in Section 3 of the Assignment, each of the Counterparties to the Agreements, severally and not jointly, hereby joins in this Assignment solely for the limited purpose of indicating their acknowledgement of and, if required by the terms of any of their respective Agreements, their consent to the foregoing assignment and assumption of their respective Agreements.

DKL Big Spring, LLC

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

Delek Marketing & Supply, LP

By: Delek Marketing GP, LLC General Partner

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

DKL Permian Gathering, LLC

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

Delek US Holdings, Inc.

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

Delek US Holdings, Inc.

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

Exhibit A AGREEMENTS

1. Pipelines, Storage and Throughput Facilities Agreement (Big Spring Refinery Logistics Assets and Duncan Terminal), dated March 20, 2018 and effective as of March 1, 2018, by and among Alon USA, LP, DKL Big Spring, LLC, for the limited purposes specified therein, Delek US Holdings, Inc., and for the limited purposes specified therein, J. Aron & Company LLC.
2. Big Spring Asphalt Services Agreement, dated March 20, 2018 and effective as of March 1, 2018, by and among Alon USA, LP, DKL Big Spring, LLC, for the limited purposes specified therein, Delek US Holdings, Inc., and for the limited purposes specified therein, J. Aron & Company LLC
3. Marketing Agreement dated March 20, 2018 by and between Alon USA, LP and DKL Big Spring, LLC.
4. Pipelines, Throughput and Offloading Facilities Agreement (Magellan Connection, Big Spring & Luther Stations, LPG Rack and Tank 1012) by and among Delek Marketing & Supply, LP, DKL Permian Gathering, LLC, Alon USA, LP and DK Trading & Supply, LLC, dated June 26, 2020.

OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lion Oil Company, LLC to DK Trading & Supply, LLC)

THIS OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is made and entered into this 12th day of September, 2022 to be effective as of July 1, 2022 ("Effective Date"), by and between each of LION OIL COMPANY, LLC ("Assignor") and DK TRADING & SUPPLY, LLC ("Assignee"), and, for the limited purpose set forth in Section 3 hereof, the parties set forth on Schedule 1 hereto ("Counterparties").

WITNESSETH:

WHEREAS, Assignor (formerly Lion Oil Company, an Arkansas corporation) entered into those certain agreements listed on Exhibit A ("Agreements");

WHEREAS, Assignor has agreed to assign all of its right, title and interest in all of the Agreements to Assignee;

WHEREAS, Assignee has agreed to assume Assignor's obligations and liabilities under all of the Agreements to the extent first arising during and related to periods from and after the Effective Date, and

WHEREAS, the Counterparties to the Agreements desire to provide their acknowledgement and/or consent to such assignment and assumption.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Assignor hereby assigns all of its right, title and interest in, to and under all of the Agreements to Assignee. Assignee hereby assumes all of the obligations and liabilities of Assignor under all of the Agreements to the extent, but only to the extent, such obligations and liabilities first arise and relate to periods from and after the Effective Date; provided Assignor shall remain responsible for and Assignee is not assuming any obligations or liabilities of Assignor under any of the Agreements that (i) arose prior to the Effective Date, (ii) are related to an event, matter or circumstance that occurred prior to the Effective Date, even though such obligations or liabilities do not accrue until after the Effective Date, or (iii) result from or relate to any default by Assignor under any of the Agreements prior to the Effective Date (the obligations and liabilities described in subparagraphs (i) through (iii) of this Section 1 are collectively referred to as the "Retained Liabilities"). In the event there are any Retained Liabilities, Assignee may, at its option and in addition to its other rights and remedies hereunder, at law or in equity, satisfy such Retained Liabilities, in which case Assignor shall reimburse Assignee for all reasonable costs and expenses that Assignee incurs in connection therewith.

2. Indemnity.

(a) Assignor shall indemnify, defend (with counsel reasonably satisfactory to Assignee) and hold harmless Assignee for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignor's failure to observe, perform and discharge each and every one of its obligations and liabilities under any of the Agreements not expressly assumed by Assignee under Section 1 of this Assignment, including, without limitation, the Retained Liabilities, or (ii) any default by Assignor under any of the Agreements occurring prior to the Effective Date.

(a) Assignee shall indemnify, defend (with counsel reasonably satisfactory to Assignor) and hold harmless Assignor for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignee's failure to observe, perform and discharge each and every one of the obligations and liabilities under any of the Agreements expressly assumed by Assignee under Section 1 of this Assignment, or (ii) any default by Assignee under any of the Agreement occurring from and after the Effective Date.

3. Acknowledgement and Consent of Counterparties. Each of the Counterparties, severally and not jointly, hereby joins in this Assignment solely for the limited purpose of indicating their acknowledgement of and, if required by the terms of any of their respective Agreements, their consent to the foregoing assignment and assumption of their respective Agreements.

4. Notice Address. The address for notice i) between Assignor and Assignee in connection with this Assignment and (ii) to Assignee as successor to Assignor under the Agreements shall be as follows:

If to Assignor: Lion Oil Company, LLC
c/o Delek US Holdings, Inc.
7102 Commerce Way
Brentwood, Tennessee 37027
Attn: General Counsel
Email: legalnotices@delekus.com

If to Assignee: DK Trading & Supply, LLC
c/o Delek US Holdings, Inc. 7102 Commerce Way
Brentwood, Tennessee 37027 Attn: General Counsel
Email: legalnotices@delekus.com

5. Status. Assignor hereby represents and warrants to Assignee that: (i) the Agreements have not been amended, modified or supplemented; (ii) Assignor is the sole owner and holder of its interest in the Agreements and the same have not been previously assigned, pledged, collaterally assigned, hypothecated or encumbered; (iii) Assignor has the right, power and authority necessary to validly assign its right, title and interest in the Agreements to Assignee, without obtaining the consent of any third party whose consent has not been obtained; (iv) Assignor's right, title and interest in the Agreements is not subject to any lien or other encumbrance; (v) all of the Agreements are in full force and effect; (vi) Assignor is not in default under any of the Agreements and no circumstance or matter exists that with the giving of notice, the passage of time, or both would constitute such a default; and (vii) to the best of Assignor's knowledge, no counterparty is in default under any of the Agreements and no circumstance or matter exists that with the giving of notice, the passage of time or both would constitute such a default.

6. Successors and Assigns. The Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Entire Agreement. This Assignment constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof.

8. Severability. In the event any provision of this Assignment shall be prohibited by or invalidated under applicable laws, the remaining provisions of this Assignment shall remain fully effective.
9. No Waiver. No waiver of any provision of this Assignment shall be deemed to have been made unless expressed in writing and signed by the party charged therewith. The failure of any party to insist in any one or more instances upon the strict performance of any provision of this Assignment or to take advantage of any of its rights under this Assignment shall not be construed as a waiver of such provision or the relinquishment of such rights. No delay or omission in the exercise of any remedy accruing upon the breach of this Assignment shall impair such remedy or be construed as a waiver of such breach. The waiver of any breach of this Assignment shall not be deemed a waiver of any other breach of the same or any other provision hereof.
10. Construction. Whenever the context may require, any pronoun used in this Assignment shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Assignment, unless the context shall indicate otherwise. The terms "hereof", "hereunder" and similar expressions refer to this Assignment as a whole and not to any particular article, section or paragraph contained herein. The titles of the articles, sections and paragraphs of this Assignment are for convenience only and shall not affect the meaning of any provision hereof. The parties have agreed to the particular language of this Assignment, and any question regarding the meaning of this Assignment shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS ASSIGNMENT, TIME SHALL BE CONSIDERED OF THE ESSENCE.
11. Attorneys' Fees. In the event any legal proceeding is commenced related to this Assignment, the prevailing party in such proceeding shall be entitled to recover its reasonable attorneys' fees, court costs and litigation expenses from the non-prevailing party therein.
12. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS ASSIGNMENT HEREBY EXPRESSLY WAIVES ITS RIGHT TO A TRIAL BY JURY OF ANY CLAIM ARISING UNDER OR RELATED TO THIS ASSIGNMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING.
13. Governing Law. This Assignment shall be governed by the laws of the State of Tennessee.
14. Miscellaneous. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Electronic signatures shall be valid and sufficient to bind any party to this Assignment. Signatures to this Assignment transmitted by facsimile, email or other electronic transmission (for example, through the use of a Portable Document Format or "PDF" file) shall be valid and effective to bind the party so signing. The exchange of copies of this Assignment and of signature pages by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) will constitute effective execution and delivery of this Assignment as to the parties. Signatures of the parties to this Assignment transmitted by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) will be deemed to be their original signatures for all purposes. This Assignment may only be modified by a written instrument executed by Assignor and Assignee. The parties acknowledge that all exhibits referenced in this Assignment are attached hereto and are incorporated herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written. ASSIGNOR:

Lion Oil Company, LLC

By: /s/ Todd O'Malley

Name: Todd O'Malley

Title: Executive Vice President, COO

ASSIGNEE:

DK Trading & Supply, LLC

By: /s/ Todd O'Malley

Name: Todd O'Malley

Title: Executive Vice President, COO

Schedule 1

Acknowledgement and Consent of Counterparties to the Agreements

As set forth in Section 3 of the Assignment, each of the Counterparties to the Agreements, severally and not jointly, hereby joins in this Assignment solely for the limited purpose of indicating their acknowledgement of and, if required by the terms of any of their respective Agreements, their consent to the foregoing assignment and assumption of their respective Agreements.

Delek Logistics Partners, LP

By: Delek Logistics GP, LLC General Partner

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

SALA Gathering Systems, LLC

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

El Dorado Pipeline Company, LLC

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

Magnolia Pipeline Company, LLC

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

Delek Logistics Operating, LLC

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

DKL Transportation, LLC

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

Delek Refining, Ltd.

By: Delek U.S. Refining GP, LLC General Partner

By: /s/ Todd O'Malley

Name: Todd O'Malley

Title: Executive Vice President, COO

Lion Oil Trading & Transportation, LLC

By: /s/ Todd O'Malley

Name: Todd O'Malley

Title: Executive Vice President, COO

Exhibit A
AGREEMENTS

1. Pipelines and Storage Facilities Agreement, dated November 7, 2012, by and among Lion Oil Company, Delek Logistics Partners, LP, SALA Gathering Systems, LLC, El Dorado Pipeline Company, LLC, Magnolia Pipeline Company, LLC and J. Aron & Company, as amended.
2. Terminalling Services Agreement (Memphis Terminal), dated November 7, 2012, by and between Lion Oil Company, Delek Logistics Operating, LLC and J. Aron & Company, as amended.
3. Throughput and Tankage Agreement (El Dorado Terminal and Tankage), dated as of February 10, 2014, by and among Lion Oil Company and Delek Logistics Operating, LLC, and for limited purposes, J. Aron & Company, as amended.
4. Terminalling Services Agreement (North Little Rock Terminal) by and between Lion Oil Company and Delek Logistics Operating, LLC, and for limited purposes, J. Aron & Company, executed October 24, 2013, as amended.
5. Throughput Agreement (El Dorado Rail Offloading Facility), dated as of March 31, 2015, among Lion Oil Company, Lion Oil Trading & Transportation, LLC and Delek Logistics Operating, LLC.
6. Products Transportation Agreement, dated January 9, 2019, by and between Lion Oil Company and El Dorado Pipeline Company, LLC.
7. Transportation Services Agreement executed as of May 15, 2020, by and between Delek Refining, Ltd., Lion Oil Company, and DKL Transportation, LLC.

OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT
(Delek Refining, Ltd. to DK Trading & Supply, LLC)

THIS OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is made and entered into this 13th day of September, 2022 to be effective as of July 1, 2022 ("Effective Date"), by and between each of DELEK REFINING LTD. ("Assignor") and DK TRADING & SUPPLY, LLC ("Assignee"), and, for the limited purpose set forth in Section 3 hereof, the parties set forth on Schedule 1 hereto ("Counterparties").

WITNESSETH:

WHEREAS, Assignor entered into those certain agreements listed on Exhibit A ("Agreements");

WHEREAS, Assignor has agreed to assign all of its right, title and interest in all of the Agreements to Assignee;

WHEREAS, Assignee has agreed to assume Assignor's obligations and liabilities under all of the Agreements to the extent first arising during and related to periods from and after the Effective Date, and

WHEREAS, the Counterparties to the Agreements desire to provide their acknowledgement and/or consent to such assignment and assumption.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Assignor hereby assigns all of its right, title and interest in, to and under all of the Agreements to Assignee. Assignee hereby assumes all of the obligations and liabilities of Assignor under all of the Agreements to the extent, but only to the extent, such obligations and liabilities first arise and relate to periods from and after the Effective Date; provided Assignor shall remain responsible for and Assignee is not assuming any obligations or liabilities of Assignor under any of the Agreements that (i) arose prior to the Effective Date, (ii) are related to an event, matter or circumstance that occurred prior to the Effective Date, even though such obligations or liabilities do not accrue until after the Effective Date, or (iii) result from or relate to any default by Assignor under any of the Agreements prior to the Effective Date (the obligations and liabilities described in subparagraphs (i) through (iii) of this Section 1 are collectively referred to as the "Retained Liabilities"). In the event there are any Retained Liabilities, Assignee may, at its option and in addition to its other rights and remedies hereunder, at law or in equity, satisfy such Retained Liabilities, in which case Assignor shall reimburse Assignee for all reasonable costs and expenses that Assignee incurs in connection therewith.

2. Indemnity.

(a) Assignor shall indemnify, defend (with counsel reasonably satisfactory to Assignee) and hold harmless Assignee for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignor's failure to observe, perform and discharge each and every one of its obligations and liabilities under any of the Agreements not expressly assumed by Assignee under Section 1 of this Assignment, including, without limitation, the Retained Liabilities, or (ii) any default by Assignor under any of the Agreements occurring prior to the Effective Date.

(b) Assignee shall indemnify, defend (with counsel reasonably satisfactory to Assignor) and hold harmless Assignor for, from and against all claims, demands, losses, damages, liabilities, costs and

expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignee's failure to observe, perform and discharge each and every one of the obligations and liabilities under any of the Agreements expressly assumed by Assignee under Section 1 of this Assignment, or (ii) any default by Assignee under any of the Agreement occurring from and after the Effective Date.

3. Acknowledgement and Consent of Counterparties. Each of the Counterparties, severally and not jointly, hereby joins in this Assignment solely for the limited purpose of indicating their acknowledgement of and, if required by the terms of any of their respective Agreements, their consent to the foregoing assignment and assumption of their respective Agreements.

4. Notice Address. The address for notice between (i) Assignor and Assignee in connection with this Assignment and (ii) to Assignee as successor to Assignor under the Agreements shall be as follows:

If to Assignor: Delek Refining, Ltd.
c/o Delek US Holdings, Inc. 7102 Commerce Way
Brentwood, Tennessee 37027 Attn: General Counsel
Email: legalnotices@delekus.com

If to Assignee: DK Trading & Supply, LLC
c/o Delek US Holdings, Inc. 7102 Commerce Way
Brentwood, Tennessee 37027 Attn: General Counsel
Email: legalnotices@delekus.com

5. Status. Assignor hereby represents and warrants to Assignee that: (i) the Agreements have not been amended, modified or supplemented; (ii) Assignor is the sole owner and holder of its interest in the Agreements and the same have not been previously assigned, pledged, collaterally assigned, hypothecated or encumbered; (iii) Assignor has the right, power and authority necessary to validly assign its right, title and interest in the Agreements to Assignee, without obtaining the consent of any third party whose consent has not been obtained; (iv) Assignor's right, title and interest in the Agreements is not subject to any lien or other encumbrance; (v) all of the Agreements are in full force and effect; (vi) Assignor is not in default under any of the Agreements and no circumstance or matter exists that with the giving of notice, the passage of time, or both would constitute such a default; and (vii) to the best of Assignor's knowledge, no counterparty is in default under any of the Agreements and no circumstance or matter exists that with the giving of notice, the passage of time or both would constitute such a default.

6. Successors and Assigns. The Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Entire Agreement. This Assignment constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof.

8. Severability. In the event any provision of this Assignment shall be prohibited by or invalidated under applicable laws, the remaining provisions of this Assignment shall remain fully effective.

9. No Waiver. No waiver of any provision of this Assignment shall be deemed to have been made unless expressed in writing and signed by the party charged therewith. The failure of any party to insist in any one or more instances upon the strict performance of any provision of this Assignment or to take

advantage of any of its rights under this Assignment shall not be construed as a waiver of such provision or the relinquishment of such rights. No delay or omission in the exercise of any remedy accruing upon the breach of this Assignment shall impair such remedy or be construed as a waiver of such breach. The waiver of any breach of this Assignment shall not be deemed a waiver of any other breach of the same or any other provision hereof.

10. Construction. Whenever the context may require, any pronoun used in this Assignment shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Assignment, unless the context shall indicate otherwise. The terms "hereof", "hereunder" and similar expressions refer to this Assignment as a whole and not to any particular article, section or paragraph contained herein. The titles of the articles, sections and paragraphs of this Assignment are for convenience only and shall not affect the meaning of any provision hereof. The parties have agreed to the particular language of this Assignment, and any question regarding the meaning of this Assignment shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS ASSIGNMENT, TIME SHALL BE CONSIDERED OF THE ESSENCE.

11. Attorneys' Fees. In the event any legal proceeding is commenced related to this Assignment, the prevailing party in such proceeding shall be entitled to recover its reasonable attorneys' fees, court costs and litigation expenses from the non-prevailing party therein.

12. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS ASSIGNMENT HEREBY EXPRESSLY WAIVES ITS RIGHT TO A TRIAL BY JURY OF ANY CLAIM ARISING UNDER OR RELATED TO THIS ASSIGNMENT, WHETHER NOW EXISTING OR HEREFTER ARISING.

13. Governing Law. This Assignment shall be governed by the laws of the State of Tennessee.

14. Miscellaneous. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Electronic signatures shall be valid and sufficient to bind any party to this Assignment. Signatures to this Assignment transmitted by facsimile, email or other electronic transmission (for example, through the use of a Portable Document Format or "PDF" file) shall be valid and effective to bind the party so signing. The exchange of copies of this Assignment and of signature pages by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will constitute effective execution and delivery of this Assignment as to the parties. Signatures of the parties to this Assignment transmitted by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will be deemed to be their original signatures for all purposes. This Assignment may only be modified by a written instrument executed by Assignor and Assignee. The parties acknowledge that all exhibits referenced in this Assignment are attached hereto and are incorporated herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

Delek Refining, Ltd.

By: Delek U.S. Refining GP, LLC General Partner

By: /s/ Todd O'Malley

Name: Todd O'Malley

Title: Executive Vice President, COO

ASSIGNEE:

DK Trading & Supply, LLC

By: /s/ Todd O'Malley

Name: Todd O'Malley

Title: Executive Vice President, COO

Schedule 1

Acknowledgement and Consent of Counterparties to the Agreements

As set forth in Section 3 of the Assignment, each of the Counterparties to the Agreements, severally and not jointly, hereby joins in this Assignment solely for the limited purpose of indicating their acknowledgement of and, if required by the terms of any of their respective Agreements, their consent to the foregoing assignment and assumption of their respective Agreements.

Delek Marketing & Supply, LP

By: Delek Marketing GP, LLC General Partner

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

Delek Crude Logistics, LLC

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

Delek Marketing-Big Sandy, LLC

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

DKL Transportation, LLC

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

Delek Refining, Ltd.

By: Delek U.S. Refining GP, LLC General Partner

By: /s/ Odely Sakazi
Name: Odely Sakazi
Title: Senior Vice President

Lion Oil Company, LLC

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

Exhibit A
AGREEMENTS

1. Marketing Agreement dated November 7, 2012 by and between Delek Refining, Ltd. and Delek Marketing & Supply, LP, as amended.
2. Pipelines and Tankage Agreement (East Texas Crude Logistics System), dated November 7, 2012, by and between Delek Refining, Ltd. and Delek Crude Logistics, LLC, as amended.
3. Amended and Restated Services Agreement (Big Sandy Terminal and Pipeline), dated July 25, 2013, by and between Delek Refining, Ltd. and Delek Marketing-Big Sandy, LLC, as amended.
4. Throughput and Tankage Agreement (Tyler Terminal and Tankage), dated July 26, 2013, by and between and Delek Refining, Ltd. and Delek Marketing & Supply, LP, as amended.
5. Tankage Agreement (Tyler Crude Storage Tank 701), dated as of March 31, 2015, by and between Delek Refining, Ltd. and Delek Marketing & Supply, LP.
6. Terminalling Services Agreement (Mt. Pleasant Terminal), dated as of June 30, 2015, among Delek Refining, Ltd. and Delek Marketing-Big Sandy, LLC.
7. Services Agreement (Greenville Facility), dated December 19, 2016 among Delek Refining, Ltd. and Delek Marketing-Big Sandy, LLC
8. Transportation Services Agreement executed as of May 15, 2020, by and between Delek Refining, Ltd., Lion Oil Company, and DKL Transportation, LLC.

OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lion Oil Trading & Transportation, LLC to DK Trading & Supply, LLC)

THIS OMNIBUS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is made and entered into this 13th day of September, 2022 to be effective as of July 1, 2022 ("Effective Date"), by and between LION OIL TRADING & TRANSPORTATION, LLC ("Assignor") and DK TRADING & SUPPLY, LLC ("Assignee"), and, for the limited purpose set forth in Section 3 hereof, the party set forth on Schedule 1 hereto ("Counterparty").

WITNESSETH:

WHEREAS, Assignor entered into that certain agreement listed on Exhibit A ("Agreement");

WHEREAS, Assignor has agreed to assign all of its right, title and interest in the Agreement to Assignee;

WHEREAS, Assignee has agreed to assume Assignor's obligations and liabilities under the Agreement to the extent first arising during and related to periods from and after the Effective Date, and

WHEREAS, the Counterparty desires to provide its acknowledgement and/or consent to such assignment and assumption.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment and Assumption. Assignor hereby assigns all of its right, title and interest in, to and under the Agreement to Assignee. Assignee hereby assumes all of the obligations and liabilities of Assignor under the Agreement to the extent, but only to the extent, such obligations and liabilities first arise and relate to periods from and after the Effective Date; provided Assignor shall remain responsible for and Assignee is not assuming any obligations or liabilities of Assignor under the Agreement that (i) arose prior to the Effective Date, (ii) are related to an event, matter or circumstance that occurred prior to the Effective Date, even though such obligations or liabilities do not accrue until after the Effective Date, or (iii) result from or relate to any default by Assignor under the Agreement prior to the Effective Date (the obligations and liabilities described in subparagraphs (i) through (iii) of this Section 1 are collectively referred to as the "Retained Liabilities"). In the event there are any Retained Liabilities, Assignee may, at its option and in addition to its other rights and remedies hereunder, at law or in equity, satisfy such Retained Liabilities, in which case Assignor shall reimburse Assignee for all reasonable costs and expenses that Assignee incurs in connection therewith.

2. Indemnity.

(a) Assignor shall indemnify, defend (with counsel reasonably satisfactory to Assignee) and hold harmless Assignee for, from and against all claims, demands, losses, damages, liabilities, costs and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignor's failure to observe, perform and discharge each and every one of its obligations and liabilities under the Agreement not expressly assumed by Assignee under Section 1 of this Assignment, including, without limitation, the Retained Liabilities, or (ii) any default by Assignor under the Agreement occurring prior to the Effective Date.

(b) Assignee shall indemnify, defend (with counsel reasonably satisfactory to Assignor) and hold harmless Assignor for, from and against all claims, demands, losses, damages, liabilities, costs and

expenses, including, but not limited to, reasonable attorneys' fees, arising out of or in connection with (i) Assignee's failure to observe, perform and discharge each and every one of the obligations and liabilities under the Agreement expressly assumed by Assignee under Section 1 of this Assignment, or (ii) any default by Assignee under the Agreement occurring from and after the Effective Date.

3. Acknowledgement and Consent of Counterparties. The Counterparty hereby joins in this Assignment solely for the limited purpose of indicating its acknowledgement of and, if required by the terms of the Agreement, its consent to the foregoing assignment and assumption of the Agreement.

4. Notice Address. The address for notice (i) between Assignor and Assignee in connection with this Assignment and (ii) to Assignee as successor to Assignor under the Agreement shall be as follows:

If to Assignor: Lion Oil Trading & Transportation, LLC
c/o Delek US Holdings, Inc. 7102 Commerce Way
Brentwood, Tennessee 37027 Attn: General Counsel
Email: legalnotices@delekus.com

If to Assignee: DK Trading & Supply, LLC
c/o Delek US Holdings, Inc. 7102 Commerce Way
Brentwood, Tennessee 37027 Attn: General Counsel
Email: legalnotices@delekus.com

5. Status. Assignor hereby represents and warrants to Assignee that: (i) the Agreement has not been amended, modified or supplemented; (ii) Assignor is the sole owner and holder of its interest in the Agreement and the same have not been previously assigned, pledged, collaterally assigned, hypothecated or encumbered; (iii) Assignor has the right, power and authority necessary to validly assign its right, title and interest in the Agreement to Assignee, without obtaining the consent of any third party whose consent has not been obtained; (iv) Assignor's right, title and interest in the Agreement is not subject to any lien or other encumbrance; (v) the Agreement are in full force and effect; (vi) Assignor is not in default under the Agreement and no circumstance or matter exists that with the giving of notice, the passage of time, or both would constitute such a default; and (vii) to the best of Assignor's knowledge, no counterparty is in default under the Agreement and no circumstance or matter exists that with the giving of notice, the passage of time or both would constitute such a default.

6. Successors and Assigns. The Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Entire Agreement. This Assignment constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof.

8. Severability. In the event any provision of this Assignment shall be prohibited by or invalidated under applicable laws, the remaining provisions of this Assignment shall remain fully effective.

9. No Waiver. No waiver of any provision of this Assignment shall be deemed to have been made unless expressed in writing and signed by the party charged therewith. The failure of any party to insist in any one or more instances upon the strict performance of any provision of this Assignment or to take advantage of any of its rights under this Assignment shall not be construed as a waiver of such provision or

the relinquishment of such rights. No delay or omission in the exercise of any remedy accruing upon the breach of this Assignment shall impair such remedy or be construed as a waiver of such breach. The waiver of any breach of this Assignment shall not be deemed a waiver of any other breach of the same or any other provision hereof.

10. Construction. Whenever the context may require, any pronoun used in this Assignment shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Assignment, unless the context shall indicate otherwise. The terms "hereof", "hereunder" and similar expressions refer to this Assignment as a whole and not to any particular article, section or paragraph contained herein. The titles of the articles, sections and paragraphs of this Assignment are for convenience only and shall not affect the meaning of any provision hereof. The parties have agreed to the particular language of this Assignment, and any question regarding the meaning of this Assignment shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS ASSIGNMENT, TIME SHALL BE CONSIDERED OF THE ESSENCE.

11. Attorneys' Fees. In the event any legal proceeding is commenced related to this Assignment, the prevailing party in such proceeding shall be entitled to recover its reasonable attorneys' fees, court costs and litigation expenses from the non-prevailing party therein.

12. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS ASSIGNMENT HEREBY EXPRESSLY WAIVES ITS RIGHT TO A TRIAL BY JURY OF ANY CLAIM ARISING UNDER OR RELATED TO THIS ASSIGNMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING.

13. Governing Law. This Assignment shall be governed by the laws of the State of Tennessee.

14. Miscellaneous. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Electronic signatures shall be valid and sufficient to bind any party to this Assignment. Signatures to this Assignment transmitted by facsimile, email or other electronic transmission (for example, through the use of a Portable Document Format or "PDF" file) shall be valid and effective to bind the party so signing. The exchange of copies of this Assignment and of signature pages by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will constitute effective execution and delivery of this Assignment as to the parties. Signatures of the parties to this Assignment transmitted by electronic mail or other means of electronic transmission (including, without limitation, PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) will be deemed to be their original signatures for all purposes. This Assignment may only be modified by a written instrument executed by Assignor and Assignee. The parties acknowledge that all exhibits referenced in this Assignment are attached hereto and are incorporated herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:

Lion Oil Trading & Transportation, LLC

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

ASSIGNEE:

DK Trading & Supply, LLC

By: /s/ Todd O'Malley
Name: Todd O'Malley
Title: Executive Vice President, COO

Schedule 1

Acknowledgement and Consent of Counterparty to the Agreement

As set forth in Section 3 of the Assignment, the Counterparty to the Agreement hereby joins in this Assignment solely for the limited purpose of indicating its acknowledgement of and, if required by the terms of the Agreement, its consent to the foregoing assignment and assumption of the Agreement.

Delek Marketing & Supply, LP

By: Delek Marketing GP, LLC General Partner

By: /s/ Odely Sakazi

Name: Odely Sakazi

Title: Senior Vice President

Exhibit A
AGREEMENT

1. Throughput and Deficiency Agreement, dated March 31, 2020, by and between Lion Oil Trading & Transportation, LLC and Delek Marketing & Supply, LP (Big Spring Gathering), as amended.

**Certification by Principal Executive Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Avigal Soreq, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek Logistics Partners, LP;
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 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 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.

By: /s/Avigal Soreq

Avigal Soreq,

President

(Principal Executive Officer) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 8, 2022

**Certification by Chief Financial Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Reuven Spiegel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek Logistics Partners, LP;
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 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 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.

By: /s/ Reuven Spiegel

Reuven Spiegel,

Executive Vice President and Chief Financial Officer
(Principal Financial Officer) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 8, 2022

**Certification 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 Delek Logistics Partners, LP (the "Partnership") on Form 10-Q for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Avigal Soreq, President of Delek Logistics GP, LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

By: /s/ Avigal Soreq
Avigal Soreq,
President
(Principal Executive Officer) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 8, 2022

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification 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 Delek Logistics Partners, LP (the "Partnership") on Form 10-Q for quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Reuven Spiegel, Executive Vice President and Chief Financial Officer of Delek Logistics GP, LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

By: /s/ Reuven Spiegel

Reuven Spiegel,

Executive Vice President and Chief Financial Officer
(Principal Financial Officer) of Delek Logistics GP, LLC
(the general partner of Delek Logistics Partners, LP)

Dated: November 8, 2022

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DELEK LOGISTICS OPERATING, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SIXTH DAY OF AUGUST, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DELEK LOGISTICS OPERATING, LLC" WAS FORMED ON THE TWENTY-FOURTH DAY OF OCTOBER, A.D. 2012.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



5232235 8300

SR# 20223368994

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Authentication: 204255625

Date: 08-26-22