UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

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: 001-32567

ALON USA ENERGY, INC.

(Exact name of Registrant as specified in its charter)

Delaware	74-2966572
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

12700 Park Central Dr., Suite 1600, Dallas, Texas 75251
(Address of principal executive offices) (Zip Code)

(972) 367-3600
(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ No ☐

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

Large accelerated filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

The number of shares of the Registrant's common stock, par value $0.01 per share, outstanding as of August 1, 2014, was 69,370,172.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALON USA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands except per share data)

	June 30, 2014	December 31, 2013
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 197,151	$ 224,499
Accounts and other receivables, net	155,636	200,398
Income tax receivable	7,543	16,053
Inventories	169,530	128,770
Deferred income tax asset	12,599	13,045
Prepaid expenses and other current assets	29,555	18,629
Total current assets	572,014	601,394
Equity method investments	26,667	26,251
Property, plant and equipment, net	1,398,914	1,429,342
Goodwill	101,913	105,943
Other assets, net	134,599	82,210
Total assets	$ 2,234,107	$ 2,245,140
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 295,050	$ 336,499
Accrued liabilities	97,631	120,858
Current portion of long-term debt	50,506	83,174
Total current liabilities	443,187	540,531
Other non-current liabilities	183,929	189,474
Long-term debt	593,204	529,074
Deferred income tax liability	374,980	360,657
Total liabilities	1,595,300	1,619,736
Commitments and contingencies (Note 16)		
Stockholders’ equity:		
Preferred stock, par value $0.01, 15,000,000 shares authorized; 68,180 shares issued and outstanding at June 30, 2014 and December 31, 2013	682	682
Common stock, par value $0.01, 150,000,000 shares authorized; 69,204,542 and 68,641,428 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	692	686
Additional paid-in capital	512,917	509,170
Accumulated other comprehensive loss, net of tax	(11,831)	(37,515)
Retained earnings	109,954	124,936
Total stockholders’ equity	612,414	597,959
Non-controlling interest in subsidiaries	26,393	27,445
Total equity	638,807	625,404
Total liabilities and equity	$ 2,234,107	$ 2,245,140

The accompanying notes are an integral part of these consolidated financial statements.

ALON USA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, dollars in thousands except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Net sales (1)	$ 1,742,883	$ 1,676,595	$ 3,426,128	$ 3,327,791
Operating costs and expenses:				
Cost of sales	1,580,447	1,497,712	3,086,992	2,875,969
Direct operating expenses	67,630	71,446	138,308	145,668
Selling, general and administrative expenses	46,333	43,101	85,722	84,842
Depreciation and amortization	29,453	30,798	59,331	61,961
Total operating costs and expenses	1,723,863	1,643,057	3,370,353	3,168,440
Gain (loss) on disposition of assets	(88)	8,494	2,117	8,512
Operating income	18,932	42,032	57,892	167,863
Interest expense	(29,256)	(20,261)	(57,271)	(41,553)
Equity earnings of investees	1,278	2,110	819	1,729
Other income, net	638	46	621	129
Income (loss) before income tax expense	(8,408)	23,927	2,061	128,168
Income tax expense (benefit)	(1,971)	3,985	123	34,575
Net income (loss)	(6,437)	19,942	1,938	93,593
Net income attributable to non-controlling interest	1,080	8,446	8,670	27,913
Net income (loss) available to stockholders	$ (7,517)	$ 11,496	$ (6,732)	$ 65,680
Earnings (loss) per share, basic	$ (0.11)	$ 0.17	$ (0.10)	$ 1.03
Weighted average shares outstanding, basic (in thousands)	68,851	62,614	68,734	62,285
Earnings (loss) per share, diluted	$ (0.11)	$ 0.17	$ (0.10)	$ 0.97
Weighted average shares outstanding, diluted (in thousands)	68,851	68,071	68,734	67,743
Cash dividends per share	$ 0.06	$ 0.22	$ 0.12	$ 0.26

(1) Includes excise taxes on sales by the retail segment of $19,101 and $18,531 for the three months and $36,911 and $35,836 for the six months ended June 30, 2014 and 2013, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

ALON USA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, dollars in thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Net income (loss)	$ (6,437)	$ 19,942	$ 1,938	$ 93,593
Other comprehensive income:				
Interest rate derivatives designated as cash flow hedges:				
Unrealized holding loss arising during period	(802)	—	(802)	—
Loss reclassified to earnings - interest expense	14	—	14	—
Net loss, before tax	(788)	—	(788)	—
Income tax benefit	(290)	—	(290)	—
Net loss, net of tax	(498)	—	(498)	—
Commodity contracts designated as cash flow hedges:				
Unrealized holding gain arising during period	8,925	12,369	32,507	21,750
Gain reclassified to earnings - cost of sales	—	(10,018)	—	(9,994)
Amortization of unrealized loss on de-designated cash flow hedges - cost of sales	2,153	—	10,428	—
Net gain, before tax	11,078	2,351	42,935	11,756
Income tax expense	4,098	862	15,885	4,360
Net gain, net of tax	6,980	1,489	27,050	7,396
Total other comprehensive income, net of tax	6,482	1,489	26,552	7,396
Comprehensive income	45	21,431	28,490	100,989
Comprehensive income attributable to non-controlling interest	1,261	8,446	9,538	28,182
Comprehensive income (loss) attributable to stockholders	$ (1,216)	$ 12,985	$ 18,952	$ 72,807

The accompanying notes are an integral part of these consolidated financial statements.

ALON USA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, dollars in thousands)

	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013
Cash flows from operating activities:		
Net income	$ 1,938	$ 93,593
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	59,331	61,961
Stock compensation	3,540	3,008
Deferred income tax expense (benefit)	(825)	6,527
Equity earnings of investees	—	(1,729)
Amortization of debt issuance costs	2,124	2,272
Amortization of original issuance discount	3,309	1,504
Write-off of unamortized original issuance discount	254	—
Write-off of unamortized debt issuance costs	253	—
Gain on disposition of assets	(2,117)	(8,512)
Unrealized loss on commodity swaps	9,510	—
Changes in operating assets and liabilities:		
Accounts and other receivables, net	49,314	(22,000)
Income tax receivable	8,510	—
Inventories	(41,744)	(20,708)
Prepaid expenses and other current assets	(10,926)	9,732
Other assets, net	147	2,662
Accounts payable	(31,459)	(13,066)
Accrued liabilities	(25,458)	2,485
Other non-current liabilities	5,941	12,025
Net cash provided by operating activities	31,642	129,754
Cash flows from investing activities:		
Capital expenditures	(54,655)	(30,622)
Capital expenditures for turnarounds and catalysts	(26,269)	(6,624)
Contribution to equity method investment	(597)	(581)
Dividends from investees, net of equity earnings	181	—
Proceeds from disposition of assets	40,333	25,745
Net cash used in investing activities	(41,007)	(12,082)
Cash flows from financing activities:		
Dividends paid to stockholders	(8,221)	(16,228)
Dividends paid to non-controlling interest	(389)	(731)
Distributions paid to non-controlling interest in the Partnership	(10,010)	(23,579)
Inventory agreement transactions	(25,200)	—
Deferred debt issuance costs	(2,062)	(205)
Revolving credit facilities, net	—	(54,000)
Additions to long-term debt	145,000	—
Payments on long-term debt	(117,101)	(4,757)
Net cash used in financing activities	(17,983)	(99,500)
Net increase (decrease) in cash and cash equivalents	(27,348)	18,172
Cash and cash equivalents, beginning of period	224,499	116,296
Cash and cash equivalents, end of period	$ 197,151	$ 134,468
Supplemental cash flow information:		
Cash paid for interest, net of capitalized interest	$ 57,906	$ 37,829
Cash paid (refunds received) for income tax	$ (6,740)	$ 19,100
Supplemental disclosure of non-cash activity:		
Capital expenditures included in accounts payable and accrued liabilities	$ 32,522	$ —

The accompanying notes are an integral part of these consolidated financial statements.

ALON USA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, dollars in thousands except as noted)

(1) Basis of Presentation

As used in this report, unless otherwise specified, the terms "Alon," "we," "us" or "our" refer to Alon USA Energy, Inc. and its consolidated subsidiaries or to Alon USA Energy, Inc. or an individual subsidiary. The "Partnership," as used in this report, refers to Alon USA Partners, LP and its consolidated subsidiaries.

These consolidated financial statements and notes are unaudited and have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements.

In the opinion of our management, the information included in these consolidated financial statements reflects all adjustments, consisting of normal and recurring adjustments, which are necessary for a fair presentation of our consolidated financial position and results of operations for the interim periods presented. All significant intercompany balances and transactions have been eliminated in consolidation. Certain prior year balances may have been aggregated or disaggregated in order to conform to the current year presentation. Our results of operations for the three and six month periods ended June 30, 2014 are not necessarily indicative of the operating results that may be realized for the year ending December 31, 2014.

Our consolidated balance sheet as of December 31, 2013, has been derived from the audited financial statements as of that date. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2013.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board and the International Accounting Standards Board jointly issued a comprehensive new revenue recognition standard that provides accounting guidance for all revenue arising from contracts to provide goods or services to customers. This standard is intended to improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The requirements from the new standard are effective for interim and annual periods beginning after December 15, 2016, and early adoption is not permitted. The standard allows for either full retrospective adoption or modified retrospective adoption. We are evaluating the guidance to determine the method of adoption and the impact of this standard on our consolidated financial statements.

(2) Alon USA Partners, LP

The Partnership (NYSE: ALDW) is a publicly traded limited partnership that owns the assets and operations of the Big Spring refinery and associated wholesale marketing operations. As of June 30, 2014, the 11,506,550 common units held by the public represent 18.4% of the Partnership's common units outstanding. We own the remaining 81.6% of the Partnership's common units and Alon USA Partners GP, LLC (the "General Partner"), our wholly-owned subsidiary, owns 100% of the non-economic General Partner interest in the Partnership.

The limited partner interests in the Partnership not owned by us are reflected in the results of operations in net income attributable to non-controlling interest and in our balance sheet in non-controlling interest in subsidiaries. The Partnership is consolidated within the refining and marketing segment.

We have agreements with the Partnership which establish fees for certain administrative and operational services provided by us and our subsidiaries to the Partnership, provide certain indemnification obligations and other matters and establish terms for the supply of products by the Partnership to us.

Partnership Distributions

The Partnership has adopted a policy pursuant to which it will distribute all of the available cash it generates each quarter, as defined in the partnership agreement and subject to the approval of the board of directors of the General Partner. The per unit amount of available cash to be distributed each quarter, if any, will be distributed within 60 days following the end of such quarter.

(unaudited, dollars in thousands except as noted)

During the six months ended June 30, 2014, the Partnership paid the following cash distributions:

Date Paid	Distribution Amount Per Unit	Total Distribution Amount	Distribution Paid to Non-Affiliated Common Unitholders
March 3, 2014	$ 0.18	$ 11,250	$ 2,070
May 21, 2014	0.69	43,130	7,940

(3) Segment Data

Our revenues are derived from three operating segments: (i) refining and marketing, (ii) asphalt and (iii) retail. The reportable operating segments are strategic business units that offer different products and services. The segments are managed separately as each segment requires unique technology, marketing strategies and distinct operational emphasis. Each operating segment's performance is evaluated primarily based on operating income.

(a) Refining and Marketing Segment

Our refining and marketing segment includes sour and heavy crude oil refineries located in Big Spring, Texas; and Paramount, Bakersfield and Long Beach, California (the "California refineries"); and a light sweet crude oil refinery located in Krotz Springs, Louisiana. Our refineries have a combined throughput capacity of approximately 217,000 barrels per day ("bpd"). At these refineries, we refine crude oil into petroleum products including gasoline, diesel, jet fuel, petrochemicals, petrochemical feedstocks, asphalt and other petroleum-based products, which are marketed primarily in the South Central, Southwestern and Western regions of the United States. During the six months ended June 30, 2014 and 2013, we did not process crude oil at our California refineries.

We supply gasoline and diesel to 636 Alon branded retail sites, including our retail segment convenience stores. During 2014, approximately 66% of the gasoline and 32% of the diesel produced at our Big Spring refinery was transferred to our branded marketing business at prices substantially determined by wholesale market prices. Additionally, we license the use of the Alon brand name and provide credit card processing services to 76 licensed locations that are not under fuel supply agreements.

(b) Asphalt Segment

Our asphalt segment includes 10 refinery/terminal locations in Texas (Big Spring), California (Paramount, Long Beach, Elk Grove, Bakersfield and Mojave), Washington (Richmond Beach), Arizona (Phoenix and Flagstaff), and Nevada (Fernley) (50% interest) as well as through a 50% interest in Wright Asphalt Products Company, LLC, which specializes in marketing patented tire rubber modified asphalt products. The operations in which we have a 50% interest are recorded under the equity method of accounting and the investments are included as part of total assets in the asphalt segment data. Asphalt produced by our Big Spring refinery is transferred to the asphalt segment at prices substantially determined by reference to the cost of crude oil, which is intended to approximate wholesale market prices.

(c) Retail Segment

Our retail segment operates 296 convenience stores located in Central and West Texas and New Mexico. These convenience stores typically offer various grades of gasoline, diesel fuel, general merchandise and food and beverage products to the general public, primarily under the 7-Eleven and Alon brand names. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery.

(d) Corporate

Operations that are not included in any of the three segments are included in the corporate category. These operations consist primarily of corporate headquarters operating and depreciation expenses.

ALON USA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(unaudited, dollars in thousands except as noted)

Segment data as of and for the three and six month periods ended June 30, 2014 and 2013 are presented below:

	Refining and Marketing	Asphalt	Retail	Corporate	Consolidated Total
Three Months Ended June 30, 2014					
Net sales to external customers	$ 1,372,547	$ 117,677	$ 252,659	$ —	$ 1,742,883
Intersegment sales (purchases)	148,777	(9,233)	(139,544)	—	—
Depreciation and amortization	24,713	1,162	2,983	595	29,453
Operating income (loss)	16,765	(3,889)	6,826	(770)	18,932
Total assets	1,900,995	109,810	200,510	22,792	2,234,107
Turnarounds, catalysts and capital expenditures	43,081	1,501	2,841	494	47,917

	Refining and Marketing	Asphalt	Retail	Corporate	Consolidated Total
Three Months Ended June 30, 2013					
Net sales to external customers	$ 1,287,571	$ 144,191	$ 244,833	$ —	$ 1,676,595
Intersegment sales (purchases)	156,043	(24,732)	(131,311)	—	—
Depreciation and amortization	26,107	1,563	2,554	574	30,798
Operating income (loss)	33,014	2,021	7,764	(767)	42,032
Total assets	1,880,858	141,515	204,252	20,040	2,246,665
Turnarounds, catalysts and capital expenditures	14,054	2,599	6,537	426	23,616

	Refining and Marketing	Asphalt	Retail	Corporate	Consolidated Total
Six Months Ended June 30, 2014					
Net sales to external customers	$ 2,738,373	$ 213,848	$ 473,907	$ —	$ 3,426,128
Intersegment sales (purchases)	287,869	(26,216)	(261,653)	—	—
Depreciation and amortization	50,081	2,362	5,697	1,191	59,331
Operating income (loss)	56,769	(7,094)	9,759	(1,542)	57,892
Total assets	1,900,995	109,810	200,510	22,792	2,234,107
Turnarounds, catalysts and capital expenditures	70,124	3,219	6,222	1,359	80,924

	Refining and Marketing	Asphalt	Retail	Corporate	Consolidated Total
Six Months Ended June 30, 2013					
Net sales to external customers	$ 2,559,797	$ 299,056	$ 468,938	$ —	$ 3,327,791
Intersegment sales (purchases)	297,942	(41,291)	(256,651)	—	—
Depreciation and amortization	52,612	3,112	4,822	1,415	61,961
Operating income (loss)	159,722	(2,380)	12,304	(1,783)	167,863
Total assets	1,880,858	141,515	204,252	20,040	2,246,665
Turnarounds, catalysts and capital expenditures	25,239	4,391	7,177	439	37,246

Operating income (loss) for each segment consists of net sales less cost of sales, direct operating expenses, selling, general and administrative expenses, depreciation and amortization, and gain (loss) on disposition of assets. Intersegment sales are intended to approximate wholesale market prices. Consolidated totals presented are after intersegment eliminations.

Total assets of each segment consist of net property, plant and equipment, inventories, cash and cash equivalents, accounts and other receivables and other assets directly associated with the segment's operations. Corporate assets consist primarily of corporate headquarters information technology and administrative equipment.

(unaudited, dollars in thousands except as noted)

(4) Fair Value

We determine fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We classify financial assets and financial liabilities into the following fair value hierarchy:

- Level 1 - valued based on quoted prices in active markets for identical assets and liabilities;
- Level 2 - valued based on quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability; and
- Level 3 - valued based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As required, we utilize valuation techniques that maximize the use of observable inputs (levels 1 and 2) and minimize the use of unobservable inputs (level 3) within the fair value hierarchy. We generally apply the "market approach" to determine fair value. This method uses pricing and other information generated by market transactions for identical or comparable assets and liabilities. Assets and liabilities are classified within the fair value hierarchy based on the lowest level (least observable) input that is significant to the measurement in its entirety.

The carrying amounts of our cash and cash equivalents, receivables, payables and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities. The reported amounts of long-term debt approximate fair value. Derivative instruments are carried at fair value, which are based on quoted market prices. Derivative instruments and the Renewable Identification Numbers ("RINs") obligation are our only assets and liabilities measured at fair value on a recurring basis.

The RINs obligation represents the period-end deficit, if any, after considering any RINs acquired or under contract, necessary to meet our requirements to blend biofuels into the products we have produced. The RINs obligation is categorized as level 2 of the fair value hierarchy and is measured at fair value using the market approach based on quoted prices from an independent pricing service.

The following table sets forth the assets and liabilities measured at fair value on a recurring basis, by input level, in the consolidated balance sheets at June 30, 2014 and December 31, 2013:

	Level 1	Level 2	Level 3	Total
As of June 30, 2014				
Assets:				
Commodity contracts (swaps)	$ —	$ 6,528	$ —	$ 6,528
Liabilities:				
Commodity contracts (futures and forwards)	104	—	—	104
Interest rate swaps	—	788	—	788
Fair value hedges	—	10,390	—	10,390
As of December 31, 2013				
Assets:				
Commodity contracts (futures and forwards)	$ 335	$ —	$ —	$ 335
Liabilities:				
Commodity contracts (swaps)	—	15,328	11,569	26,897
Fair value hedges	—	3,339	—	3,339
RINs obligation	—	334	—	334

Level 3 Financial Instruments

As of December 31, 2013, we had commodity price swap contracts related to forecasted sales of jet fuel and forecasted purchases of crude oil for which quoted forward market prices were not readily available. The forward rate used to value these commodity price swaps was derived using a projected forward rate using quoted market rates for similar products, adjusted for product grade differentials, a level 3 input. In January 2014, quoted forward market prices for these commodities became available, and the related financial liability was reclassified to level 2.

(unaudited, dollars in thousands except as noted)

The following table presents the changes in fair value of our level 3 assets and liabilities (all related to commodity price swap contracts) for the six months ended June 30, 2014:

	For the Six Months Ended June 30, 2014
Balance at beginning of period	$ (11,569)
Change in fair value of level 3 trades open at the beginning of the period	—
Fair value of trades entered into during the period	—
Fair value of reclassification from level 3 to level 2	11,569
Settlement value of contractual maturities - Recognized in cost of sales	—
Balance at end of period	$ —

(5) Derivative Financial Instruments

Mark to Market

Commodity Derivatives. We selectively utilize crude oil and refined product commodity derivative contracts to reduce the risk associated with potential price changes on committed obligations. We do not speculate using derivative instruments. Credit risk on our derivative instruments is mitigated by transacting with counterparties meeting established collateral and credit criteria.

Fair Value Hedges

Fair value hedges are used to hedge price volatility of certain refining inventories and firm commitments to purchase inventories. The gain or loss on a derivative instrument designated and qualifying as a fair value hedge, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, is recognized in earnings in the same period.

As of June 30, 2014, we have accounted for certain commodity contracts as fair value hedges with contract purchase volumes of 766 thousand barrels of crude oil with remaining contract terms through May 2019.

Cash Flow Hedges

To designate a derivative as a cash flow hedge, we document at the inception of the hedge the assessment that the derivative will be highly effective in offsetting expected changes in cash flows from the item hedged. This assessment, which is updated at least quarterly, is generally based on the most recent relevant historical correlation between the derivative and the item hedged. If, during the term of the derivative, the hedge is determined to be no longer highly effective, hedge accounting is prospectively discontinued and any remaining unrealized gains or losses, based on the effective portion of the derivative at that date, are reclassified to earnings when the underlying transactions occur.

Commodity Derivatives. As of June 30, 2014, we have accounted for certain commodity swap contracts as cash flow hedges with net contract purchase volumes of 3,600 thousand barrels of crude oil and net contract sales volumes of 3,600 thousand barrels of refined products with the longest remaining contract term of eighteen months. Related to these transactions in other comprehensive income (“OCI”), we recognized unrealized gains of $11,078 and $2,351 for the three months and $42,935 and $11,756 for the six months ended June 30, 2014 and 2013, respectively.

In November 2013 and April 2014, we elected to de-designate certain commodity swap contracts that were previously designated as cash flow hedges. As of June 30, 2014, we have total net unrealized losses of $5,144 classified in OCI that related to the application of hedge accounting prior to de-designation, which will be recorded into earnings as the underlying transactions occur through the remainder of 2014. During the three and six months ended June 30, 2014, we reclassified $2,153 and $10,428 of losses, respectively, related to these de-designated cash flow hedges from OCI into cost of sales.

Interest Rate Derivatives. We selectively utilize interest rate swaps to manage our exposure to interest rate risk. In April 2014, we entered into three interest rate swap agreements, maturing March 2019, that effectively fix the variable LIBOR interest component of the term loan feature of the Alon Retail Credit Agreement, as defined in Note 12. The aggregate notional amount under these agreements covers approximately 75% of the outstanding principal of the term loan throughout the duration of the interest rate swaps. As of June 30, 2014, the outstanding principal of the term loan was $106,333. The interest rate swaps lock in an average fixed interest rate of 0.25% in 2014; 0.60% in 2015; 1.47% in 2016; 2.35% in 2017; 3.09% in 2018 and 3.28% thereafter. The interest rate swaps have been accounted for as cash flow hedges. Related to these transactions in OCI, we recognized unrealized losses of $788 during the three and six months ended June 30, 2014.

(unaudited, dollars in thousands except as noted)

For the three and six months ended June 30, 2014 and 2013, there was no cash flow hedge ineffectiveness recognized in income. No component of our cash flow hedges' gains or losses was excluded from the assessment of hedge effectiveness.

As of June 30, 2014, we have net unrealized gains of $12,166 classified in OCI related to cash flow hedges. Assuming commodity prices and interest rates remain unchanged, unrealized gains of $3,008 will be reclassified from OCI into earnings as the underlying transactions occur over the next twelve-month period.

The following tables present the effect of derivative instruments on the consolidated statements of financial position:

	As of June 30, 2014			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments:				
Commodity contracts (futures and forwards)	Accounts receivable	$ 1,353	Accrued liabilities	$ 1,457
Total derivatives not designated as hedging instruments		$ 1,353		$ 1,457
Derivatives designated as hedging instruments:				
Commodity contracts (swaps)	Accounts receivable	$ 4,552		$ —
Commodity contracts (swaps)	Other assets, net	1,976		—
Interest rate swaps		—	Other non-current liabilities	788
Fair value hedges		—	Other non-current liabilities	10,390
Total derivatives designated as hedging instruments		6,528		11,178
Total derivatives		$ 7,881		$ 12,635

	As of December 31, 2013			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments:				
Commodity contracts (futures and forwards)	Accounts receivable	$ 1,533	Accrued liabilities	$ 1,198
Total derivatives not designated as hedging instruments		$ 1,533		$ 1,198
Derivatives designated as hedging instruments:				
Commodity contracts (swaps)		$ —	Accrued liabilities	$ 15,328
Commodity contracts (swaps)		—	Other non-current liabilities	11,569
Fair value hedges		—	Other non-current liabilities	3,339
Total derivatives designated as hedging instruments		—		30,236
Total derivatives		$ 1,533		$ 31,434

(unaudited, dollars in thousands except as noted)

The following tables present the effect of derivative instruments on the consolidated statements of operations and accumulated other comprehensive income:

Derivatives designated as hedging instruments:

Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
		Location	Amount	Location	Amount
For the Three Months Ended June 30, 2014					
Commodity contracts (swaps)	$ 11,078	Cost of sales	$ (2,153)		$ —
Interest rate swaps	(788)	Interest expense	(14)		—
Total derivatives	$ 10,290		$ (2,167)		$ —
For the Three Months Ended June 30, 2013					
Commodity contracts (swaps)	$ 2,351	Cost of sales	$ 10,018		$ —
Total derivatives	$ 2,351		$ 10,018		$ —

Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
		Location	Amount	Location	Amount
For the Six Months Ended June 30, 2014					
Commodity contracts (swaps)	$ 42,935	Cost of sales	$ (10,428)		$ —
Interest rate swaps	(788)	Interest expense	(14)		—
Total derivatives	$ 42,147		$ (10,442)		$ —
For the Six Months Ended June 30, 2013					
Commodity contracts (swaps)	$ 11,756	Cost of sales	$ 9,994		$ —
Total derivatives	$ 11,756		$ 9,994		$ —

Derivatives in fair value hedging relationships:

		Gain (Loss) Recognized in Income			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Location	2014	2013	2014	2013
Fair value hedges	Cost of sales	$ (4,444)	$ 961	$ (7,051)	$ (1,858)
Total derivatives		$ (4,444)	$ 961	$ (7,051)	$ (1,858)

Derivatives not designated as hedging instruments:

		Gain (Loss) Recognized in Income			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Location	2014	2013	2014	2013
Commodity contracts (futures & forwards)	Cost of sales	$ (5,133)	$ 2,532	$ (6,118)	$ 10,519
Commodity contracts (swaps)	Cost of sales	(236)	—	1,801	—
Total derivatives		$ (5,369)	$ 2,532	$ (4,317)	$ 10,519

(unaudited, dollars in thousands except as noted)

Offsetting Assets and Liabilities

Our derivative financial instruments are subject to master netting arrangements to manage counterparty credit risk associated with derivatives and we offset the fair value amounts recorded for derivative instruments to the extent possible under these agreements on our consolidated balance sheets.

The following table presents offsetting information regarding our derivatives by type of transaction as of June 30, 2014 and December 31, 2013:

	Gross Amounts of Recognized Assets/Liabilities	Gross Amounts offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Gross Amounts Not offset in the Statement of Financial Position: Financial Instruments	Gross Amounts Not offset in the Statement of Financial Position: Cash Collateral Pledged	Net Amount
As of June 30, 2014						
Derivative Assets:						
Commodity contracts (futures & forwards)	$ 1,483	$ (130)	$ 1,353	$ (1,353)	$ —	$ —
Commodity contracts (swaps)	6,528	—	6,528	—	—	6,528
Derivative Liabilities:						
Commodity contracts (futures & forwards)	$ 1,587	$ (130)	$ 1,457	$ (1,353)	$ —	$ 104
Interest rate swaps	788	—	788	—	—	788
Fair value hedges	10,390	—	10,390	—	—	10,390
As of December 31, 2013						
Derivative Assets:						
Commodity contracts (futures & forwards)	$ 2,287	$ (754)	$ 1,533	$ (1,198)	$ —	$ 335
Derivative Liabilities:						
Commodity contracts (futures & forwards)	$ 1,952	$ (754)	$ 1,198	$ (1,198)	$ —	$ —
Commodity contracts (swaps)	26,897	—	26,897	—	—	26,897
Fair value hedges	3,339	—	3,339	—	—	3,339

Compliance Program Market Risk

We are obligated by government regulations to blend a certain percentage of biofuels into the products we produce that are consumed in the U.S. We purchase biofuels from third parties and blend those biofuels into our products, and each gallon of biofuel purchased includes a RIN. To the degree we are unable to blend biofuels at the required percentage, a RINs deficit is generated and we must acquire that number of RINs by the annual reporting deadline in order to remain in compliance with applicable regulations.

We are exposed to market risk related to the volatility in the price of RINs needed to comply with these government regulations. We manage this risk by purchasing RINs when prices are deemed favorable utilizing fixed price purchase contracts. Some of these contracts are derivative instruments; however, we elect the normal purchase and sale exception and do not record these contracts at their fair values.

The cost of meeting our obligations under these compliance programs was $4,742 and $8,016 for the three months ended and $12,755 and $8,016 for the six months ended June 30, 2014 and 2013, respectively. These amounts are reflected in cost of sales.

(6) Inventories

Our inventories (including inventory consigned to others) are stated at the lower of cost or market. Cost is determined under the last-in, first-out (LIFO) method for crude oil, refined products, asphalt, and blendstock inventories. Materials and supplies are stated at average cost. Cost for convenience store merchandise inventories is determined under the retail inventory method and cost for convenience store fuel inventories is determined under the first-in, first-out (FIFO) method.

(unaudited, dollars in thousands except as noted)

Carrying value of inventories consisted of the following:

	June 30, 2014	December 31, 2013
Crude oil, refined products, asphalt and blendstocks	$ 62,496	$ 34,326
Crude oil inventory consigned to others	55,667	44,081
Materials and supplies	21,726	21,685
Store merchandise	22,788	20,526
Store fuel	6,853	8,152
Total inventories	$ 169,530	$ 128,770

Market values of crude oil, refined products, asphalt and blendstock inventories exceeded LIFO costs by $69,607 and $61,199 at June 30, 2014 and December 31, 2013, respectively.

(7) Inventory Financing Agreements

Alon has entered into Supply and Offtake Agreements and other associated agreements (together the "Supply and Offtake Agreements") with J. Aron & Company ("J. Aron"), to support the operations of the Big Spring, Krotz Springs and California refineries and most of our asphalt terminals. Pursuant to the Supply and Offtake Agreements, (i) J. Aron agreed to sell to us, and we agreed to buy from J. Aron, at market prices, crude oil for processing at the refineries and (ii) we agreed to sell, and J. Aron agreed to buy, at market prices, certain refined products produced at the refineries.

The Supply and Offtake Agreements also provided for the sale, at market prices, of our crude oil and certain refined product inventories to J. Aron, the lease to J. Aron of crude oil and refined product storage facilities, and to identify prospective purchasers of refined products on J. Aron's behalf. The Supply and Offtake Agreements have initial terms that expire in May 2019. J. Aron may elect to terminate the Supply and Offtake Agreements prior to the expiration of the initial term in May 2016 and upon each anniversary thereof, on six months prior notice. We may elect to terminate in May 2018 on six months prior notice.

Following expiration or termination of the Supply and Offtake Agreements, we are obligated to purchase the crude oil and refined product inventories then owned by J. Aron and located at the leased storage facilities at then current market prices.

In association with the Supply and Offtake Agreement at the Krotz Springs refinery, we entered into a secured Credit Agreement (the "Krotz Springs Standby LC Facility") by and between Alon, as Borrower, and Goldman Sachs Bank USA, as Issuing Bank. The Krotz Springs Standby LC Facility provides for up to $200,000 of letters of credit to be issued to J. Aron. Obligations under the Krotz Springs Standby LC Facility are secured by a first priority lien on the existing and future accounts receivable and inventory of Alon Refining Krotz Springs, Inc. and its subsidiaries ("ARKS"), our wholly-owned subsidiary. The Krotz Springs Standby LC Facility includes customary events of default and restrictions on the activities of ARKS. The Krotz Springs Standby LC Facility contains no maintenance financial covenants. As of June 30, 2014, there is no further availability under the Krotz Springs Standby LC Facility. The Krotz Springs Standby LC Facility matures in July 2016.

As of June 30, 2014 and December 31, 2013, we had net current payables to J. Aron for purchases of $15,427 and $16,917, respectively, non-current liabilities related to the original financing of $78,098 and $67,889, respectively, and a consignment inventory receivable representing a deposit paid to J. Aron of $26,179 and $26,179, respectively.

Additionally, we had net current receivables of $853 and net current payables of $539 at June 30, 2014 and December 31, 2013, respectively, for forward commitments related to month-end consignment inventory target levels differing from projected levels and the associated pricing with these inventory level differences.

(unaudited, dollars in thousands except as noted)

(8) Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of the following:

	June 30, 2014	December 31, 2013
Refining facilities	$ 1,808,470	$ 1,804,445
Pipelines and terminals	43,439	43,445
Retail	189,647	184,858
Other	16,771	15,326
Property, plant and equipment, gross	2,058,327	2,048,074
Accumulated depreciation	(659,413)	(618,732)
Property, plant and equipment, net	$ 1,398,914	$ 1,429,342

Disposition of Assets

In January 2014, we sold our Willbridge, Oregon asphalt terminal for $40,000. The terminal was included in our asphalt segment and at the time of disposition was allocated goodwill of $4,030. For the six months ended June 30, 2014, a before-tax gain of $2,014 was recognized and has been included in gain (loss) on disposition of assets in our consolidated statements of operations.

(9) Goodwill

The following table provides a summary of changes to our goodwill balance by segment for the six months ended June 30, 2014:

Balance at December 31, 2013	$ 105,943
Disposition of assets with allocated goodwill	(4,030)
Balance at June 30, 2014	$ 101,913

During the six months ended June 30, 2014, we sold our Willbridge, Oregon asphalt terminal, which was allocated goodwill of $4,030 at the time of disposition.

(10) Additional Financial Information

The following tables provide additional financial information related to the consolidated financial statements.

(a) Other Assets, Net

	June 30, 2014	December 31, 2013
Deferred turnaround and catalyst cost	$ 62,723	$ 12,271
Environmental receivables	2,161	4,273
Deferred debt issuance costs	12,287	12,602
Intangible assets, net	7,917	7,497
Receivable from supply agreements	26,179	26,179
Other, net	23,332	19,388
Total other assets	$ 134,599	$ 82,210

(unaudited, dollars in thousands except as noted)

(b) Accrued Liabilities and Other Non-Current Liabilities

	June 30, 2014	December 31, 2013
Accrued Liabilities:		
Taxes other than income taxes, primarily excise taxes	$ 22,889	$ 37,645
Employee costs	9,085	13,793
Commodity contracts	1,457	16,526
Accrued finance charges	3,039	8,733
Environmental accrual (Note 16)	12,898	12,898
Other	48,263	31,263
Total accrued liabilities	$ 97,631	$ 120,858
Other Non-Current Liabilities:		
Pension and other postemployment benefit liabilities, net	$ 40,619	$ 40,351
Environmental accrual (Note 16)	42,475	45,484
Asset retirement obligations	12,028	12,468
Consignment inventory obligations	78,098	67,889
Commodity contracts	—	11,569
Other	10,709	11,713
Total other non-current liabilities	$ 183,929	$ 189,474

(11) Postretirement Benefits

The components of net periodic benefit cost related to our benefit plans were as follows for the three and six months ended June 30, 2014 and 2013:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Components of net periodic benefit cost:				
Service cost	$ 856	$ 1,116	$ 1,712	$ 2,232
Interest cost	1,238	1,100	2,476	2,200
Expected return on plan assets	(1,369)	(1,157)	(2,739)	(2,314)
Amortization of net loss	595	1,005	1,191	2,010
Net periodic benefit cost	$ 1,320	$ 2,064	$ 2,640	$ 4,128

Our estimated contributions during 2014 to our pension plans have not changed significantly from amounts previously disclosed in the consolidated financial statements for the year ended December 31, 2013. For the six months ended June 30, 2014 and 2013, we contributed $2,525 and $2,075, respectively, to our qualified pension plans.

(12) Indebtedness

Debt consisted of the following:

	June 30, 2014	December 31, 2013
Term loan credit facilities	$ 267,913	$ 244,322
Revolving credit facility	100,000	100,000
Senior secured notes	35,423	73,706
Convertible senior notes	123,638	121,090
Retail credit facilities	116,736	73,130
Total debt	643,710	612,248
Less: Current portion	50,506	83,174
Total long-term debt	$ 593,204	$ 529,074

(a) Alon Energy Term Loan

In March 2014, we entered into a five-year Term Loan Agreement (“Alon Energy Term Loan”) for a principal amount of $25,000, maturing in March 2019. Repayments are monthly, commencing June 2014. Borrowings under this agreement incur interest at an annual rate equal to LIBOR plus a margin of 3.75%. We pledged 2,200,000 of the Partnership’s common units as collateral for the Alon Energy Term Loan. Additionally, Alon Assets, Inc. (“Alon Assets”) guarantees all payments under the Alon Energy Term Loan. The Alon Energy Term

Loan contains certain restrictive covenants, including maintenance financial covenants.

Proceeds from the Alon Energy Term Loan were used to purchase equipment for a capital project at our Big Spring refinery.

At June 30, 2014, the Alon Energy Term Loan had an outstanding balance of $24,569.

(b) Retail Credit Facilities

Southwest Convenience Stores, LLC and Skinny's LLC, ("Alon Retail") were party to a credit agreement (the "Credit Agreement") with a maturity in December 2015. At December 31, 2013, the outstanding balance under the Credit Agreement was $72,689. In March 2014, Alon Retail entered into a new credit agreement ("Alon Retail Credit Agreement") and repaid in full its obligations under the Credit Agreement.

The Alon Retail Credit Agreement will mature in March 2019 and includes a $110,000 term loan and a $10,000 revolving credit loan. The Alon Retail Credit Agreement also includes an accordion feature that provides for incremental term loans up to $30,000 to fund store rebuilds, new builds and acquisitions. Borrowings under the Alon Retail Credit Agreement bear interest at a Eurodollar rate plus an applicable margin between 2.00% and 2.75%, determined quarterly based upon Alon Retail's leverage ratio. Principal payments are made in quarterly installments based on a 15-year amortization schedule. Obligations under the

(unaudited, dollars in thousands except as noted)

Alon Retail Credit Agreement are secured by a first lien on substantially all of the assets of Alon Retail. The Alon Retail Credit Agreement also contains certain restrictive covenants including maintenance financial covenants.

Proceeds from the Alon Retail Credit Agreement were used to fully repay the remaining obligations under the Credit Agreement and pay a dividend distribution of $40,000 to Alon Brands, Inc., our wholly-owned subsidiary, while the remainder used for general corporate purposes.

At June 30, 2014, the Alon Retail Credit Agreement had an outstanding balance of $116,333, consisting of a term loan balance of $106,333 and a revolving credit loan balance of $10,000.

(c) Revolving Facility and Letters of Credit

We had letters of credit outstanding under the Alon Energy $60,000 letter of credit facility of $58,227 and $56,827 at June 30, 2014 and December 31, 2013, respectively.

We had borrowings of $100,000 and $100,000 and letters of credit of $58,963 and $109,772 outstanding under the Alon USA LP $240,000 revolving credit facility at June 30, 2014 and December 31, 2013, respectively.

(d) Senior Secured Notes

In May 2014, we redeemed $40,000 of the principal balance on the 13.50% senior secured notes (“Senior Secured Notes”) due October 2014. As a result of the prepayment of the Senior Secured Notes, write-offs of unamortized original issuance discount and debt issuance costs of $254 and $253, respectively, were charged to interest expense in the consolidated statements of operations for the three and six months ended June 30, 2014.

At June 30, 2014 and December 31, 2013, the Senior Secured Notes had an outstanding balance of $35,423 and $73,706, respectively.

In July 2014, we redeemed the remaining principal balance on the Senior Secured Notes.

(e) Financial Covenants

We have certain credit agreements that contain maintenance financial covenants. At June 30, 2014, we were in compliance with these covenants.

(13) Stock-Based Compensation (share values in dollars)

Our overall executive incentive compensation program permits the granting of awards to our directors, officers and key employees in the form of options to purchase common stock, stock appreciation rights, restricted shares of common stock, restricted common stock units, performance shares, performance units and senior executive plan bonuses.

Restricted Stock. Non-employee directors are awarded an annual grant of $25 in shares of restricted stock, which vest over a period of three years, assuming continued service at vesting. In May 2014, we granted awards to our non-employee directors of 4,965 restricted shares at a grant date price of $15.11 per share.

In May 2014, we granted awards of 255,000 restricted shares to certain executive officers at a grant date price of $15.11 per share. These May 2014 restricted shares will vest as follows: 50% in May 2015 and 50% in May 2016, assuming continued service at vesting.

The following table summarizes the restricted share activity from January 1, 2014:

Nonvested Shares	Shares	Weighted Average Grant Date Fair Values (per share)
Nonvested at January 1, 2014	448,694	$ 14.64
Granted	259,965	15.11
Vested	(134,640)	16.95
Forfeited	—	—
Nonvested at June 30, 2014	574,019	$ 14.31

(unaudited, dollars in thousands except as noted)

Compensation expense for restricted stock awards amounted to $1,000 and $620 for the three months ended June 30, 2014 and 2013, respectively, and $1,488 and $1,137 for the six months ended June 30, 2014 and 2013, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations. The fair value of shares vested in 2014 was $2,044.

Restricted Stock Units. In May 2011, we granted 500,000 restricted stock units to our CEO and President at a grant date fair value of $11.47 per share. Each restricted unit represents the right to receive one share of our common stock upon the vesting of the restricted stock unit. All 500,000 restricted stock units vest on March 1, 2015, assuming continued service at vesting. Compensation expense for restricted stock units amounted to $374 and $374 for the three months ended June 30, 2014 and 2013, respectively, and $748 and $748 for the six months ended June 30, 2014 and 2013, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

Unrecognized Compensation Cost. As of June 30, 2014, there was $6,971 of total unrecognized compensation cost related to non-vested share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.9 years.

(14) Equity (share values in dollars)

Changes to equity during the six months ended June 30, 2014 are presented below:

	Total Stockholders' Equity	Non-controlling Interest	Total Equity
Balance at December 31, 2013	$ 597,959	$ 27,445	$ 625,404
Other comprehensive income	25,684	868	26,552
Stock compensation	3,731	(191)	3,540
Dividends of common stock on preferred stock	(7)	—	(7)
Distributions to non-controlling interest in the Partnership	—	(10,010)	(10,010)
Dividends	(8,221)	(389)	(8,610)
Net income (loss)	(6,732)	8,670	1,938
Balance at June 30, 2014	$ 612,414	$ 26,393	$ 638,807

(a) Common Stock

Amended Shareholder Agreement. In 2012, we signed agreements with the remaining non-controlling interest shareholders of Alon Assets whereby the participants would exchange shares of Alon Assets for shares of our common stock. During the six months ended June 30, 2014, 329,644 shares of our common stock were issued in exchange for 1,762.24 shares of Alon Assets. We have 1,590,067 shares of our common stock available for exchange at June 30, 2014 for the outstanding shares held by non-controlling interest shareholders of Alon Assets.

We recognized compensation expense associated with the difference in value between the participants' ownership of Alon Assets compared to our common stock of $608 and $734 for the three months ended June 30, 2014 and 2013, respectively, and $1,305 and $1,498 for the six months ended June 30, 2014 and 2013, respectively. These amounts are included in selling, general and administrative expenses in the consolidated statements of operations.

(b) Dividends

Common Stock Dividends. During the six months ended June 30, 2014, we paid the following dividends:

Date Paid	Record Date	Dividend Amount Per Share
March 14, 2014	February 28, 2014	$ 0.06
June 16, 2014	May 30, 2014	0.06

Preferred Stock Dividends. During the six months ended June 30, 2014, we issued 738 shares of common stock for payment of the quarterly 8.5% preferred stock dividend to preferred stockholders.

(c) Accumulated Other Comprehensive Loss

The following table displays the change in accumulated other comprehensive loss, net of tax:

	Unrealized Gain (Loss) on Cash Flow Hedges	Postretirement Benefit Plans	Total
Balance at December 31, 2013	$ (18,248)	$ (19,267)	$ (37,515)
Other comprehensive income before reclassifications	19,293	—	19,293
Amounts reclassified from accumulated other comprehensive loss	6,391	—	6,391
Net current-period other comprehensive income	25,684	—	25,684
Balance at June 30, 2014	$ 7,436	$ (19,267)	$ (11,831)

(15) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated as net income (loss) available to common stockholders divided by the average number of participating shares of common stock outstanding. Diluted earnings (loss) per share includes the dilutive effect of granted stock appreciation rights, granted restricted common stock units, granted restricted common stock awards, convertible debt and warrants using the treasury stock method and the dilutive effect of convertible preferred shares using the if-converted method.

The calculation of earnings (loss) per share, basic and diluted, for the three and six months ended June 30, 2014 and 2013, is as follows (shares in thousands, per share value in dollars):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Net income (loss) available to stockholders	$ (7,517)	$ 11,496	$ (6,732)	$ 65,680
Less: preferred stock dividends	14	757	29	1,515
Net income (loss) available to common stockholders	(7,531)	10,739	(6,761)	64,165
Weighted average shares outstanding, basic	68,851	62,614	68,734	62,285
Dilutive common stock equivalents	—	5,457	—	5,458
Weighted average shares outstanding, diluted	68,851	68,071	68,734	67,743
Earnings (loss) per share, basic	$ (0.11)	$ 0.17	$ (0.10)	$ 1.03
Earnings (loss) per share, diluted	$ (0.11)	$ 0.17	$ (0.10)	$ 0.97

For the three and six months ended June 30, 2014, we have excluded 200 and 195 common stock equivalents, respectively, from the weighted average diluted shares outstanding as the effect of including such shares would be anti-dilutive. For the three and six months ended June 30, 2013, the weighted average diluted shares includes all potentially dilutive common stock equivalents.

(16) Commitments and Contingencies

(a) Commitments

In the normal course of business, we have long-term commitments to purchase, at market prices, utilities such as natural gas, electricity and water for use by our refineries, terminals, pipelines and retail locations. We are also party to various refined product and crude oil supply and exchange agreements, which are typically short-term in nature or provide terms for cancellation.

(b) Contingencies

We are involved in various legal actions arising in the ordinary course of business. We believe the ultimate disposition of these matters will not have a material effect on our financial position, results of operations or liquidity.

One of our subsidiaries is a party to a lawsuit alleging breach of contract pertaining to an asphalt supply agreement. We believe that we have valid counterclaims as well as affirmative defenses that will preclude recovery. Attempts to reach a commercial arrangement to resolve the dispute have been unsuccessful to this point. A pre-trial ruling by the trial court is currently being appealed and therefore the matter is not scheduled for trial. Due to the uncertainties of litigation, we cannot predict with certainty the ultimate resolution of this lawsuit.

(c) Environmental

We are subject to loss contingencies pursuant to federal, state, and local environmental laws and regulations. These laws and regulations govern the discharge of materials into the environment and may require us to incur future obligations to investigate the effects of the release or disposal of certain petroleum, chemical, and mineral substances at various sites; to remediate or restore these sites and to compensate others for damage to property and natural resources. These contingent obligations relate to sites that we own and are associated with past or present operations. We are currently participating in environmental investigations, assessments and cleanups pertaining to our refineries, service stations, pipelines and terminals. We may be involved in additional future environmental investigations, assessments and cleanups. The magnitude of future costs are unknown and will depend on factors such as the nature and contamination at many sites, the timing, extent and method of the remedial actions which may be required, and the determination of our liability in proportion to other responsible parties.

Environmental expenditures are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefit are expensed. Liabilities for expenditures of a non-capital nature are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated. Substantially all amounts accrued are expected to be paid out over the next 15 years. The level of future expenditures for environmental remediation obligations cannot be determined with any degree of reliability.

We have accrued environmental remediation obligations of $55,373 ($12,898 current liability and $42,475 non-current liability) at June 30, 2014, and $58,382 ($12,898 current liability and $45,484 non-current liability) at December 31, 2013.

We have an indemnification agreement with a prior owner for remediation expenses at the Bakersfield refinery. We are required to make indemnification claims to the prior owner by March 15, 2015. We have recorded current receivables of $8,927 and $9,100 at June 30, 2014 and December 31, 2013, respectively, and a non-current receivable of $1,774 at December 31, 2013.

In addition to the indemnification agreement related to the Bakersfield refinery, we have an indemnification agreement with a prior owner for part of the remediation expenses at certain other West Coast assets. We have recorded current receivables of $418 and $418 and non-current receivables of $2,161 and $2,499 at June 30, 2014 and December 31, 2013, respectively.

(17) Subsequent Events

Repayment of Senior Secured Notes

In July 2014, we redeemed the remaining principal balance on the Senior Secured Notes.

Dividend Declared

In August 2014, our board of directors declared the regular quarterly cash dividend of $0.10 per share on our common stock, payable on September 22, 2014, to holders of record at the close of business on September 8, 2014.

Partnership Distribution

In August 2014, the board of directors of the General Partner declared a cash distribution to the Partnership's common unitholders of approximately $8,130, or $0.13 per common unit. The cash distribution will be paid on August 25, 2014 to unitholders of record at the close of business on August 18, 2014. The total cash distribution payable to non-affiliated common unitholders will be approximately $1,500.

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

The following discussion of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2013. In this document, the words "Alon," "the Company," "we" and "our" refer to Alon USA Energy, Inc. and its subsidiaries or to Alon USA Energy, Inc. or an individual subsidiary, and not to any other person. Generally, the words "we", "our" and "us" include Alon USA Partners, LP and its subsidiaries (the "Partnership") as consolidated subsidiaries of Alon USA Energy, Inc.

Forward-Looking Statements

Certain statements contained in this report and other materials we file with the SEC, or in other written or oral statements made by us, other than statements of historical fact, are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words "anticipate," "assume," "believe," "budget," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "will," "future" and similar terms and phrases to identify forward-looking statements.

Forward-looking statements reflect our current expectations of future events, results or outcomes. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our financial condition, results of operations and cash flows.

Actual events, results and outcomes may differ materially from our expectations due to a variety of factors. Although it is not possible to identify all of these factors, they include, among others, the following:

- changes in general economic conditions and capital markets;
- changes in the underlying demand for our products;
- the availability, costs and price volatility of crude oil, other refinery feedstocks and refined products;
- changes in the spread between West Texas Intermediate ("WTI") Cushing crude oil and West Texas Sour ("WTS") crude oil or WTI Midland crude oil;
- changes in the spread between WTI Cushing crude oil and Light Louisiana Sweet ("LLS") crude oil;
- changes in the spread between Brent crude oil and WTI Cushing crude oil;
- changes in the spread between Brent crude oil and LLS crude oil;
- the effects of transactions involving forward contracts and derivative instruments;
- actions of customers and competitors;
- termination of our Supply and Offtake Agreements with J. Aron & Company ("J. Aron"), which include all our refineries and most of our asphalt terminals, of which J. Aron is our largest supplier of crude oil and our largest customer of refined products. Additionally upon termination of the Supply and Offtake Agreements, we are obligated to purchase the crude oil and refined product inventories then owned by J. Aron at then current market prices;
- changes in fuel and utility costs incurred by our facilities;
- disruptions due to equipment interruption, pipeline disruptions or failures at our or third-party facilities;
- the execution of planned capital projects;
- adverse changes in the credit ratings assigned to our debt instruments;
- the effects of and cost of compliance with the Renewable Fuel Standards 2 ("RFS2") requirements, including the availability, cost and price volatility of Renewable Identification Numbers ("RINs");
- the effects and cost of compliance with current and future state and federal environmental, economic, safety and other laws, policies and regulations;
- operating hazards, natural disasters, casualty losses and other matters beyond our control;
- the effect of any national or international financial crisis on our business and financial condition; and

- the other factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2013 under the caption “Risk Factors.”

Any one of these factors or a combination of these factors could materially affect our future results of operations and could influence whether any forward-looking statements ultimately prove to be accurate. Our forward-looking statements are not guarantees of future performance, and actual results and future performance may differ materially from those suggested in any forward-looking statements. We do not intend to update these statements unless we are required by the securities laws to do so.

Company Overview

We are an independent refiner and marketer of petroleum products operating primarily in the South Central, Southwestern and Western regions of the United States. Our crude oil refineries are located in Texas, California, Oregon and Louisiana and have a combined throughput capacity of approximately 217,000 barrels per day (“bpd”). Our refineries produce petroleum products including various grades of gasoline, diesel fuel, jet fuel, petrochemicals, petrochemical feedstocks, asphalt and other petroleum-based products.

Refining and Marketing Segment. Our refining and marketing segment includes sour and heavy crude oil refineries located in Big Spring, Texas; and Paramount, Bakersfield and Long Beach, California; and a light sweet crude oil refinery located in Krotz Springs, Louisiana. We refer to the Paramount, Bakersfield and Long Beach refineries together as our “California refineries.” The refineries in our refining and marketing segment have a combined throughput capacity of approximately 217,000 bpd. At our refineries, we refine crude oil into petroleum products, including gasoline, diesel fuel, jet fuel, petrochemicals, petrochemical feedstocks, asphalt and other petroleum-based products, which are marketed primarily in the South Central, Southwestern and Western United States. In 2014, we did not process crude oil at our California refineries.

Alon owns the Big Spring refinery and wholesale marketing operations through Alon USA Partners, LP (the “Partnership”) (NYSE: ALDW). Alon markets transportation fuels produced at the Big Spring refinery in West and Central Texas, Oklahoma, New Mexico and Arizona. We refer to our operations in these regions as our “physically integrated system” because it supplies our Alon branded and unbranded distributors in these regions with motor fuels produced at our Big Spring refinery and distributed through a network of pipelines and terminals which we either own or have access to through leases or long-term throughput agreements.

We supply gasoline and diesel to 636 Alon branded retail sites, including our retail segment convenience stores. In 2014, approximately 66% of the gasoline and 32% of the diesel produced at the Big Spring refinery was transferred to our branded marketing business at prices substantially determined by wholesale market prices. Additionally, we license the use of the Alon brand name and provide credit card processing services to 76 licensed locations that are not under fuel supply agreements.

We market refined products produced by our Krotz Springs refinery to other refiners and third parties. The refinery’s location provides access to upriver markets on the Mississippi and Ohio Rivers. The refinery also uses its direct access to the Colonial Pipeline to transport products to markets in the Southern and Eastern United States.

Asphalt Segment. Our asphalt segment includes 10 asphalt refinery/terminal locations in Texas (Big Spring), California (Paramount, Long Beach, Elk Grove, Bakersfield and Mojave), Washington (Richmond Beach), Arizona (Phoenix and Flagstaff) and Nevada (Fernley) (50% interest) as well as through a 50% interest in Wright Asphalt Products Company, LLC, which specializes in patented ground tire rubber modified asphalt products.

As part of our efforts to maximize the return generated by the production of asphalt, we have an exclusive license to use advanced asphalt-blending technology in West Texas, Arizona, New Mexico and Colorado, and a non-exclusive license in Idaho, Montana, Nevada, North Dakota, Utah and Wyoming, with respect to asphalt produced at our Big Spring refinery, and a ground tire rubber (“GTR”) asphalt manufacturing process with respect to asphalt sold in California.

Asphalt produced by our Big Spring refinery is transferred to the asphalt segment at prices substantially determined by reference to the cost of crude oil, which is intended to approximate wholesale market prices. We sell asphalt produced at our Big Spring refinery or purchased from third parties primarily as paving asphalt to road and materials manufacturers and highway construction/maintenance contractors as GTR, polymer modified or emulsion asphalt.

Retail Segment. Our retail segment operates 296 convenience stores located in Central and West Texas and New Mexico. These convenience stores typically offer various grades of gasoline, diesel fuel, general merchandise and food and beverage products to the general public, primarily under the 7-Eleven and Alon brand names. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery.

Second Quarter Operational and Financial Highlights

Operating income for the second quarter of 2014 was $18.9 million, compared to $42.0 million in the same period last year. Our operational and financial highlights for the second quarter of 2014 include the following:

- During the second quarter of 2014, we completed the planned turnaround and the vacuum tower project at the Big Spring refinery, which has allowed us to increase the refinery's crude oil throughput by 3,000 bpd to 73,000 bpd.
- Combined refinery average throughput for the second quarter of 2014 was 114,869 bpd, consisting of 38,994 bpd at the Big Spring refinery and 75,875 bpd at the Krotz Springs refinery, compared to a combined refinery average throughput of 130,928 bpd for the second quarter of 2013, consisting of 72,124 bpd at the Big Spring refinery and 58,804 bpd at the Krotz Springs refinery. The lower throughput at the Big Spring refinery was primarily due to the planned turnaround during the second quarter of 2014. During the second quarter of 2013, the Krotz Springs refinery was impacted by the unplanned shut down and repair of the reformer unit for approximately one month.
- Refinery operating margin at the Big Spring refinery was $17.04 per barrel for the second quarter of 2014 compared to $14.99 per barrel for the same period in 2013. This increase in operating margin was primarily due to a widening of both the WTI Cushing to WTS spread and the WTI Cushing to WTI Midland spread, partially offset by a lower Gulf Coast 3/2/1 crack spread. Also impacting the Big Spring refinery operating margin during the second quarter of 2014 were RINs credits of $0.8 million, generated as a result of reduced production during the planned turnaround at our refinery, compared to RINs costs of $8.0 million for the second quarter of 2013.
- Refinery operating margin at the Krotz Springs refinery was $8.89 per barrel for the second quarter of 2014 compared to $1.97 per barrel for the same period in 2013. This increase was primarily due to a higher Gulf Coast 2/1/1 high sulfur diesel crack spreads and a widening WTI Cushing to WTI Midland spread, partially offset by a narrowing LLS to WTI Cushing spread. The Krotz Springs refinery operating margin was also impacted during the second quarter of 2014 by $5.5 million of costs associated with RINs obligations. The Krotz Springs refinery received an exemption from the RFS2 requirements for 2013 and as a result did not record costs associated with RINs.
- The average Gulf Coast 3/2/1 crack spread was $16.42 per barrel for the second quarter of 2014 compared to $21.17 per barrel for the second quarter of 2013, which was primarily influenced by a reduction in the Brent to WTI Cushing spread. The average Brent to WTI Cushing spread for the second quarter of 2014 was $7.56 per barrel compared to $12.51 per barrel for the same period in 2013. The average Gulf Coast 2/1/1 high sulfur diesel crack spread for the second quarter of 2014 was $12.47 per barrel compared to $4.15 per barrel for the second quarter of 2013, which was primarily influenced by an increase in the Brent to LLS spread. The average Brent to LLS spread for the second quarter of 2014 was $4.67 per barrel compared to $(2.56) per barrel for the same period in 2013.
- The average WTI Cushing to WTS spread for the second quarter of 2014 was $7.88 per barrel compared to $0.36 per barrel for the same period in 2013. The average WTI Cushing to WTI Midland spread for the second quarter of 2014 was $8.37 per barrel compared to $0.14 per barrel for the same period in 2013. The average LLS to WTI Cushing spread for the second quarter of 2014 was $2.89 per barrel compared to $15.07 per barrel for the same period in 2013.
- Asphalt margins in the second quarter of 2014 were $67.64 per ton compared to $83.27 per ton in the second quarter of 2013. This decrease was primarily due to lower asphalt sales prices during the second quarter of 2014 compared to 2013. The average blended asphalt sales price decreased 4.6% to $564.75 per ton in the second quarter of 2014, from $591.81 per ton in the second quarter of 2013, and the average non-blended asphalt sales price decreased 21.6% to $302.75 per ton in the second quarter of 2014, from $386.40 per ton in the second quarter of 2013.
- Retail fuel sales volume increased by 2.7% to 48.8 million gallons in the second quarter of 2014 from 47.5 million gallons in the second quarter of 2013.

Major Influences on Results of Operations

Refining and Marketing. Earnings and cash flows from our refining and marketing segment are primarily affected by the difference between refined product prices and the prices for crude oil and other feedstocks. These prices depend on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and government regulation. While our sales and operating revenues fluctuate significantly with movements in crude oil and refined product prices, it is the spread between crude oil and refined product prices, and not necessarily fluctuations in those prices, that affect our earnings.

In order to measure our operating performance, we compare our per barrel refinery operating margins to certain industry benchmarks. We calculate this margin for each refinery by dividing the refinery's gross margin by its throughput volumes. Gross margin is the difference between net sales and cost of sales (exclusive of substantial hedge positions and certain inventory adjustments). Each refinery is compared to an industry benchmark that is intended to approximate that refinery's crude slate and product yield.

We compare our Big Spring refinery's operating margin to the Gulf Coast 3/2/1 crack spread. A Gulf Coast 3/2/1 crack spread is calculated assuming that three barrels of WTI Cushing crude oil are converted, or cracked, into two barrels of Gulf Coast conventional gasoline and one barrel of Gulf Coast ultra-low sulfur diesel.

We compare our Krotz Springs refinery's operating margin to the Gulf Coast 2/1/1 high sulfur diesel crack spread. A Gulf Coast 2/1/1 high sulfur diesel crack spread is calculated assuming that two barrels of LLS crude oil are converted into one barrel of Gulf Coast conventional gasoline and one barrel of Gulf Coast high sulfur diesel.

Our Big Spring refinery is capable of processing substantial volumes of sour crude oil, which has historically cost less than intermediate and sweet crude oils. We measure the cost advantage of refining sour crude oil by calculating the difference between the price of WTI Cushing crude oil and the price of WTS, a medium, sour crude oil. We refer to this differential as the WTI Cushing/WTS, or sweet/sour, spread. A widening of the sweet/sour spread can favorably influence the operating margin for our Big Spring refinery. The Big Spring refinery's crude oil input is primarily comprised of WTS and WTI Midland priced crude oil.

The Krotz Springs refinery has the capability to process substantial volumes of low-sulfur, or sweet, crude oils to produce a high percentage of light, high-value refined products. Sweet crude oil typically comprises 100% of the Krotz Springs refinery's crude oil input. This input is primarily comprised of LLS crude oil and WTI Midland priced crude oil.

In addition, we have been able to capitalize on the oversupply of West Texas crudes in Midland, the largest origination terminal for West Texas crude oil, resulting from increased production in the Permian Basin coupled with infrastructure constraints. Although West Texas crudes are typically transported to Cushing and to the Gulf Coast for sale, current logistical and infrastructure constraints are limiting the ability of Permian Basin producers to transport their production to Cushing and to the Gulf Coast. The resulting oversupply of West Texas crudes at Midland has depressed Midland crude prices and enabled us to obtain an increased portion of our crude supply at discounted prices to Cushing. Moreover, by sourcing West Texas crude oils at Midland, we are able to eliminate the cost of transporting crude to and from Cushing. The WTI Cushing less WTI Midland spread represents the differential between the average per barrel price of WTI Cushing crude oil and the average per barrel price of WTI Midland crude oil. A widening of the WTI Cushing less WTI Midland spread can favorably influence the operating margin for both our Big Spring and Krotz Springs refineries.

Global product prices are influenced by the price of Brent crude which is a global benchmark crude. Global product prices set product prices in the U.S. As a result, both our Big Spring and Krotz Springs refineries are influenced by the spread between Brent crude and WTI Cushing. For both our Big Spring and Krotz Springs refineries, the Brent less WTI Cushing spread represents the differential between the average per barrel price of Brent crude oil and the average per barrel price of WTI Cushing crude oil. A widening of the spread between Brent and WTI Cushing can favorably influence both refineries' operating margins. Also, the Krotz Springs refinery is influenced by the spread between Brent crude and LLS. For our Krotz Springs refinery, the Brent less LLS spread represents the differential between the average per barrel price of Brent crude oil and the average per barrel price of LLS crude oil. A widening of the spread between Brent and LLS can favorably influence the Krotz Springs refinery operating margins.

The results of operations from our refining and marketing segment are also significantly affected by our refineries' operating costs, particularly the cost of natural gas used for fuel and the cost of electricity. Natural gas prices have historically been volatile. Typically, electricity prices fluctuate with natural gas prices.

Demand for gasoline products is generally higher during summer months than during winter months due to seasonal increases in highway traffic. As a result, the operating results for our refining and marketing segment for the first and fourth calendar quarters are generally lower than those for the second and third calendar quarters. The effects of seasonal demand for gasoline are partially offset by seasonality in demand for diesel, which in our region is generally higher in winter months as east-west trucking traffic moves south to avoid winter conditions on northern routes.

Safety, reliability and the environmental performance of our refineries are critical to our financial performance. The financial impact of planned downtime, such as a turnaround or major maintenance project, is mitigated through a diligent planning process that considers expectations for product availability, margin environment and the availability of resources to perform the required maintenance.

The nature of our business requires us to maintain substantial quantities of crude oil and refined product inventories. Crude oil and refined products are essentially commodities, and we have no control over the changing market value of these inventories. Because our inventory is valued at the lower of cost or market value under the LIFO inventory valuation methodology, price fluctuations generally have little effect on our financial results.

Asphalt. Earnings from our asphalt segment depend primarily upon the margin between the price at which we sell our asphalt and the transfer prices for asphalt produced at the Big Spring refinery or the price for asphalt purchased from third parties. Asphalt is transferred to our asphalt segment from our refining and marketing segment at prices substantially determined by reference to the cost of crude oil, which is intended to approximate wholesale market prices. A portion of our asphalt sales are made using fixed price contracts for delivery at future dates. Because these contracts are priced using market prices for asphalt at the time of the contract, a change in the cost of crude oil between the time we enter into the contract and the time we produce the asphalt can positively or negatively influence the earnings of our asphalt segment. Demand for paving asphalt products is higher during warmer months than during colder months due to seasonal increases in road construction work. As a result, revenues from our asphalt segment for the first and fourth calendar quarters are expected to be lower than those for the second and third calendar quarters.

Retail. Earnings and cash flows from our retail segment are primarily affected by merchandise and retail fuel sales volumes and margins at our convenience stores. Retail merchandise gross margin is equal to retail merchandise sales less the delivered cost of the retail merchandise, net of vendor discounts and rebates, measured as a percentage of total retail merchandise sales. Retail merchandise sales are driven by convenience, branding and competitive pricing. Retail fuel margin is equal to retail fuel sales less the delivered cost of fuel and excise taxes, measured on a cents per gallon (“cpg”) basis. Our retail fuel margins are driven by local supply, demand and competitor pricing. Our retail sales are seasonal and peak in the second and third quarters of the year, while the first and fourth quarters usually experience lower overall sales.

Factors Affecting Comparability

Our financial condition and operating results over the three and six months ended June 30, 2014 and 2013 have been influenced by the following factors which are fundamental to understanding comparisons of our period-to-period financial performance.

Maintenance and Reduced Crude Oil Throughput

During the three months ended June 30, 2014, we completed both the planned turnaround and the vacuum tower project at the Big Spring refinery, which will increase our distillate yield, improve energy efficiency and allow us to better optimize our crude slate. Due to these events, refinery throughput was reduced at the Big Spring refinery during the three and six months ended June 30, 2014.

During the three and six months ended June 30, 2013, the Krotz Springs refinery was impacted by the unplanned shut down and repair of the reformer unit for approximately one month.

Certain Derivative Impacts

Included in the consolidated statements of operations in cost of sales for the three and six months ended June 30, 2014 are losses on commodity swaps of $2.4 million and $8.6 million, respectively, compared to gains on commodity swaps of $10.0 million and $10.0 million for the three and six months ended June 30, 2013, respectively.

Renewable Fuel Standard

During the three months ended June 30, 2014, we generated RINs credits at the Big Spring refinery of $0.8 million, as a result of reduced production during the planned turnaround, compared to RINs costs of $8.0 million for the three months ended June 30, 2013. RINs costs at the Big Spring refinery for the six months ended June 30, 2014 and 2013 were $2.2 million and $8.0 million, respectively. RINs costs at our Krotz Springs refinery were $5.5 million and $10.6 million for the three and six months ended June 30, 2014, respectively. The Krotz Springs refinery received an exemption from the RFS2 requirements for 2013 and as a result did not record costs associated with RINs.

Results of Operations

The period-to-period comparison of our results of operations has been prepared using the historical periods included in our consolidated financial statements. We refer to our financial statement line items in the explanation of our period-to-period changes in results of operations. Below are general definitions of what those line items include and represent.

Net Sales. Net sales consist primarily of sales of refined petroleum products through our refining and marketing segment and asphalt segment and sales of merchandise, food products and motor fuels through our retail segment.

For the refining and marketing segment, net sales consist of gross sales, net of customer rebates, discounts and excise taxes and include intersegment sales to our asphalt and retail segments, which are eliminated through consolidation of our financial statements. Asphalt sales consist of gross sales, net of any discounts and applicable taxes. For our petroleum and asphalt products, net sales are mainly affected by crude oil and refined product prices and volume changes caused by operations. Retail net sales consist of gross merchandise sales, less rebates, commissions and discounts, and gross fuel sales, including excise taxes. Our retail merchandise sales are affected primarily by competition and seasonal influences.

Cost of Sales. Refining and marketing cost of sales includes principally crude oil, blending materials, other raw materials and transportation costs. Asphalt cost of sales includes costs of purchased asphalt, blending materials and transportation costs. Retail cost of sales includes motor fuels and merchandise. Retail fuel cost of sales represents the cost of purchased fuel, including transportation costs and associated excise taxes. Merchandise cost of sales includes the delivered cost of merchandise purchases, net of merchandise rebates and commissions. Cost of sales excludes depreciation and amortization expense, which is presented separately in the consolidated statements of operations.

Direct Operating Expenses. Direct operating expenses, which relate to our refining and marketing and asphalt segments, include costs associated with the actual operations of our refineries and asphalt terminals, such as energy and utility costs, routine maintenance, labor, insurance and environmental compliance costs. All operating costs associated with our crude oil and product pipelines are considered to be transportation costs and are reflected as cost of sales in the consolidated statements of operations.

Selling, General and Administrative Expenses. Selling, general and administrative, or SG&A, expenses consist primarily of costs relating to the operations of our convenience stores, including labor, utilities, maintenance and retail corporate overhead costs. Corporate overhead and marketing expenses are also included in SG&A expenses for the refining and marketing and asphalt segments.

ALON USA ENERGY, INC. AND SUBSIDIARIES CONSOLIDATED

Summary Financial Tables. The following tables provide summary financial data and selected key operating statistics for Alon and our three operating segments for the three and six months ended June 30, 2014 and 2013. The summary financial data for our three operating segments does not include certain SG&A expenses and depreciation and amortization related to our corporate headquarters. The following data should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q. All information in "Management's Discussion and Analysis of Financial Condition and Results of Operations" except for Balance Sheet data as of December 31, 2013 is unaudited.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(dollars in thousands, except per share data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 1,742,883	$ 1,676,595	$ 3,426,128	$ 3,327,791
Operating costs and expenses:				
Cost of sales	1,580,447	1,497,712	3,086,992	2,875,969
Direct operating expenses	67,630	71,446	138,308	145,668
Selling, general and administrative expenses (2)	46,333	43,101	85,722	84,842
Depreciation and amortization (3)	29,453	30,798	59,331	61,961
Total operating costs and expenses	1,723,863	1,643,057	3,370,353	3,168,440
Gain (loss) on disposition of assets	(88)	8,494	2,117	8,512
Operating income	18,932	42,032	57,892	167,863
Interest expense	(29,256)	(20,261)	(57,271)	(41,553)
Equity earnings of investees	1,278	2,110	819	1,729
Other income, net	638	46	621	129
Income (loss) before income tax expense	(8,408)	23,927	2,061	128,168
Income tax expense (benefit)	(1,971)	3,985	123	34,575
Net income (loss)	(6,437)	19,942	1,938	93,593
Net income attributable to non-controlling interest	1,080	8,446	8,670	27,913
Net income (loss) available to stockholders	$ (7,517)	$ 11,496	$ (6,732)	$ 65,680
Earnings (loss) per share, basic	$ (0.11)	$ 0.17	$ (0.10)	$ 1.03
Weighted average shares outstanding, basic (in thousands)	68,851	62,614	68,734	62,285
Earnings (loss) per share, diluted	$ (0.11)	$ 0.17	$ (0.10)	$ 0.97
Weighted average shares outstanding, diluted (in thousands)	68,851	68,071	68,734	67,743
Cash dividends per share	$ 0.06	$ 0.22	$ 0.12	$ 0.26
CASH FLOW DATA:				
Net cash provided by (used in):				
Operating activities	$ (31,072)	$ (31,016)	$ 31,642	$ 129,754
Investing activities	(47,403)	1,491	(41,007)	(12,082)
Financing activities	(79,666)	(88,873)	(17,983)	(99,500)
OTHER DATA:				
Adjusted EBITDA (4)	$ 50,389	$ 66,492	$ 116,546	$ 223,170
Capital expenditures (5)	36,495	22,208	54,655	30,622
Capital expenditures for turnarounds and catalysts	11,422	1,408	26,269	6,624

BALANCE SHEET DATA (end of period):	June 30, 2014	December 31, 2013
	(dollars in thousands)	
Cash and cash equivalents	$ 197,151	$ 224,499
Working capital	128,827	60,863
Total assets	2,234,107	2,245,140
Total debt	643,710	612,248
Total debt less cash and cash equivalents	446,559	387,749
Total equity	638,807	625,404

(1) Includes excise taxes on sales by the retail segment of $19,101 and $18,531 for the three months ended June 30, 2014 and 2013, respectively, and $36,911 and $35,836 for the six months ended June 30, 2014 and 2013, respectively.

(2) Includes corporate headquarters selling, general and administrative expenses of $175 and $193 for the three months ended June 30, 2014 and 2013, respectively, and $350 and $368 for the six months ended June 30, 2014 and 2013, respectively, which are not allocated to our three operating segments.

(3) Includes corporate depreciation and amortization of $595 and $574 for the three months ended June 30, 2014 and 2013, respectively, and $1,191 and $1,415 for the six months ended June 30, 2014 and 2013, respectively, which are not allocated to our three operating segments.

(4) Adjusted EBITDA represents earnings before net income attributable to non-controlling interest, income tax expense (benefit), interest expense, depreciation and amortization and gain (loss) on disposition of assets. Adjusted EBITDA is not a recognized measurement under GAAP; however, the amounts included in Adjusted EBITDA are derived from amounts included in our consolidated financial statements. Our management believes that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. In addition, our management believes that Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of net income attributable to non-controlling interest, income tax expense (benefit), interest expense, gain (loss) on disposition of assets and the accounting effects of capital expenditures and acquisitions, items that may vary for different companies for reasons unrelated to overall operating performance.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect the prior claim that non-controlling interest have on the income generated by non-wholly-owned subsidiaries;
- Adjusted EBITDA does not reflect changes in or cash requirements for our working capital needs; and
- Our calculation of Adjusted EBITDA may differ from EBITDA calculations of other companies in our industry, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

The following table reconciles net income (loss) available to stockholders to Adjusted EBITDA for the three and six months ended June 30, 2014 and 2013:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(dollars in thousands)			
Net income (loss) available to stockholders	$ (7,517)	$ 11,496	$ (6,732)	$ 65,680
Net income attributable to non-controlling interest	1,080	8,446	8,670	27,913
Income tax expense (benefit)	(1,971)	3,985	123	34,575
Interest expense	29,256	20,261	57,271	41,553
Depreciation and amortization	29,453	30,798	59,331	61,961
(Gain) loss on disposition of assets	88	(8,494)	(2,117)	(8,512)
Adjusted EBITDA	$ 50,389	$ 66,492	$ 116,546	$ 223,170

Adjusted EBITDA does not exclude unrealized losses on commodity swaps of $2,904 and $9,510 for the three and six months ended June 30, 2014, which are included in net income (loss) available to stockholders.

(5) Includes corporate capital expenditures of $494 and $426 for the three months ended June 30, 2014 and 2013, respectively, and $1,359 and $439 for the six months ended June 30, 2014 and 2013, respectively, which are not allocated to our three operating segments.

REFINING AND MARKETING SEGMENT

	For the Three Months Ended June 30, 2014	For the Three Months Ended June 30, 2013	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013
	(dollars in thousands, except per barrel data and pricing statistics)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 1,521,324	$ 1,443,614	$ 3,026,242	$ 2,857,739
Operating costs and expenses:				
Cost of sales	1,403,843	1,316,953	2,772,057	2,500,275
Direct operating expenses	57,478	60,347	118,276	124,016
Selling, general and administrative expenses	18,466	14,598	29,000	28,519
Depreciation and amortization	24,713	26,107	50,081	52,612
Total operating costs and expenses	1,504,500	1,418,005	2,969,414	2,705,422
Gain (loss) on disposition of assets	(59)	7,405	(59)	7,405
Operating income	$ 16,765	$ 33,014	$ 56,769	$ 159,722
KEY OPERATING STATISTICS:				
Per barrel of throughput:				
Refinery operating margin – Big Spring (2)	$ 17.04	$ 14.99	$ 15.56	$ 21.18
Refinery operating margin – Krotz Springs (2)	8.89	1.97	8.22	7.51
Refinery direct operating expense – Big Spring (3)	7.09	4.16	5.33	4.85
Refinery direct operating expense – Krotz Springs (3)	3.70	4.63	4.09	4.53
Capital expenditures	$ 31,659	$ 12,646	$ 43,855	$ 18,615
Capital expenditures for turnarounds and catalysts	11,422	1,408	26,269	6,624
PRICING STATISTICS:				
Crack spreads (3/2/1) (per barrel):				
Gulf Coast	$ 16.42	$ 21.17	$ 16.61	$ 24.76
Crack spreads (2/1/1) (per barrel):				
Gulf Coast high sulfur diesel	$ 12.47	$ 4.15	$ 11.62	$ 6.16
WTI Cushing crude oil (per barrel)	$ 103.04	$ 94.20	$ 100.86	$ 94.23
Crude oil differentials (per barrel):				
WTI Cushing less WTI Midland	$ 8.37	$ 0.14	$ 5.96	$ 3.91
WTI Cushing less WTS	7.88	0.36	5.79	5.86
LLS less WTI Cushing	2.89	15.07	4.42	17.63
Brent less LLS	4.67	(2.56)	5.81	(0.65)
Brent less WTI Cushing	7.56	12.51	10.25	16.98
Product price (dollars per gallon):				
Gulf Coast unleaded gasoline	$ 2.81	$ 2.69	$ 2.73	$ 2.77
Gulf Coast ultra-low sulfur diesel	2.92	2.86	2.93	2.97
Gulf Coast high sulfur diesel	2.83	2.71	2.83	2.86
Natural gas (per MMBtu)	4.58	4.02	4.65	3.76

THROUGHPUT AND PRODUCTION DATA: BIG SPRING REFINERY	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2014		2013		2014		2013	
	bpd	%	bpd	%	bpd	%	bpd	%
Refinery throughput:								
WTS crude	12,634	32.4	53,627	74.4	23,927	42.7	49,446	75.1
WTI crude	23,391	60.0	17,180	23.8	29,652	52.9	14,380	21.8
Blendstocks	2,969	7.6	1,317	1.8	2,471	4.4	2,009	3.1
Total refinery throughput (4)	38,994	100.0	72,124	100.0	56,050	100.0	65,835	100.0
Refinery production:								
Gasoline	17,484	45.1	35,057	48.7	26,835	48.0	32,436	49.4
Diesel/jet	12,315	31.8	24,748	34.4	18,461	33.0	22,038	33.6
Asphalt	1,660	4.3	4,453	6.2	2,529	4.5	3,909	6.0
Petrochemicals	1,825	4.7	4,628	6.4	3,111	5.5	4,179	6.4
Other	5,483	14.1	3,088	4.3	5,022	9.0	3,029	4.6
Total refinery production (5)	38,767	100.0	71,974	100.0	55,958	100.0	65,591	100.0
Refinery utilization (6)		85.4%		101.2%		95.7%		97.1%

THROUGHPUT AND PRODUCTION DATA: KROTZ SPRINGS REFINERY	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2014		2013		2014		2013	
	bpd	%	bpd	%	bpd	%	bpd	%
Refinery throughput:								
WTI crude	29,737	39.2	31,060	52.8	26,904	39.0	28,088	47.9
Gulf Coast sweet crude	46,138	60.8	26,226	44.6	40,953	59.3	28,857	49.2
Blendstocks	—	—	1,518	2.6	1,152	1.7	1,677	2.9
Total refinery throughput (4)	75,875	100.0	58,804	100.0	69,009	100.0	58,622	100.0
Refinery production:								
Gasoline	33,909	43.7	22,710	37.9	32,407	46.0	24,800	41.5
Diesel/jet	33,665	43.4	24,267	40.5	29,791	42.3	23,330	39.0
Heavy Oils	1,362	1.8	521	0.9	980	1.4	1,144	1.9
Other	8,616	11.1	12,410	20.7	7,225	10.3	10,559	17.6
Total refinery production (5)	77,552	100.0	59,908	100.0	70,403	100.0	59,833	100.0
Refinery utilization (6)		102.5%		77.4%		91.7%		78.9%

(1) Net sales include intersegment sales to our asphalt and retail segments at prices which approximate wholesale market prices. These intersegment sales are eliminated through consolidation of our financial statements.

(2) Refinery operating margin is a per barrel measurement calculated by dividing the margin between net sales and cost of sales (exclusive of substantial hedge positions and certain inventory adjustments) attributable to each refinery by the refinery's throughput volumes. Industry-wide refining results are driven and measured by the margins between refined product prices and the prices for crude oil, which are referred to as crack spreads. We compare our refinery operating margins to these crack spreads to assess our operating performance relative to other participants in our industry.

The refinery operating margin for the three and six months ended June 30, 2014 excludes losses on commodity swaps of $2,389 and $8,627, respectively, as well as negative inventory effects of $907 and $8,041, respectively.

The refinery operating margin for the three and six months ended June 30, 2013 excludes gains on commodity swaps of $10,018 and $9,994, respectively, as well as positive inventory effects of $3,830 and $6,794, respectively.

(3) Refinery direct operating expense is a per barrel measurement calculated by dividing direct operating expenses at our Big Spring and Krotz Springs refineries by the applicable refinery's total throughput volumes.

(4) Total refinery throughput represents the total barrels per day of crude oil and blendstock inputs in the refinery production process.

(5) Total refinery production represents the barrels per day of various products produced from processing crude and other refinery feedstocks through the crude units and other conversion units at the refineries.

(6) Refinery utilization represents average daily crude oil throughput divided by crude oil capacity, excluding planned periods of downtime for maintenance and turnarounds.

ASPHALT SEGMENT

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(dollars in thousands, except per ton data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 117,677	$ 144,191	$ 213,848	$ 299,056
Operating costs and expenses:				
Cost of sales (1)(2)	107,801	127,953	195,535	273,469
Direct operating expenses	10,152	11,099	20,032	21,652
Selling, general and administrative expenses	2,299	1,555	5,027	3,203
Depreciation and amortization	1,162	1,563	2,362	3,112
Total operating costs and expenses	121,414	142,170	222,956	301,436
Gain (loss) on disposition of assets	(152)	—	2,014	—
Operating income (loss)	$ (3,889)	$ 2,021	$ (7,094)	$ (2,380)
KEY OPERATING STATISTICS:				
Blended asphalt sales volume (tons in thousands) (3)	142	180	226	310
Non-blended asphalt sales volume (tons in thousands) (4)	4	15	26	37
Blended asphalt sales price per ton (3)	$ 564.75	$ 591.81	$ 557.86	$ 570.28
Non-blended asphalt sales price per ton (4)	302.75	386.40	375.85	389.59
Asphalt margin per ton (5)	67.64	83.27	72.67	73.74
Capital expenditures	$ 1,501	$ 2,599	$ 3,219	$ 4,391

(1) Net sales and cost of sales include asphalt purchases sold as part of a supply and offtake arrangement of approximately $36,000 and $32,000 for the three months and approximately $78,000 and $108,000 for the six months ended June 30, 2014 and 2013, respectively. The volumes associated with these sales are excluded from the Key Operating Statistics.

(2) Cost of sales includes intersegment purchases of asphalt blends from our refining and marketing segment at prices which approximate wholesale market prices. These intersegment purchases are eliminated through consolidation of our financial statements.

(3) Blended asphalt represents base asphalt that has been blended with other materials necessary to sell the asphalt as a finished product.

(4) Non-blended asphalt represents base material asphalt and other components that require additional blending before being sold as a finished product.

(5) Asphalt margin is a per ton measurement calculated by dividing the margin between net sales and cost of sales by the total sales volume. Asphalt margins are used in the asphalt industry to measure operating results related to asphalt sales.

RETAIL SEGMENT

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(dollars in thousands, except per gallon data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 252,659	$ 244,833	$ 473,907	$ 468,938
Operating costs and expenses:				
Cost of sales (2)	217,580	208,849	407,269	400,167
Selling, general and administrative expenses	25,393	26,755	51,345	52,752
Depreciation and amortization	2,983	2,554	5,697	4,822
Total operating costs and expenses	245,956	238,158	464,311	457,741
Gain on disposition of assets	123	1,089	163	1,107
Operating income	$ 6,826	$ 7,764	$ 9,759	$ 12,304
KEY OPERATING STATISTICS:				
Number of stores (end of period) (3)	296	298	296	298
Retail fuel sales (thousands of gallons)	48,767	47,490	94,283	91,896
Retail fuel sales (thousands of gallons per site per month)(3)	57	55	55	54
Retail fuel margin (cents per gallon) (4)	19.4	20.2	18.9	20.2
Retail fuel sales price (dollars per gallon) (5)	$ 3.47	$ 3.40	$ 3.36	$ 3.40
Merchandise sales	$ 83,182	$ 83,243	$ 156,517	$ 156,576
Merchandise sales (per site per month) (3)	$ 94	$ 93	$ 88	$ 88
Merchandise margin (6)	30.7%	31.6%	31.1%	31.9%
Capital expenditures	$ 2,841	$ 6,537	$ 6,222	$ 7,177

(1) Includes excise taxes on sales of $19,101 and $18,531 for the three months ended June 30, 2014 and 2013, respectively, and $36,911 and $35,836 for the six months ended June 30, 2014 and 2013, respectively.

(2) Cost of sales includes intersegment purchases of motor fuels from our refining and marketing segment at prices which approximate wholesale market prices. These intersegment purchases are eliminated through consolidation of our financial statements.

(3) At June 30, 2014, we had 296 retail convenience stores of which 285 sold fuel. At June 30, 2013, we had 298 retail convenience stores of which 286 sold fuel.

(4) Retail fuel margin represents the difference between retail fuel sales revenue and the net cost of purchased retail fuel, including transportation costs and associated excise taxes, expressed on a cents-per-gallon basis. Retail fuel margins are frequently used in the retail industry to measure operating results related to retail fuel sales.

(5) Retail fuel sales price per gallon represents the average sales price for retail fuels sold through our retail convenience stores.

(6) Merchandise margin represents the difference between merchandise sales revenues and the delivered cost of merchandise purchases, net of rebates and commissions, expressed as a percentage of merchandise sales revenues. Merchandise margins, also referred to as in-store margins, are commonly used in the retail convenience store industry to measure in-store, or non-fuel, operating results.

Three Months Ended June 30, 2014 Compared to the Three Months Ended June 30, 2013

Net Sales

Consolidated. Net sales for the three months ended June 30, 2014 were $1,742.9 million, compared to $1,676.6 million for the three months ended June 30, 2013, an increase of $66.3 million. This increase was primarily due to higher refined product prices and higher retail fuel sales volumes and prices, partially offset by lower refinery throughput volumes and lower asphalt sales volumes and prices.

Refining and Marketing Segment. Net sales for our refining and marketing segment were $1,521.3 million for the three months ended June 30, 2014, compared to $1,443.6 million for the three months ended June 30, 2013, an increase of $77.7 million. This increase was primarily due to higher refined product prices and increased sales of purchased products, partially offset by lower refinery throughput volumes.

Combined refinery average throughput for the three months ended June 30, 2014 was 114,869 bpd, consisting of 38,994 bpd at the Big Spring refinery and 75,875 bpd at the Krotz Springs refinery, compared to a combined refinery average throughput of 130,928 bpd for the three months ended June 30, 2013, consisting of 72,124 bpd at the Big Spring refinery and 58,804 bpd at the Krotz Springs refinery. During the three months ended June 30, 2014, we completed both the planned turnaround and the vacuum tower project at the Big Spring refinery, which will increase our distillate yield, improve energy efficiency and allow us to better optimize our crude slate. Due to these events, refinery throughput was reduced at the Big Spring refinery during the three months ended June 30, 2014. During the three months ended June 30, 2013, the Krotz Springs refinery was impacted by the unplanned shut down and repair of the reformer unit for approximately one month.

Refined product prices increased during the three months ended June 30, 2014, compared to the three months ended June 30, 2013. The average per gallon price of Gulf Coast gasoline for the three months ended June 30, 2014 increased $0.12, or 4.5%, to $2.81, compared to $2.69 for the three months ended June 30, 2013. The average per gallon price of Gulf Coast ultra-low sulfur diesel for the three months ended June 30, 2014 increased $0.06, or 2.1%, to $2.92, compared to $2.86 for the three months ended June 30, 2013. The average per gallon price for Gulf Coast high sulfur diesel for the three months ended June 30, 2014 increased $0.12, or 4.4%, to $2.83, compared to $2.71 for the three months ended June 30, 2013.

Asphalt Segment. Net sales for our asphalt segment were $117.7 million for the three months ended June 30, 2014, compared to $144.2 million for the three months ended June 30, 2013, a decrease of $26.5 million, or 18.4%. This decrease was primarily due to lower asphalt sales volumes and lower asphalt sales prices, partially offset by higher asphalt sales as part of a supply and offtake arrangement of approximately $4.0 million. The asphalt sales volume decreased 25.1% to 146 thousand tons for the three months ended June 30, 2014 from 195 thousand tons for the three months ended June 30, 2013. The average blended asphalt sales price decreased 4.6% to $564.75 per ton for the three months ended June 30, 2014 from $591.81 per ton for the three months ended June 30, 2013, and the average non-blended asphalt sales price decreased 21.6% to $302.75 per ton for the three months ended June 30, 2014 from $386.40 per ton for the three months ended June 30, 2013.

Retail Segment. Net sales for our retail segment were $252.7 million for the three months ended June 30, 2014, compared to $244.8 million for the three months ended June 30, 2013, an increase of $7.9 million, or 3.2%. This increase was primarily attributable to a 2.7% increase in retail fuel sales volumes and an increase in retail fuel sales prices.

Cost of Sales

Consolidated. Cost of sales for the three months ended June 30, 2014 were $1,580.4 million, compared to $1,497.7 million for the three months ended June 30, 2013, an increase of $82.7 million. This increase was primarily due to higher crude oil prices, partially offset by lower refinery throughput volumes and lower asphalt sales volumes.

Refining and Marketing Segment. Cost of sales for our refining and marketing segment were $1,403.8 million for the three months ended June 30, 2014, compared to $1,317.0 million for the three months ended June 30, 2013, an increase of $86.8 million. This increase was primarily due to higher crude oil prices and increased products purchased to meet contractual obligations during the Big Spring refinery turnaround, partially offset by lower refinery throughput volumes and lower RINs costs.

The average price of WTI Cushing increased 9.4% to $103.04 per barrel for the three months ended June 30, 2014, compared to $94.20 per barrel for the three months ended June 30, 2013. The average WTI Cushing to WTS spread widened to $7.88 per barrel for the three months ended June 30, 2014, compared to $0.36 per barrel for the three months ended June 30, 2013. The average WTI Cushing to WTI Midland spread widened to $8.37 per barrel for the three months ended June 30, 2014, compared to $0.14 per barrel for the three months ended June 30, 2013. The average LLS to WTI Cushing spread narrowed $12.18 per barrel to $2.89 per barrel for the three months ended June 30, 2014, compared to $15.07 per barrel for the three months ended June 30, 2013. Cost of sales for the three months ended June 30, 2014 and 2013 includes $4.7 million and $8.0 million, respectively, of costs to purchase RINs needed to satisfy our obligation to blend biofuels into the products we produce.

Asphalt Segment. Cost of sales for our asphalt segment were $107.8 million for the three months ended June 30, 2014, compared to $128.0 million for the three months ended June 30, 2013, a decrease of $20.2 million, or 15.8%. This decrease was primarily due to lower asphalt sales volumes, partially offset by higher asphalt purchases as part of a supply and offtake arrangement of approximately $4.0 million during the three months ended June 30, 2014, compared to the three months ended June 30, 2013.

Retail Segment. Cost of sales for our retail segment were $217.6 million for the three months ended June 30, 2014, compared to $208.8 million for the three months ended June 30, 2013, an increase of $8.8 million, or 4.2%. This increase was primarily due to increases in retail fuel sales volumes.

Direct Operating Expenses

Consolidated. Direct operating expenses were $67.6 million for the three months ended June 30, 2014, compared to $71.4 million for the three months ended June 30, 2013, a decrease of $3.8 million, or 5.3%.

Refining and Marketing Segment. Direct operating expenses for our refining and marketing segment for the three months ended June 30, 2014 were $57.5 million, compared to $60.3 million for the three months ended June 30, 2013, a decrease of $2.8 million, or 4.6%. This decrease was primarily due to lower overall direct operating expenses as a result of the shut down for the turnaround at our Big Spring refinery as well as reduced insurance costs.

Asphalt Segment. Direct operating expenses for our asphalt segment for the three months ended June 30, 2014 were $10.2 million, compared to $11.1 million for the three months ended June 30, 2013, a decrease of $0.9 million, or 8.1%. This decrease was primarily due to reduced insurance costs, partially offset by higher natural gas costs during the three months ended June 30, 2014.

Selling, General and Administrative Expenses

Consolidated. SG&A expenses for the three months ended June 30, 2014 were $46.3 million, compared to $43.1 million for the three months ended June 30, 2013, an increase of $3.2 million, or 7.4%. This increase was primarily due to higher employee related costs.

Refining and Marketing Segment. SG&A expenses for our refining and marketing segment for the three months ended June 30, 2014 were $18.5 million, compared to $14.6 million for the three months ended June 30, 2013, an increase of $3.9 million, or 26.7%. This increase was primarily due to higher employee related costs for the three months ended June 30, 2014.

Asphalt Segment. SG&A expenses for our asphalt segment for the three months ended June 30, 2014 were $2.3 million, compared to $1.6 million for the three months ended June 30, 2013, an increase of $0.7 million. This increase was primarily due to higher corporate expense allocated to the asphalt segment during the three months ended June 30, 2014.

Retail Segment. SG&A expenses for our retail segment for the three months ended June 30, 2014 were $25.4 million, compared to $26.8 million for the three months ended June 30, 2013, a decrease of $1.4 million.

Depreciation and Amortization

Depreciation and amortization for the three months ended June 30, 2014 was $29.5 million, compared to $30.8 million for the three months ended June 30, 2013, a decrease of $1.3 million, or 4.2%.

Operating Income

Consolidated. Operating income for the three months ended June 30, 2014 was $18.9 million, compared to $42.0 million for the three months ended June 30, 2013, a decrease of $23.1 million. This decrease was primarily due to lower throughput volumes and lower asphalt margins, partially offset by increased refinery margins.

Refining and Marketing Segment. Operating income for our refining and marketing segment was $16.8 million for the three months ended June 30, 2014, compared to operating income of $33.0 million for the three months ended June 30, 2013, a decrease of $16.2 million. This decrease was primarily due to lower throughput volumes, partially offset by increased refinery operating margins.

Refinery operating margin at the Big Spring refinery was $17.04 per barrel for the three months ended June 30, 2014, compared to $14.99 per barrel for the three months ended June 30, 2013. This increase in operating margin was primarily due to a widening of both the WTI Cushing to WTS spread and the WTI Cushing to WTI Midland spread, partially offset by a lower Gulf Coast 3/2/1 crack spread. The average Gulf Coast 3/2/1 crack spread decreased to $16.42 per barrel for the three months ended June 30, 2014, compared to $21.17 per barrel for the three months ended June 30, 2013, which was primarily influenced by a reduction in the Brent to WTI Cushing spread. The average Brent to WTI Cushing spread for the three months ended June 30, 2014 was $7.56 per barrel compared to $12.51 per barrel for the three months ended June 30, 2013. Also impacting operating income and refinery operating margin during the three months ended June 30, 2014, were RINs credits of $0.8 million, generated as a result of reduced production during the planned turnaround at our refinery, compared to RINs costs of $8.0 million for the three months ended June 30, 2013.

Refinery operating margin at the Krotz Springs refinery was $8.89 per barrel for the three months ended June 30, 2014, compared to $1.97 per barrel for the three months ended June 30, 2013. This increase was primarily due to a higher Gulf Coast 2/1/1 high sulfur diesel crack spread and a widening WTI Cushing to WTI Midland spread, partially offset by a narrowing LLS to WTI Cushing spread as well as the impact of RINs costs during the three months ended June 30, 2014. The average Gulf Coast 2/1/1 high sulfur diesel crack spread for the three months ended June 30, 2014 was $12.47 per barrel, compared to $4.15 per barrel for the three months ended June 30, 2013, which was primarily influenced by an increase in the Brent to LLS spread. The average Brent to LLS spread for the three months ended June 30, 2014 was $4.67 per barrel compared to $(2.56) per barrel for the three months ended June 30, 2013. The average LLS to WTI Cushing spread narrowed $12.18 per barrel to $2.89 per barrel for the three months ended June 30, 2014, compared to $15.07 per barrel for the three months ended June 30, 2013. For the three months ended June 30, 2014, the Krotz Springs refinery operating margin was impacted by $5.5 million of costs to purchase RINs needed to satisfy our obligation to blend biofuels into the products we produce. The Krotz Springs refinery received an exemption from the RFS2 requirements for 2013 and as a result did not record costs associated with RINs.

Asphalt Segment. Operating loss for our asphalt segment was $3.9 million for the three months ended June 30, 2014, compared to an operating income of $2.0 million for the three months ended June 30, 2013, a decrease of $5.9 million. This decrease was primarily due to lower asphalt sales volumes and lower asphalt margin, which was influenced by lower asphalt sales prices, during the three months ended June 30, 2014. The asphalt margin was $67.64 per ton for the three months ended June 30, 2014, compared to $83.27 per ton for the three months ended June 30, 2013.

Retail Segment. Operating income for our retail marketing segment was $6.8 million for the three months ended June 30, 2014, compared to $7.8 million for the three months ended June 30, 2013, a decrease of $1.0 million. This decrease was primarily due to lower retail fuel margin and lower merchandise margin.

Interest Expense

Interest expense was $29.3 million for the three months ended June 30, 2014, compared to $20.3 million for the three months ended June 30, 2013, an increase of $9.0 million, or 44.3%. This increase was primarily due to higher financing costs associated with crude oil purchases as a result of a backwardated crude oil market, partially offset by lower third party interest during the three months ended June 30, 2014 compared to the three months ended June 30, 2013.

Income Tax Expense (Benefit)

Income tax benefit was $2.0 million for the three months ended June 30, 2014, compared to income tax expense of $4.0 million for the three months ended June 30, 2013. Income tax expense decreased as a result of operating at a pre-tax loss during the three months ended June 30, 2014, compared to operating at a pre-tax income during the three months ended June 30, 2013.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest includes the proportional share of the Partnership's income attributable to the limited partner interests held by the public. Additionally, net income attributable to non-controlling interests includes the proportional share of net income related to non-voting common stock of our subsidiary, Alon Assets, Inc., owned by non-controlling interest shareholders. Net income attributable to non-controlling interest was $1.1 million for the three months ended June 30, 2014, compared to $8.4 million for the three months ended June 30, 2013, a decrease of $7.3 million.

Net Income (Loss) Available to Stockholders

Net loss available to stockholders was $7.5 million for the three months ended June 30, 2014, compared to net income of $11.5 million for the three months ended June 30, 2013, a decrease of $19.0 million. This decrease was attributable to the factors discussed above.

Six Months Ended June 30, 2014 Compared to the Six Months Ended June 30, 2013

Net Sales

Consolidated. Net sales for the six months ended June 30, 2014 were $3,426.1 million, compared to $3,327.8 million for the six months ended June 30, 2013, an increase of $98.3 million. This increase was primarily due to higher refinery throughput volumes, partially offset by lower refined product prices.

Refining and Marketing Segment. Net sales for our refining and marketing segment were $3,026.2 million for the six months ended June 30, 2014, compared to $2,857.7 million for the six months ended June 30, 2013, an increase of $168.5 million. This increase was primarily due to higher refinery throughput and increased sales of purchased products, partially offset by lower refined product prices.

Combined refinery average throughput for the six months ended June 30, 2014 was 125,059 bpd, consisting of 56,050 bpd at the Big Spring refinery and 69,009 bpd at the Krotz Springs refinery, compared to a combined refinery average throughput of 124,457 bpd for the six months ended June 30, 2013, consisting of 65,835 bpd at the Big Spring refinery and 58,622 bpd at the Krotz Springs refinery. During the six months ended June 30, 2014, we completed both the planned turnaround and the vacuum tower project at the Big Spring refinery, which will increase our distillate yield, improve energy efficiency and allow us to better optimize our crude slate. Due to these events, refinery throughput was reduced at the Big Spring refinery during the six months ended June 30, 2014. During the six months ended June 30, 2013, the Krotz Springs refinery was impacted by the unplanned shut down and repair of the reformer unit for approximately one month.

Refined product prices decreased during the six months ended June 30, 2014, compared to the six months ended June 30, 2013. The average per gallon price of Gulf Coast gasoline for the six months ended June 30, 2014 decreased $0.04, or 1.4%, to $2.73, compared to $2.77 for the six months ended June 30, 2013. The average per gallon price of Gulf Coast ultra-low sulfur diesel for the six months ended June 30, 2014 decreased $0.04, or 1.3%, to $2.93, compared to $2.97 for the six months ended June 30, 2013. The average per gallon price of Gulf Coast high sulfur diesel for the six months ended June 30, 2014 decreased $0.03, or 1.0%, to $2.83, compared to $2.86 for the six months ended June 30, 2013.

Asphalt Segment. Net sales for our asphalt segment were $213.8 million for the six months ended June 30, 2014, compared to $299.1 million for the six months ended June 30, 2013, a decrease of $85.3 million, or 28.5%. This decrease was primarily due to lower asphalt sales as part of a supply and offtake arrangement of approximately $30.0 million, decreased sales volumes and lower asphalt sales prices. The asphalt sales volume decreased 27.4% to 252 thousand tons for the six months ended June 30, 2014 from 347 thousand tons for the six months ended June 30, 2013. The average blended asphalt sales price decreased 2.2% to $557.86 per ton for the six months ended June 30, 2014 from $570.28 per ton for the six months ended June 30, 2013. The average non-blended asphalt sales price decreased 3.5% to $375.85 per ton for the six months ended June 30, 2014 from $389.59 per ton for the six months ended June 30, 2013.

Retail Segment. Net sales for our retail segment were $473.9 million for the six months ended June 30, 2014, compared to $468.9 million for the six months ended June 30, 2013, an increase of $5.0 million, or 1.1%. This increase was primarily due to a 2.6% increase in retail fuel sales volume, partially offset by lower retail fuel sales prices.

Cost of Sales

Consolidated. Cost of sales for the six months ended June 30, 2014 were $3,087.0 million, compared to $2,876.0 million for the six months ended June 30, 2013, an increase of $211.0 million, or 7.3%. This increase was primarily due to higher refinery throughput and higher crude oil prices, partially offset by lower asphalt sales volumes.

Refining and Marketing Segment. Cost of sales for our refining and marketing segment were $2,772.1 million for the six months ended June 30, 2014, compared to $2,500.3 million for the six months ended June 30, 2013, an increase of $271.8 million, or 10.9%. This increase was primarily due to higher refinery throughput, higher crude oil prices and higher RINs costs.

The average price of WTI Cushing increased 7.0% to $100.86 per barrel for the six months ended June 30, 2014 from $94.23 per barrel for the six months ended June 30, 2013. The average WTI Cushing to WTI Midland spread widened 52.4% to $5.96 per barrel for the six months ended June 30, 2014, compared to $3.91 per barrel for the six months ended June 30, 2013. The average LLS to WTI Cushing spread narrowed $13.21 per barrel to $4.42 per barrel for the six months ended June 30, 2014, compared to $17.63 per barrel for the six months ended June 30, 2013. Cost of sales for the six months ended June 30, 2014 and 2013 includes $12.8 million and $8.0 million, respectively, of costs to purchase RINs needed to satisfy our obligation to blend biofuels into the products we produce.

Asphalt Segment. Cost of sales for our asphalt segment were $195.5 million for the six months ended June 30, 2014, compared to $273.5 million for the six months ended June 30, 2013, a decrease of $78.0 million, or 28.5%. This decrease was primarily due to lower asphalt purchases as part of a supply and offtake arrangement of approximately $30.0 million as well as decreased sales volumes during the six months ended June 30, 2014, compared to the six months ended June 30, 2013.

Retail Segment. Cost of sales for our retail segment were $407.3 million for the six months ended June 30, 2014, compared to $400.2 million for the six months ended June 30, 2013, an increase of $7.1 million, or 1.8%. This increase was primarily due to higher retail fuel sales volumes.

Direct Operating Expenses

Consolidated. Direct operating expenses were $138.3 million for the six months ended June 30, 2014, compared to $145.7 million for the six months ended June 30, 2013, a decrease of $7.4 million, or 5.1%.

Refining and Marketing Segment. Direct operating expenses for our refining and marketing segment for the six months ended June 30, 2014 were $118.3 million, compared to $124.0 million for the six months ended June 30, 2013, a decrease of $5.7 million, or 4.6%. This decrease was primarily due to lower major maintenance and insurances costs, partially offset by higher utility costs during the six months ended June 30, 2014.

Asphalt Segment. Direct operating expenses for our asphalt segment for the six months ended June 30, 2014 were $20.0 million, compared to $21.7 million for the six months ended June 30, 2013, a decrease of $1.7 million, or 7.8%. This decrease was primarily due to reduced facilities maintenance costs and reduced insurance costs, partially offset by higher natural gas costs during the six months ended June 30, 2014.

Selling, General and Administrative Expenses

Consolidated. SG&A expenses for the six months ended June 30, 2014 were $85.7 million, compared to $84.8 million for the six months ended June 30, 2013, an increase of $0.9 million, or 1.1%.

Refining and Marketing Segment. SG&A expenses for our refining and marketing segment for the six months ended June 30, 2014 were $29.0 million, compared to $28.5 million for the six months ended June 30, 2013, an increase of $0.5 million, or 1.8%.

Asphalt Segment. SG&A expenses for our asphalt segment for the six months ended June 30, 2014 were $5.0 million, compared to $3.2 million for the six months ended June 30, 2013, an increase of $1.8 million, or 56.3%. This increase was primarily due to higher corporate expense allocated to the asphalt segment.

Retail Segment. SG&A expenses for our retail segment for the six months ended June 30, 2014 were $51.3 million, compared to $52.8 million for the six months ended June 30, 2013, a decrease of $1.5 million, or 2.8%.

Depreciation and Amortization

Depreciation and amortization for the six months ended June 30, 2014 was $59.3 million, compared to $62.0 million for the six months ended June 30, 2013, a decrease of $2.7 million, or 4.4%.

Operating Income

Consolidated. Operating income for the six months ended June 30, 2014 was $57.9 million, compared to $167.9 million for the six months ended June 30, 2013, a decrease of $110.0 million. This decrease was primarily due to reduced refinery margin and throughput at our Big Spring refinery, partially offset by increased refinery operating margin and throughput at our Krotz Springs refinery.

Refining and Marketing Segment. Operating income for our refining and marketing segment was $56.8 million for the six months ended June 30, 2014, compared to $159.7 million for the six months ended June 30, 2013, a decrease of $102.9 million. This decrease was primarily due to reduced refinery margin and throughput at our Big Spring refinery, partially offset by increased refinery margin and throughput at our Krotz Springs refinery.

Refinery operating margin at the Big Spring refinery was $15.56 per barrel for the six months ended June 30, 2014, compared to $21.18 per barrel for the six months ended June 30, 2013. This decrease in operating margin was primarily due to a lower Gulf Coast 3/2/1 crack spread, partially offset by a widening WTI Cushing to WTI Midland spread. The average Gulf Coast 3/2/1 crack spread decreased 32.9% to $16.61 per barrel for the six months ended June 30, 2014, compared to $24.76 per barrel for the six months ended June 30, 2013, which was primarily influenced by a reduction in the Brent to WTI Cushing spread. The average Brent to WTI Cushing spread for the six months ended June 30, 2014 was $10.25 per barrel compared to $16.98 per barrel for the six months ended June 30, 2013. Also impacting operating income and refinery operating margin for the six months ended June 30, 2014 and 2013 was $2.2 million and $8.0 million, respectively, of costs associated with the purchase of RINs needed to satisfy our obligation to blend biofuels into the products we produce.

Refinery operating margin at the Krotz Springs refinery was $8.22 per barrel for the six months ended June 30, 2014, compared to $7.51 per barrel for the six months ended June 30, 2013. This increase in operating margin was primarily due to a higher Gulf Coast 2/1/1 high sulfur diesel crack spread and a widening WTI Cushing to WTI Midland spread, partially offset by a narrowing LLS to WTI Cushing spread as well as the impact of RINs costs during the six months ended June 30, 2014. The average Gulf Coast 2/1/1 high sulfur diesel crack spread for the six months ended June 30, 2014 was $11.62 per barrel, compared to $6.16 per barrel for the six months ended June 30, 2013, which was primarily influenced by an increase in the Brent to LLS spread. The average Brent to LLS spread for the six months ended June 30, 2014 was $5.81 per barrel compared to $(0.65) per barrel for the six months ended June 30, 2013. For the six months ended June 30, 2014, the Krotz Springs refinery was impacted by costs of $10.6 million to purchase RINs needed to satisfy our obligation to blend biofuels into the products we produce. The Krotz Springs refinery received an exemption from the RFS2 requirements for 2013 and as a result did not record costs associated with RINs.

Asphalt Segment. Operating loss for our asphalt segment was $7.1 million for the six months ended June 30, 2014, compared to $2.4 million for the six months ended June 30, 2013, an increase of $4.7 million. This increase was primarily due to lower sales volumes and lower asphalt margin, which was influenced by lower asphalt sales prices, partially offset by the gain on the sale of our Willbridge, Oregon asphalt terminal for $2.0 million. Asphalt margins for the six months ended June 30, 2014 were $72.67 per ton compared to $73.74 per ton for the six months ended June 30, 2013.

Retail Segment. Operating income for our retail segment was $9.8 million for the six months ended June 30, 2014, compared to $12.3 million for the six months ended June 30, 2013, a decrease of $2.5 million. This decrease was primarily due to lower retail fuel margins and lower merchandise margins.

Interest Expense

Interest expense was $57.3 million for the six months ended June 30, 2014, compared to $41.6 million for the six months ended June 30, 2013, an increase of $15.7 million, or 37.7%. This increase was primarily due to higher financing costs associated with crude oil purchases as a result of a backwardated crude oil market, partially offset by lower third party interest for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Income Tax Expense

Income tax expense was $0.1 million for the six months ended June 30, 2014, compared to $34.6 million for the six months ended June 30, 2013. Income tax expense decreased as a result of our lower pre-tax income for the six months ended June 30, 2014 compared to the six months ended June 30, 2013 and a decrease in the effective tax rate. Our effective tax rate was 6.0% for the six months ended June 30, 2014, compared to an effective tax rate of 27.0% for the six months ended June 30, 2013. This lower effective tax rate was primarily due to the impact of the non-controlling interest's share of the Partnership's income.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest includes the proportional share of the Partnership's income attributable to the limited partner interests held by the public. Additionally, net income attributable to non-controlling interest includes the proportional share of net income related to non-voting common stock of our subsidiary, Alon Assets, Inc., owned by non-controlling interest shareholders. Net income attributable to non-controlling interest was $8.7 million for the six months ended June 30, 2014, compared to $27.9 million for the six months ended June 30, 2013, a decrease of $19.2 million.

Net Income (Loss) Available to Stockholders

Net loss available to stockholders was $6.7 million for the six months ended June 30, 2014, compared to net income of $65.7 million for the six months ended June 30, 2013, a decrease of $72.4 million. This decrease was attributable to the factors discussed above.

Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand, cash generated from our operating activities, borrowings under our revolving credit facilities, inventory supply and offtake arrangements, other credit lines and advances from affiliates.

We have agreements with J. Aron for the supply of crude oil that supports the operations of all our refineries as well as most of our asphalt terminals. These agreements substantially reduce our physical inventories and our associated need to issue letters of credit to support crude oil and asphalt purchases. In addition, the structure allows us to acquire crude oil and asphalt without the constraints of a maximum facility size during periods of high crude oil prices.

We believe that the aforementioned sources of funds and other sources of capital available to us will be sufficient to satisfy the anticipated cash requirements associated with our existing operations for at least the next twelve months. However, future capital expenditures and other cash requirements could be higher than we currently expect as a result of various factors. Additionally, our ability to generate sufficient cash from our operating activities depends on our future performance, which is subject to general economic, political, financial, competitive and other factors beyond our control.

Depending upon conditions in the capital markets and other factors, we will from time to time consider the issuance of debt or equity securities, or other possible capital markets transactions, the proceeds of which could be used to refinance current indebtedness, extend or replace existing revolving credit facilities or for other corporate purposes.

Cash Flows

The following table sets forth our consolidated cash flows for the six months ended June 30, 2014, and 2013:

	For the Six Months Ended June 30,	
	2014	2013
	(dollars in thousands)	
Cash provided by (used in):		
Operating activities	$ 31,642	$ 129,754
Investing activities	(41,007)	(12,082)
Financing activities	(17,983)	(99,500)
Net increase (decrease) in cash and cash equivalents	$ (27,348)	$ 18,172

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was $31.6 million during the six months ended June 30, 2014, compared to $129.8 million during the six months ended June 30, 2013. The reduction in net cash provided by operating activities of $98.2 million was primarily attributable to decreased net income after adjusting for non-cash items of $81.3 million, increased cash used for accounts payable and accrued liabilities of $46.3 million, decreased cash provided by other non-current liabilities of $6.1 million, increased cash used for inventories of $21.0 million and increased cash used for prepaid expenses and other current assets of $20.7 million. These changes were partially offset by increased cash collected on receivables of $79.8 million.

Cash Flows Used In Investing Activities

Net cash used in investing activities was $41.0 million during the six months ended June 30, 2014, compared to $12.1 million during the six months ended June 30, 2013. The change in cash flows from investing activities of $28.9 million was primarily attributable to increased cash used for capital expenditures and capital expenditures for turnarounds and catalysts of $43.7 million, partially offset by cash proceeds from the sale of the Willbridge, Oregon asphalt terminal of $40.0 million during the six months ended June 30, 2014. The increase in capital expenditures and capital expenditures for turnarounds and catalysts is related to the completion of the planned turnaround and the vacuum tower project at our Big Spring refinery during the second quarter of 2014.

Cash Flows Used In Financing Activities

Net cash used in financing activities was $18.0 million during the six months ended June 30, 2014, compared to $99.5 million during the six months ended June 30, 2013. The change in cash flows from financing activities of $81.5 million was primarily attributable to increased cash provided by net additions to long-term debt of $86.7 million and reduced payments to shareholders and non-controlling interests of $21.9 million, partially offset by increased payments on financing arrangements of $25.2 million for the six months ended June 30, 2014.

Indebtedness

Alon Energy Term Loan. In March 2014, we entered into a five-year Term Loan Agreement (“Alon Energy Term Loan”) for a principal amount of $25.0 million, maturing in March 2019. Repayments are monthly, commencing June 2014. Borrowings under this agreement incur interest at an annual rate equal to LIBOR plus a margin of 3.75%. We pledged 2,200,000 of the Partnership’s common units as collateral for the Alon Energy Term Loan. Additionally, Alon Assets, Inc. guarantees all payments under the Alon Energy Term Loan. The Alon Energy Term Loan contains certain restrictive covenants including maintenance financial covenants.

Proceeds from the Alon Energy Term Loan were used to purchase equipment for a capital project at our Big Spring refinery.

At June 30, 2014, the Alon Energy Term Loan had an outstanding balance of $24.6 million.

Retail Credit Facilities. Southwest Convenience Stores, LLC and Skinny’s LLC, (“Alon Retail”) were party to a credit agreement (the “Credit Agreement”) with a maturity in December 2015. At December 31, 2013, the outstanding balance under the Credit Agreement was $72.7 million. In March 2014, Alon Retail entered into a new credit agreement (“Alon Retail Credit Agreement”) and repaid in full its obligations under the Credit Agreement.

The Alon Retail Credit Agreement will mature in March 2019 and includes a $110.0 million term loan and a $10.0 million revolving credit loan. The Alon Retail Credit Agreement also includes an accordion feature that provides for incremental term loans up to $30.0 million to fund store rebuilds, new builds and acquisitions. Borrowings under the Alon Retail Credit Agreement bear interest at a Eurodollar rate plus an applicable margin between 2.00% and 2.75%, determined quarterly based upon Alon Retail's leverage ratio. Principal payments are made in quarterly installments based on a 15-year amortization schedule. Obligations under the Alon Retail Credit Agreement are secured by a first lien on substantially all of the assets of Alon Retail. The Alon Retail Credit Agreement also contains certain restrictive covenants including maintenance financial covenants.

Proceeds from the Alon Retail Credit Agreement were used to fully repay the remaining obligations under the Credit Agreement and pay a dividend distribution of $40.0 million to Alon Brands, Inc., our wholly-owned subsidiary, while the remainder used for general corporate purposes.

At June 30, 2014, the Alon Retail Credit Agreement had an outstanding balance of $116.3 million, consisting of a term loan balance of $106.3 million and a revolving credit loan balance of $10.0 million.

Alon USA Energy, Inc. Letter of Credit Facility. We have an unsecured credit facility for the issuance of standby letters of credit in an amount not to exceed $60.0 million. At June 30, 2014 and December 31, 2013, we had letters of credit outstanding under this facility of $58.2 million and $56.8 million, respectively.

Alon USA, LP Credit Facility. We have a $240.0 million revolving credit facility that can be used both for borrowings and the issuance of letters of credit. Borrowings of $100.0 million and $100.0 million and letters of credit of $59.0 million and $109.8 million were outstanding under this facility at June 30, 2014 and December 31, 2013, respectively.

Senior Secured Notes. In May 2014, we redeemed $40.0 million of the principal balance on the 13.50% senior secured notes ("Senior Secured Notes") due October 2014. As a result of the prepayment of the Senior Secured Notes, write-offs of unamortized original issuance discount and debt issuance costs of $0.3 million and $0.3 million, respectively, were charged to interest expense in the consolidated statements of operations for the three and six months ended June 30, 2014.

At June 30, 2014 and December 31, 2013, the Senior Secured Notes had an outstanding balance of $35.4 million and $73.7 million, respectively.

In July 2014, we redeemed the remaining principal balance on the Senior Secured Notes.

Capital Spending

Each year our Board of Directors approves capital projects, including sustaining maintenance, regulatory and planned turnaround projects that our management is authorized to undertake in our annual capital budget. Additionally, at times when conditions warrant or as new opportunities arise, growth and profit improvement projects may be approved. Our total capital expenditure plan, including expenditures for catalysts and turnarounds, for 2014 is $165.0 million. Approximately $80.9 million has been spent during the six months ended June 30, 2014.

Contractual Obligations and Commercial Commitments

There have been no material changes outside the ordinary course of business from our contractual obligations and commercial commitments detailed in our Annual Report on Form 10-K for the year ended December 31, 2013.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with GAAP. In order to apply these principles, we must make judgments, assumptions and estimates based on the best available information at the time. Actual results may differ based on the accuracy of the information utilized and subsequent events, some of which we may have little or no control over.

Our critical accounting policies are described under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2013. Certain critical accounting policies that materially affect the amounts recorded in our consolidated financial statements are the use of the LIFO method for valuing certain inventories and the deferral and subsequent amortization of costs associated with major turnarounds and catalysts replacements. No significant changes to these accounting policies have occurred subsequent to December 31, 2013.

New Accounting Standards and Disclosures

New accounting standards if any are disclosed in Note (1) Basis of Presentation included in the consolidated financial statements included in Item 1 of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in commodity prices, purchased fuel prices and interest rates are our primary sources of market risk. Our risk management committee oversees all activities associated with the identification, assessment and management of our market risk exposure.

Commodity Price Risk

We are exposed to market risks related to the volatility of crude oil and refined product prices, as well as volatility in the price of natural gas used in our refinery operations. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including demand for crude oil, gasoline and other refined products, changes in the economy, worldwide production levels, worldwide inventory levels and governmental regulatory initiatives. Our risk management strategy identifies circumstances in which we may utilize the commodity futures market to manage risk associated with these price fluctuations.

In order to manage the uncertainty relating to inventory price volatility, we have consistently applied a policy of maintaining inventories at or below a targeted operating level. In the past, circumstances have occurred, such as timing of crude oil cargo deliveries, turnaround schedules or shifts in market demand that have resulted in variances between our actual inventory level and our desired target level. Upon the review and approval of our risk management committee, we may utilize the commodity futures market to manage these anticipated inventory variances.

We maintain inventories of crude oil, refined products, asphalt and blendstocks, the values of which are subject to wide fluctuations in market prices driven by world economic conditions, regional and global inventory levels and seasonal conditions. As of June 30, 2014, we held 1.6 million barrels of crude oil, refined products and asphalt inventories valued under the LIFO valuation method. Market value exceeded carrying value of LIFO costs by $69.6 million. We refer to this excess as our LIFO reserve. If the market value of these inventories had been $1.00 per barrel lower, our LIFO reserve would have been reduced by $1.6 million.

All commodity derivative contracts are recorded at fair value and any changes in fair value between periods is recorded in the profit and loss section or accumulated other comprehensive income of our consolidated financial statements. “Forwards” represent physical trades for which pricing and quantities have been set, but the physical product delivery has not occurred by the end of the reporting period. “Futures” represent trades which have been executed on the New York Mercantile Exchange which have not been closed or settled at the end of the reporting period. A “long” represents an obligation to purchase product and a “short” represents an obligation to sell product.

The following table provides information about our commodity derivative contracts as of June 30, 2014:

Description of Activity	Contract Volume (barrels)	Wtd Avg Purchase Price/BBL	Wtd Avg Sales Price/BBL	Contract Value	Market Value	Gain (Loss)
					(in thousands)	
Forwards-long (Crude)	471,355	$ 105.55	$ —	$ 49,750	$ 49,835	$ 85
Forwards-short (Crude)	(106,168)	—	117.15	(12,437)	(12,461)	(24)
Forwards-long (Gasoline)	414,629	126.04	—	52,261	52,789	528
Forwards-short (Gasoline)	(122,733)	—	118.07	(14,491)	(14,388)	103
Forwards-long (Distillate)	210,639	124.13	—	26,146	26,053	(93)
Forwards-short (Distillate)	(6,346)	—	124.73	(792)	(791)	1
Forwards-long (Jet)	68,873	120.53	—	8,301	8,423	122
Forwards-short (Jet)	(28,798)	—	123.56	(3,558)	(3,537)	21
Forwards-long (Slurry)	37,144	87.50	—	3,250	3,297	47
Forwards-long (Catfeed)	153,357	120.90	—	18,541	18,751	210
Forwards-short (Catfeed)	(27,002)	—	121.29	(3,275)	(3,300)	(25)
Forwards-long (Slop)	15,310	95.26	—	1,458	1,468	10
Forwards-short (Slop)	(15,087)	—	100.15	(1,511)	(1,514)	(3)
Forwards-short (Propane)	(30,903)	—	42.88	(1,325)	(1,344)	(19)
Forwards-short (Asphalt)	(156,011)	—	94.82	(14,793)	(14,882)	(89)
Futures-long (Crude)	140,000	102.53	—	14,354	14,681	327
Futures-short (Crude)	(457,000)	—	104.64	(47,819)	(48,154)	(335)
Futures-short (Gasoline)	(553,000)	—	126.54	(69,977)	(70,683)	(706)
Futures-long (Distillate)	21,000	124.22	—	2,609	2,624	15
Futures-short (Distillate)	(300,000)	—	124.03	(37,210)	(37,489)	(279)

Description of Activity	Contract Volume (barrels)	Wtd Avg Contract Spread	Wtd Avg Market Spread	Contract Value	Market Value	Gain (Loss)
					(in thousands)	
Futures-swaps	3,600,000	$ 22.58	$ 20.76	$ (81,270)	$ (74,742)	$ 6,528

Interest Rate Risk

As of June 30, 2014, $487.2 million, excluding discounts, of our outstanding debt was at floating interest rates out of which $100.0 million was at the Eurodollar rate plus 3.50%, subject to a minimum interest rate of 4.00%, and $246.3 million was at the Eurodollar rate (with a floor of 1.25%) plus a margin of 8.00%.

As of June 30, 2014, we had three interest rate swap contracts, maturing March 2019, that effectively fix the variable interest component on approximately 75% of the outstanding principal of the term loan feature on our Alon Retail Credit Agreement. As of June 30, 2014, the outstanding balance of the term loan was $106.3 million and the interest rate swaps had an average fixed interest rate of 0.25%.

An increase of 1% in the Eurodollar rate on indebtedness, net of the instruments subject to minimum interest rates and the interest rate swap contracts, would result in an increase in our interest expense of approximately $1.3 million per year.

ITEM 4. CONTROLS AND PROCEDURES

(1) Evaluation of disclosure controls and procedures.

Our management has evaluated, with the participation of our principal executive and principal financial officers, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms including, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

(2) Changes in internal control over financial reporting.

There has been no change in our internal control over financial reporting (as described in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We are transitioning our assessment of our internal control effectiveness over financial reporting from the criteria outlined by the 1992 framework of the Committee of Sponsoring Organizations of the Treadway Commission to its 2013 framework. We expect to complete this transition during 2014.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
10.1	Amended and Restated Second Amendment to the Supply and Offtake Agreement, dated March 1, 2011, by and between Alon Refining Krotz Springs, Inc. and J. Aron & Company.
10.2	Supplemental Agreement to Supply and Offtake Agreement, dated October 31, 2011, between Alon Refining Krotz Springs, Inc. and J. Aron & Company.
10.3	Amendment, dated as of February 1, 2013, to the Amended and Restated Supply and Offtake Agreement, dated May 26, 2010, by and between Alon Refining Krotz Springs, Inc. and J. Aron & Company.
10.4	Supplemental Agreement to Supply and Offtake Agreement, dated October 31, 2011, between Alon USA, LP and J. Aron & Company.
10.5	Amendment to Supply and Offtake Agreement dated as of February 1, 2013 between J. Aron & Company and Alon USA, LP.
31.1	Certifications of Chief Executive Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Chief Financial Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Alon USA Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows and (v) Notes to the Consolidated Financial Statements.

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.

	Alon USA Energy, Inc.
Date: August 8, 2014	By: /s/ David Wiessman David Wiessman Executive Chairman of the Board
Date: August 8, 2014	By: /s/ Paul Eisman Paul Eisman President and Chief Executive Officer
Date: August 8, 2014	By: /s/ Shai Even Shai Even Senior Vice President and Chief Financial Officer (Principal Accounting Officer)

Execution Version

AMENDED AND RESTATED
AMENDMENT NO. 2 to THE SUPPLY AND OFFTAKE AGREEMENT

THIS AMENDED AND RESTATED AMENDMENT NO. 2 to THE SUPPLY AND OFFTAKE AGREEMENT (this "Amendment"), dated as of March 1, 2011 is made between J. Aron & Company, a general partnership organized under the laws of New York ("Aron") located at 200 West Street, New York, New York 10282-2198, and Alon Refining Krotz Springs, Inc. (the "Company"), a Delaware corporation located at Hwy. 105 South, Krotz Springs, Louisiana 70750-0453 (each referred to individually as a "Party" or collectively as the "Parties").

RECITALS

Aron and the Company are parties to the Amended and Restated Supply and Offtake Agreement dated as of May 26, 2010, as amended by Amendment No. 1, dated January 20, 2011 (as so amended, the "Supply and Offtake Agreement"). Aron and the Company have agreed to amend certain terms and conditions of the Supply and Offtake Agreement.

The Parties executed Amendment No. 2 to the Supply and Offtake Agreement (the "Original Amendment") on February 18, 2011 and now desire to include additional terms and conditions in the Original Amendment.

Accordingly, the Parties hereto agree as follows:

Section 1 Definitions; Interpretation

Section 1.1 Terms Defined in Supply Agreement. All capitalized terms used in this Amendment (including in the Recitals hereto) and not otherwise defined herein shall have the meanings assigned to them in the Supply and Offtake Agreement.

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

SECTION 2 Amendments

Section 2.1 Amendment. Upon the effectiveness of this Amendment, the Supply and Offtake Agreement shall be amended as follows:

(a) By replacing the terms "Feedstock Storage Tanks" and "Feedstock Intake Point" in Section 5.5(b) thereto with the terms "Crude Storage Tanks" and "Crude Delivery Point" respectively.

(b) By replacing the term "Feedstock Delivery Point" in Section 17.2(b) and Schedule C thereto with the term "Crude Delivery Point."

(c) By replacing the term "Measured Feedstock Quantity" in Section 6.1 thereto with the term "Measured Crude Quantity."

(d) By amending Section 1.1 as follows:

(i) deleting the following definitions from Section 1.1:

(a) Initial Term

(b) Extension Term.

(ii) By adding the following new definitions to Section 1.1 in the appropriate alphabetical order with respect to the other definitions therein:

"Alon USA" means Alon USA, LP, a Texas limited partnership.

"Alon USA Supply and Offtake Agreement " means the Supply and Offtake Agreement between Aron and Alon USA, dated as of even date herewith and as may from time to time be amended, modified, supplemented and/or restated.

"Early Termination Date" has the meaning specified in Section 3.2.

"Expiration Date" has the meaning specified in Section 3.1.

"Other Inventory Sales" means the Company's obligation to sell inventory to and buy inventory from Aron, pursuant to the Other Inventory Sales Agreements.

"Other Inventory Sales Agreements" means (a) the "Inventory Sales Agreement" and (b) "Step-Out Inventory Sales Agreement" between the Parties, referred to and defined in the Alon USA Supply and Offtake Agreement.

"Term" has the meaning specified in Section 3.1.

(iii) By replacing the definition of Transaction Documents with the definition below:

"Transaction Document" means this Agreement, the Marketing and Sales Agreement, the Inventory Sales Agreement, the Storage Facilities Agreement, the Step-Out Inventory Sales Agreement, Other Inventory Sales Agreements and any other agreements or instruments contemplated hereby or executed in connection herewith.

(iv) By replacing the definition of Volume Determination Procedures with the definition below:

"Volume Determination Procedures" mean the Company's ordinary month-end procedures for determining the volumes of Crude Oil or Product held in any Storage Tank, which include manually gauging each Storage Tank on the last day of the month to ensure that the automated tank level readings are accurate to within a tolerance of two inches (it being understood that if the automated reading cannot be calibrated to be within such tolerance, the Company uses the manual gauge reading in its calculation of month-end inventory).

(e) By replacing the entirety of Article 3 thereof, with the following text:

3.1 Term. This Agreement shall become effective on the Effective Date and, subject to Section 2.3(b) above, shall continue for a period starting at 00:00:01 a.m., CPT on the Commencement Date and ending at 11:59:59 p.m., CPT on May 31, 2016 (the "Term"; the last day of such Term being herein referred to as the "Expiration Date," subject to Section 3.2 below).

3.2 Early Termination. Aron may elect to terminate this Agreement early effective on May 31, 2013, May 31, 2014 or May 31, 2015 and the Company may elect to terminate this Agreement early effective on May 31, 2015; provided that no such election shall be effective unless the Party making such election (a) gives the other Party at least at least six (6) months prior notice of any such election and (b) concurrently exercises its right (or in the case of the Company, causes Alon USA to exercise its rights) to terminate the Alon USA Supply and Offtake Agreement effective as of the same early termination date elected for this Agreement. If any early termination is properly elected pursuant to the preceding sentence, the effective date of such termination shall be the "Early Termination Date."

3.3 Obligations upon Termination. In connection with the termination of the Agreement on the Expiration Date or the Early Termination Date, the Parties shall perform their obligations relating to termination pursuant to Article 19.

(f) By amending Section 7.1 thereof as follows:

(i) Deleting the words "under the Procurement Contracts is" in clause (c) and replacing them with the words "under the Procurement Contracts plus Other Barrels available for delivery during such month are".

(g) By amending Section 7.2 thereof as follows:

(i) Clause (d) shall be replaced in its entirety with the following:

(d) [Reserved.]

(ii) Clause (e) shall be replaced in its entirety with the following:

(e) At any time prior to the beginning of the month to which a Target Month End Product Volume relates (but subject to any applicable notification deadlines specified on Schedule D hereto), Aron may change such Target Month End Product Volume.

(h) By inserting at the end of Section 9.2(b) thereof, the following additional text:

If, in the judgment of Aron or Supplier's Inspector, the Volume Determination Procedures have not been applied correctly, then the Company will cooperate with Aron, or Supplier's Inspector, to ensure the correct application of the Volume Determination Procedures, including making such revisions to the Actual Month End Crude Volume and any Actual Month End Product Volume as may be necessary to correct any such errors.

(i) By inserting the following words after the word "hereunder" in Section 12.4(a) thereto:

and the Other Inventory Sales

(j) By amending Section 18.1 thereof as follows:

(i) Clause (f) shall become clause (h) and new clauses (f) and (g) shall be added as specified below:

(f) The Company fails to satisfy its obligations with respect to Other Inventory Sales; or

(g) an "Event of Default" with respect to Alon USA shall occur under the Alon USA Supply and Offtake Agreement; or

(ii) The last sentence shall be replaced in its entirety with the following:

The Company shall be the Defaulting Party upon the occurrence of any of the events described in clauses (f) through (k) (inclusive) above.

(k) By adding the following after "to liquidate and terminate any or all rights and obligations under this Agreement" in the first sentence of Section 18.2(b) thereof:

; provided that, in the event Aron is the Non-Defaulting Party, this Agreement shall not be deemed to have terminated in full until Aron shall have disposed of all Crude Oil and Products owned or maintained by Aron in connection herewith.

(l) By replacing, in its entirety, Schedule B thereof with Schedule B hereto

(m) With respect to the definitions of Actual Month End Crude Volume, Actual Month Beginning Crude Volume, Actual Month End Product Volume and Actual Month Beginning Product Volume set forth on Schedule C thereto, by amending the bracketed text at the end of each of such definition to remove the brackets and replacing the words "Note: On" with the words "It is agreed that on".

(n) By deleting the bracketed text at the end of the definition of Monthly Aron Fee set forth on Schedule C thereof.

(o) By replacing, in its entirety, Schedule D thereof with Schedule D hereto.

(p) By replacing, in its entirety, Schedule J thereof with Schedule J hereto.

(q) By inserting immediately after Schedule S thereof a new Schedule T that is identical to Schedule T hereto.

Section 2.2 References Within Supply and Offtake Agreement. Each reference in the Supply and Offtake Agreement to "this Agreement" and the words "hereof," "hereto," "herein," "hereunder," or words of like import, shall mean and be a reference to the Supply and Offtake Agreement as amended by this Amendment.

SECTION 3 Representations and Warranties

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

SECTION 4 Miscellaneous

Section 4.1 Supply and Offtake Agreement Otherwise Not Affected. Except for the amendments pursuant hereto, the Supply and Offtake Agreement remains unchanged. As amended pursuant hereto, the Supply and Offtake Agreement remains in full force and effect and is hereby ratified and confirmed in all respects. The execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in connection herewith by either Party shall not be deemed to create a course of dealing or otherwise create any express or implied duty by it to provide any other or further amendments, consents or waivers in the future.

Section 4.2 No Reliance. Each Party hereby acknowledges and confirms that it is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

Section 4.3 Costs and Expenses. Each Party shall be responsible for any costs and expenses incurred by such Party in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith.

Section 4.4 Binding Effect. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Company, Aron and their respective successors and assigns.

Section 4.5 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER STATE.

Section 4.6 Amendments. This Amendment may not be modified, amended or otherwise altered except by written instrument executed by the Parties' duly authorized representatives.

Section 4.7 Effectiveness; Counterparts. This Amendment shall be binding on the Parties as of the date on which it has been fully executed by the Parties. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 4.8 Interpretation. This Amendment is the result of negotiations between and have been reviewed by counsel to each of the Parties, and is the product of all Parties hereto. Accordingly, this Amendment shall not be construed against either Party merely because of such Party's involvement in the preparation hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Amended and Restated Amendment No. 2 to the Supply and Offtake Agreement as of the date first above written.

J. ARON & COMPANY

By: /s/ Colleen Foster

Name: Colleen Foster

Title: Managing Director

ALON REFINING KROTZ SPRINGS, INC.

By: /s/ Shai Even

Name: Shai Even

Title: Chief Financial Officer

SCHEDULE B

Pricing Benchmarks

Group		Step-In Price	Weekly Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price
GASOLINE	Averaging Mechanism	Arithmetic average of the 2 Trading Days ending with and including the penultimate Trading Day of the month prior to the Commencement Date (May 26 & 27 of 2010)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month of the Termination Date (May 24, 28, 29, & 30 of 2013)
	Reference Price	(The closing settlement prices on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	(The closing settlement prices on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	(The closing settlement prices on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	(The closing settlement prices on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	(The closing settlement prices on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42

JET	Averaging Mechanism	Arithmetic average of the 2 Trading Days ending with and including the penultimate Trading Day of the month prior to the Commencement Date (May 26 & 27 of 2010)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month of the Termination Date (May 24, 28, 29, & 30 of 2013)
	Reference Price	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*
CATFEED	Averaging Mechanism	Arithmetic average of the 2 Trading Days ending with and including the penultimate Trading Day of the month prior to the Commencement Date (May 26 & 27 of 2010)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month of the Termination Date (May 24, 28, 29, & 30 of 2013)
	Reference Price	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations appearing in Platt's US	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations appearing in

		Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"	diesel-Pipeline quotation"	appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"	heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"	Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"
CRUDE	Averaging Mechanism	Arithmetic average of the 2 Trading Days ending with and including the penultimate Trading Day of the month prior to the Commencement Date (May 26 & 27 of 2010)	Arithmetic average of the closing settlement prices for each calendar day in the relevant Production Week. For each calendar day that is not a Trading Day (i.e. weekends and holidays), the closing settlement price shall be deemed to be the closing settlement price for the immediately preceding Trading Day.	Arithmetic average of the Trading Days in the applicable calendar month	Base Price	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month of the Termination Date (May 24, 28, 29, & 30 of 2013)
	Reference Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract plus $5.50 / barrel	Applicable Grade Differential and Roll Component from the Procurement Contract *plus* the closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract	Base Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract plus $5.50 / barrel
SLOP	Averaging Mechanism	Arithmetic average of the 2 Trading Days ending with and including the penultimate Trading Day of the month prior to the Commencement Date (May 26 & 27 of 2010)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month of the Termination Date (May 24, 28, 29, & 30 of 2013)
	Reference Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel
		Arithmetic	Arithmetic average of	Arithmetic	Arithmetic average	Arithmetic

SLURRY	Averaging Mechanism	average of the 2 Trading Days ending with and including the penultimate Trading Day of the month prior to the Commencement Date (May 26 & 27 of 2010)	the Trading Days in the relevant Production Week	average of the Trading Days in the applicable calendar month	of the Trading Days in the applicable calendar month	average of the 4 Trading Days ending with and including the penultimate Trading Day of the month of the Termination Date (May 24, 28, 29, & 30 of 2013)
	Reference Price	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel
DIESEL	Averaging Mechanism	Arithmetic average of the 2 Trading Days ending with and including the penultimate Trading Day of the month prior to the Commencement Date (May 26 & 27 of 2010)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month of the Termination Date (May 24, 28, 29, & 30 of 2013)
	Reference Price	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULFCOAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42

*Note: Trading Day means any day that the New York Mercantile Exchange is open

SCHEDULE D

Operational Volume Range

Pricing Group	Minimum (net bbls)	Maximum (net bbls)
Gasoline	340,000	580,000
Jet	51,000	125,000
Catfeed	60,000	189,000
Crude	221,000	395,000
Slop	5,000	21,000
Slurry	15,000	60,000
Diesel	136,000	271,000

SCHEDULE J
Scheduling and Communications Protocol

CRUDE OIL AND FEEDSTOCKS

Trade Execution Protocol:
To the extent the Company requests that J. Aron consider purchasing Crude Oil outside the Existing Procurement Contracts, the following steps need to be followed as soon as trade details are available;

1) Company to provide to J. Aron via e-mail a trade sheet(s) specifying all negotiated trade details & terms, as soon as available. (See template in Schedule Q.)
2) J. Aron to confirm to Company via e-mail if it agrees with all economics & terms.
3) If any amendments are made to the original trade sheet, Company will provide a final revised trade sheet for documentation.
4) All trade execution communications should be sent to J. Aron at:

Scheduling Protocol:
J. Aron shall perform the following:

- Designate a crude oil scheduler who will be the primary person responsible for performing and communicating to Company all J. Aron obligations of the Amended and Restated Supply and Offtake Agreement. All scheduling communications to J. Aron should be sent to:

- Upon receipt from the Company, nominate the Company's monthly Crude Oil requirements to third party Crude Oil suppliers in accordance with third party terms and conditions / standard industry practice. (See template in Schedule Q)
- Upon receipt from the Company, promptly communicate to Third Parties Suppliers any changes or modifications to J. Aron's prior nominations.
- Upon receipt from the Company, communicate all nominations to or from third parties for pipeline, barge and truck receipts or deliveries in accordance with third party terms and conditions / standard industry practice.

Company shall perform the following:

- Designate a crude oil scheduler who will be the primary person responsible for performing and communicating to J. Aron all Company's obligations of the Amended and Restated Supply and Offtake Agreement. All scheduling communications to Company should be sent to:
- Provide J. Aron with all monthly Crude Oil Requirements in accordance with the Amended and Restated Supply and Offtake Agreement and any third party Crude Oil supplier's terms and conditions.

In the event of a conflict, third party suppliers terms and conditions to govern.

- Promptly notify J. Aron of any changes or modifications to the monthly Crude Oil requirements
- Accept and clear J. Aron's nominations for third party pipeline, barge and truck receipts or deliveries.

PRODUCTS

Trade Execution Protocol for Included Transactions:

1) Company to provide J. Aron via e-mail a trade sheet(s) specifying all negotiated trade details & terms, as soon as available. (See template in Schedule Q.)
2) J. Aron to confirm via e-mail acceptance of all economics & terms.
3) If any amendments are made to the original trade sheet, Company will provide a final revised trade sheet for documentation.
4) All trade execution communications should be sent to J. Aron at:

Excluded Transactions Protocol:

1) Upon entering into an Excluded Transaction, J. Aron will provide to Company, via email, a trade sheet(s), in the form of the Excluded Transaction Trade Sheet (see template in Schedule T.).

Scheduling Protocol:

J. Aron shall perform the following:

- Designate a refined product scheduler who will be the primary person responsible for performing and communicating to Company all Aron obligations of the Supply and Offtake Agreement. All scheduling communications to J. Aron should be sent to:

- Nominate all Refined Product nominations to Company in accordance with standard industry practice. (See template in Schedule Q)
- Promptly communicate to Company any changes or modifications to Aron's prior nominations
- Communicate nominations to or from all third parties for pipeline, barge and truck receipts or deliveries.

Company shall perform the following:

- Designate a refined product scheduler who will be the primary person responsible for performing and communicating to Aron all Company obligations of the Supply and Offtake Agreement. All scheduling communications to Company should be sent to:
- Accept and confirm and when applicable, provide origins, for all Refined Product nominations to Aron in accordance with standard industry practice.
- Promptly communicate Companies acceptance to any changes or modifications to Aron's nominations.
- Company shall accept and confirm and when applicable, provide origins, for all Product nominations to J. Aron in accordance with standard industry practice.
- Company shall promptly communicate their acceptance to any changes or modifications to J. Aron's nominations.

SCHEDULE T

EXCLUDED TRANSACTION TRADE SHEET

EXCLUDED TRANSACTION TRADE SHEET		
Trade Date (Month/Day/Year): **Ticket No.**	**[MM/DD/YYYY]** \#	
Excluded Transaction Type:	**[Buy/Sell]**	**[Stand-Alone Trade/One of a Group]**
	Note: In evaluating whether a proposed Excluded Transaction is permitted, it is understood that a "Buy" will reduce the volume to be shipped from the Storage Facilities for the period listed, and a "Sell" will increase the	

	volume to be shipped from the Storage Facilities for the period listed.		
Contact:	**[Aron Contact]**	**Phone No#**	**[###-###-####]**
FOR PRODUCT			
Quantity:	**Unit / Conversion:**	**[Barrels]**	
Product Description:			
Specifications (Grade):			
Shipping Method:			
Location/Pipeline:	**Pipeline:**	**Cycle: [If Applicable]**	
Delivery Period:			
Comments:			

NY2-683992

Execution Version

**SUPPLEMENTAL AGREEMENT TO
SUPPLY AND OFFTAKE AGREEMENT**

This Supplemental Agreement (the "Supplemental Agreement") to the Supply and Offtake Agreement (as defined below) is made as of October 31, 2011 (the "Effective Date") between J. Aron & Company ("Aron"), a general partnership organized under the laws of New York and located at 200 West Street, New York, New York 10282-2198, and Alon Refining Krotz Springs, Inc. (the "Company"), a Delaware corporation located at Hwy. 105 South, Krotz Springs, Louisiana 70750-0453 (each referred to individually as a "Party" or collectively as the "Parties").

WHEREAS, the Company owns and operates a crude oil refinery located in Krotz Springs, Louisiana (the "Refinery") for the processing and refining of crude oil and other petroleum feedstocks and the recovery therefrom of refined products;

WHEREAS, Aron and the Company are parties to that certain Amended and Restated Supply and Offtake Agreement, dated as of May 26, 2010 (as from time to time further amended, modified, supplemented and/or restated, the "Supply and Offtake Agreement"), pursuant to which Aron has agreed to procure crude oil and other petroleum feedstocks for the Company for use at the Refinery and purchase all refined products produced by the Refinery (other than certain excluded products);

WHEREAS, the Company's affiliate, Alon USA, LP ("Alon USA") has entered into (i) that certain Pipeline Throughput and Deficiency Agreement with Sunoco Pipeline L.P., a Texas limited partnership, dated October 7, 2011 ("Supplemental T&D Agreement"), pursuant to which Alon USA has the right to transport crude oil on the Supplemental Pipeline and (ii) that certain Marine Dock Terminaling Agreement with Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership, dated October 7, 2011 (the "Nederland Terminaling Agreement"), pursuant to which Alon USA has the right to certain terminaling services at the Nederland Terminal;

WHEREAS, from time to time, crude oil held by Aron in the storage tanks located at Alon USA's Refinery in Big Spring, Texas (the "Big Spring Refinery") may be transported on the Supplemental Pipeline eastbound from the Big Spring Refinery to the Nederland Terminal for further transportation to the Refinery or westbound on the Supplemental Pipeline from the Nederland Terminal to Big Spring Refinery and, in connection therewith, Alon USA shall have assigned to Aron Alon USA's right to transport crude oil on the Supplemental Pipeline and to all terminaling services at the Nederland Terminal; and

WHEREAS, the Parties wish to agree to certain terms and conditions relating to shipments by Aron on the Supplemental Pipeline, storage of crude oil at the Nederland Terminal, movement of crude oil by the Company from the Nederland Terminal to the Refinery and other related matters, which terms and conditions shall supplement and amend the Supply and Offtake Agreement as hereinafter provided;

NOW, **THEREFORE**, in consideration of the premises and the respective promises, conditions, terms and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Aron and the Company do hereby agree as follows:

1.Definitions.

1.1 For purposes of this Supplemental Agreement, including the foregoing recitals, the following terms shall have the meanings indicated below:

"Alternate Delivery Point" means the last permanent flange of the BSR Crude Storage Tanks located at the Big Spring Refinery that connects directly to first permanent flange of the White Oil Connection.

"Average Monthly NYMEX Price" means, for any calendar month, the arithmetic average of the closing settlement prices of the trading days in the applicable calendar month on the New York Mercantile Exchange for the first nearby Light Sweet Crude Oil Contract.

"Big Spring S&O Agreement" means that certain Amended and Restated Supply and Offtake Agreement, dated as of March 1, 2011, between Aron and Alon USA, as the same may from time to time be further amended, modified, supplemented and/or restated.

"BSR Crude Storage Tanks" mean the Crude Oil storage tanks located at the Big Spring Refinery which have been leased to Aron in connection with the Big Spring S&O Agreement.

"Eastbound Quantity" means, for any Supplemental Quantity that is an Eastbound Shipment, a quantity of Crude Oil equal to negative one (-1) times that Supplemental Quantity.

"Eastbound Shipment" means, with respect to any quantity of Supplemental Material, the shipment and transporting of such Supplemental Material commencing with the withdrawal of Crude Oil from the BSR Crude Storage Tanks through the Alternate Delivery Point and the movement of such Crude Oil through the Supplemental Injection Point (after which it shall constitute Supplemental Material) and then via the Supplemental Pipeline to the Nederland Terminal.

"Excess Quantity" means any portion of an Supplemental Quantity that, due to the application of the proration policy under the Supplemental Pipeline Tariff, may not be transported by Aron under its status as designated shipper on the Supplemental Pipeline and instead is subject to a buy/sell transaction consisting of a sale from Aron to Alon USA and a subsequent sale from Alon USA to Aron.

"Included Supplemental Facilities" means, collectively, the Supplemental Pipeline and the Nederland Terminal.

"Monthly Supplemental Quantity" means, for any calendar month, the sum of the Eastbound Quantities and Westbound Quantities injected into the Supplemental Pipeline via the Supplemental Injection Point or ejected from the Supplemental Pipeline via the Supplemental Injection Point during such month (which may be a positive or negative amount) as evidenced by the SPLP Monthly Statement.

"Nederland-Krotz Buy/Sell Confirmation" means a term buy/sell confirmation executed by and between the Company and Aron in substantially the form of Schedule A hereto subject to which the parties may enter into, from time to time, buy/sell transactions each of which consist of two transactions, with the first being a sale by Aron to the Company a quantity of Supplemental Material at the time such quantity passes the delivery point specified therein for which the Company shall arrange to transport to the Refinery and with the second being a sale by the Company to Aron, from such quantity of Supplemental Material, of the portion thereof that is actually delivered to Crude Storage Tanks at the Refinery as such quantity passes the Crude Intake Point.

"Nederland-Krotz Buy/Sell Transaction" has the meaning specified in Section 2.4(b) below.

"Nederland Terminal" means the SPMT Nederland Terminal located on the Sabine-Neches Waterway between Beaumont and Port Arthur, Texas.

"SPLP" means Sunoco Pipeline L.P.

"SPMT" means Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership and an Affiliate of Sunoco.

"Supplemental Agreement" or "this Supplemental Agreement" means this Supplemental Agreement, as it may be amended, modified, supplemented, extended, renewed or restated from time to time in accordance with the terms hereof, including any schedules or exhibits hereto.

"Supplemental Deferred Portion" means an amount equal to ten percent (10%) of the product of Supplemental Step-in Price and the Supplemental Step-in Inventory.

"Supplemental Fee Letter" means that certain letter from Aron to the Company, dated of even date herewith, pursuant to which the Parties have set forth the amounts for certain fees payable hereunder.

"Supplemental Injection Point" means the first permanent flange at the inlet to the SPLP custody transfer meter on the Supplemental Pipeline at Big Spring, Texas, which is located at the connection between the White Oil Pipeline and the White Oil Connection.

"Supplemental Inventory Sales Agreement" means the purchase and sale agreement, in the form of Schedule B hereto, dated as of the date hereof, pursuant to which the Company is selling and transferring to Aron the inventory of Crude Oil owned by the Company and held in the Included Supplemental Facilities as of 11:59:59 p.m., CPT on October 31, 2011, free and clear of all liens, claims and encumbrances of any kind.

"Supplemental Material" means, at any time, all crude oil held by Aron in any of the Included Supplemental Facilities.

"Supplemental Pipeline" means the portion of the common carrier crude oil pipeline more fully described in Schedule C hereto.

"Supplemental Pipeline Tariff" means SPLP's tariffs on file with FERC containing the rates, rules and regulations governing the provision of crude oil transportation and related services on the Supplemental Pipeline (1) westbound from the Nederland Terminal to the Big Spring Refinery and (2) eastbound from the Big Spring Refinery to the Nederland Terminal, in substantially the forms attached to the Supplemental T&D Agreement.

"Supplemental Price" means, for any calendar month, Average Monthly NYMEX Price for such month.

"Supplemental Step-in Inventory" means the Definitive Transfer Date Volume as determined under the Supplemental Inventory Sales Agreement.

"Supplemental Step-in Price" means the price per Barrel of Crude Oil specified in the Supplemental Inventory Sales Agreement.

"Westbound Quantity" means, for any Supplemental Quantity that is a Westbound Shipment, a quantity of Crude Oil equal to that Supplemental Quantity.

"Westbound Shipment" means, with respect to any quantity of Supplemental Material, the shipment and transporting of such Supplemental Material westbound from the Nederland Terminal (or other points) via the Supplemental Pipeline to the Supplemental Injection Point (after which it shall be accounted for as Crude Oil under the BSR S&O Agreement rather than Supplemental Material) and then the movement of such Crude Oil via the White Oil Connection to the Alternate Delivery Point at the Crude Storage Tanks located at the Big Spring Refinery.

"White Oil Connection" means the segment of pipeline owned by Alon USA that runs between the Alternate Delivery Point at the BSR Crude Storage Tanks and the Supplemental Injection Point.

"White Oil Pipeline" means the approximately 25-mile common carrier crude oil pipeline owned by SPLP and running between the main line of the Supplemental Pipeline and the White Oil Connection.

1.2 Unless otherwise defined herein, any terms defined in the Supply and Offtake Agreement shall have the same meanings when used herein. In addition, all definitions listed in Section 1.1 above are deemed incorporated into the Supply and Offtake Agreement as if set forth therein in full.

2. Supplemental Procurement Arrangements

2.1 Supplemental Quantities. From time to time, unless otherwise directed by Aron and provided no Default or Event of Default has occurred and is continuing under the Supply and Offtake Agreement, Alon USA may withdraw quantities of Crude Oil from the BSR Crude Storage Tanks through the Alternate Delivery Point for Eastbound Shipment or receive quantities of Crude Oil into the BSR Crude Storage Tanks through the Alternate Delivery Point from Westbound Shipment. In each case, the quantity of Crude Oil withdrawn or received shall be deemed to equal the quantity reported by SPLP as having been injected or ejected at the Supplemental Injection Point based on readings of SPLP's custody transfer meter (each such quantity, an "Supplemental Quantity"). Once any Crude Oil is injected into the Supplemental Pipeline, such Crude Oil shall constitute Supplemental Material for purposes hereof. Each Supplemental Quantity shall be the amount reported by SPLP, which amounts shall be reported as positive numbers and shall indicate for each Supplemental Quantity whether it is an Eastbound or Westbound Shipment.

2.2 Certain Adjustments.

(a) For purposes of all monthly calculations under the Supply and Offtake Agreement,

(i) the Monthly Supplemental Quantity shall be deemed to be subject to an Included Transaction; provided that, if such Monthly Supplemental Quantity is a positive amount, such Included Transaction shall constitute an agreement by the Company to purchase Supplemental Material from Aron which shall represent a positive volume for purposes of the Supply and Offtake Agreement and if such Monthly Supplemental Quantity is negative, such Included Transaction shall constitute an agreement of Aron to purchase Supplemental Material from the Company which shall represent a negative volume for purposes of the Supply and Offtake Agreement, and in each case having a per barrel price equal to the Supplemental Price for that relevant month. The parties acknowledge that, for purposes of calculating the Aggregate Monthly Product True-up Amount in accordance with Schedule C to the Supply and Offtake Agreement, as a result of the foregoing, the Monthly Supplemental Quantity shall be added to Aggregate Product Sales for the relevant month and the Supplemental Material Product Group, so that if the Monthly Supplemental Quantity is a positive number (representing a purchase of Supplemental Material by the Company from Aron) it shall increase Aggregate Product Sales and if the Monthly Supplemental Quantity is a negative number (representing a purchase of Supplemental Material by Aron from the Company) it shall decrease Aggregate Product Sales.

(ii) the Nederland-Krotz Buy/Sell Transaction shall be deemed to result in:

(1) the aggregate Shipped Quantity for such month being subject to an Included Transaction under which Aron has sold such quantity to the Company at the applicable price specified pursuant to the Nederland-Krotz Buy/Sell Confirmation and, for purposes of the month in which such aggregate Shipped Quantity is delivered, it shall be an increase to the Aggregate Product Sales for such month for the Supplemental Material Product Group; and

(2) the aggregate Delivered Quantity for such month being subject to a Procurement Contract under which Aron has purchased such quantity from the Company at the applicable price specified pursuant to the Nederland-Krotz Buy/Sell Confirmation and, for purposes of the month in which such Delivered Quantity is delivered, it shall be an increase to Aggregate Crude Receipts for such month.

(b) For purposes of calculating Net Payments under Section 10.1 of the Supply and Offtake Agreement, the following provisions shall apply:

(i) "Adjusted Net Payment Conditions" shall consist of the following:

(3) Aron shall have determined, in its reasonable judgment based on such inventory reports and other reasonable forms of evidence as may be available, that the sum of the Supplemental Step-in Inventory and the aggregate quantity of Supplemental Material injected into the Included Supplemental Facilities following the Inventory Transfer Time under the Supplemental Inventory Sales Agreement exceeds 300,000 Barrels; and

(4) Aron shall have received the "Supplemental LC" complying with the terms and conditions specified in the Fee Letter.

(ii) Once the Adjusted Net Payment Conditions have been satisfied, and for so long as the Supplemental LC is maintained and continues to satisfy the maintenance requirements specified in the Fee letter, the determination of Weekly Supply Value under Section 10.1(c) of the Supply and Offtake Agreement shall be adjusted by including in such determination the deemed Procurement Contract referred to in Section 2.2.(a)(ii)(2) above on the same basis as all other Procurement Contracts for purposes of such determination; provided that if Aron in its reasonable judgment determines, with respect to such deemed Procurement Contracts, that Contract Nominations are deviating from actual Shipped

Quantities in excess of immaterial and customary variances, then for purposes of determining the Weekly Supply Value Aron may from time to time adjust the amount of such Contract Nominations as it deems appropriate.

(iii) The parties acknowledge and agree that neither the Supplemental Material nor the Included Supplemental Facilities shall at any time be reflected in the calculation of the Net Payment.

(iv) The parties acknowledge and agree the deemed Procurement Contract referred to in Section 2.2.(a)(ii)(2) above shall be included in the determination of the Weekly Supply Value only under the terms and conditions specified above. Accordingly, at all times prior to the satisfaction of the Adjusted Net Payment Conditions and thereafter at any time at which the Supplemental LC has ceased to comply with the maintenance conditions specified in the Fee Letter, the determination of Weekly Supply Value shall be made as set forth in Section 10.1(d) of the Supply and Offtake Agreement, without including such deemed Procurement Contract as contemplated by Section 2.2(b)(ii) above.

2.3 Measurements. For purposes of determining the Monthly Supplemental Quantity, Aron shall rely on the pipeline statements provided by SPLP with respect to the volumes on the Supplemental Pipeline.

2.4 Shipments from Nederland Terminal to the Refinery.

(a) From time to time, the parties may enter into buy/sell transactions pursuant to the Nederland-Krotz Buy/Sell Confirmation (each, a "Nederland-Krotz Buy/Sell Transaction"), under which, in the case of each Nederland-Krotz Buy/Sell Transaction, Aron shall sell to the Company a quantity of Supplemental Material at the time it passes the delivery point specified in the Nederland-Krotz Buy/Sell Confirmation (the "Shipped Quantity"), which the Company shall thereafter arrange to transport to the Refinery, and the Company shall sell to Aron the portion of the Shipped Quantity that is delivered into the Crude Storage Tanks at the Refinery as such quantity passes the Crude Intake Point (the "Delivered Quantity"), in each case as further specified pursuant to the Nederland-Krotz Buy/Sell Confirmation. Each Shipped Quantity shall be the determined based on the reports of the Independent Inspectors or SPMT as mutually agreed between the parties. The parties acknowledge that the net payment terms specified in the Nederland-Krotz Buy/Sell Confirmation are conditioned on the requirement that Shipped Quantities be transported by the Company only to the Refinery.

(b) In connection with each Nederland-Krotz Buy/Seller Transaction, the parties shall comply with both the nomination and scheduling procedures set forth in the Nederland Terminaling Agreement ("Nederland Shipment Procedures") and the Scheduling Protocol set forth in Schedule J to the Supply and Offtake Agreement.

(c) The Company covenants and agrees that it will take such further actions, and execute, deliver and/or file such additional agreements, instruments and documents as Aron and its Affiliates may deem necessary or appropriate to confirm and maintain the lien and security interest of Goldman Sachs Bank USA ("GS Bank") in all Shipped Quantities and all documents of title ("Title Documents") related thereto. If, in Aron's reasonable judgment, GS Bank does not or would not hold a perfected first priority security interest in any quantities that are intended to be Shipped Quantities and/or Title Documents that would be related thereto, then such quantities shall not be released from the storage tanks at the Nederland Terminal unless the Company has provided to GS Bank additional credit support in form and substance satisfactory to GS Bank with respect to such quantities that the Company desires to ship.

(d) Without limiting the generality of Section 2.4(d) above, the Company covenant and agrees, with respect to each Shipped Quantity, that any bill of lading issued with respect to the further transportation by the Company of such Shipped Quantity from the docks of the Nederland Terminal (as provided in the Nederland Shipment Procedures) shall be a non-negotiable bill of lading and the Company shall be the only consignee named thereon.

2.5 Title.

(a) Aron shall retain title to all Supplemental Material quantities at all times while such quantities are held in the Supplemental Pipeline or in the Nederland Terminal in connection with the Supply and Offtake Agreement or the Big Spring S&O Agreement (including without limitation any linefill transferred to Aron in connection therewith), except to the extent otherwise provided under a buy/sell transaction between Aron and Alon USA with respect to an Excess Quantity.

(b) As provided in the Nederland-Krotz Buy/Sell Confirmation, title to any Shipped Quantity shall transfer from Aron to the Company as such quantity passes the relevant delivery point provided therein and title to any Delivered Quantity shall transfer from the Company to Aron as such Supplemental Quantity or portion thereof passes the relevant delivered point as provided therein.

2.6 Supplemental Annual Fee. As additional consideration for the arrangements contemplated hereby, the Company agrees to pay to Aron an annual fee for each twelve (12) month period during the Term, in the amount specified in the Supplemental Fee Letter (the "Annual Supplemental Fee"), to be paid in arrears as follows:

(a) For the period from the Effective Date through May 31, 2013, the aggregate amount due shall be the Initial Supplemental Fee Amount (as specified in the Supplemental Fee Letter) and such amount shall be paid in six equal quarterly installments on June 1, September 1, December 1 and March 1 of each year, commencing on December 1, 2011 and ending on March 1, 2013.

(b) If the Term of the Supply and Offtake Agreement extends beyond May 31, 2013, then for each three month period thereafter until the Expiration Date of the Supply and Offtake Agreement, the Company shall pay to Aron the Annual Supplemental Fee in equal quarterly installments on June 1, September 1, December 1 and March 1 of each year, and the Termination Date, commencing September 1, 2013. The Annual Supplemental Fee shall be prorated for any periods of less than a full three months.

2.7 To the extent that, as of the Termination Date, Aron holds any Supplemental Material in the Supplemental Pipeline or the Nederland Terminal that it owns in connection with the Supply and Offtake Agreement or as a result of any Included Transactions or Procurement Contracts thereunder, such Supplemental Material volumes (as determined in accordance with the Volume Determination Procedures) shall be included as part of the Termination Date Volumes and purchased by the Company in accordance with the terms of the Supply and Offtake Agreement and the Step-out Inventory Sales Agreement.

2.8 The Company agrees that whether any Procurement Contract constitutes a Procurement Contract under the Supply and Offtake Agreement or the Big Spring S&O Agreement will, unless otherwise deemed appropriate based on Aron's reasonable judgment, be determined by Aron based on the whether the Crude Oil subject thereto is first delivered to an Included Supplemental Facility under the Supply and Offtake Agreement or an Included Location under the Big Spring S&O Agreement.

2.9 From and after the date hereof, for all purposes of the Supply and Offtake Agreement, the Deferred Portion referred to in Section 4.3 of the Supply and Offtake Agreement shall equal the sum of (i) ten percent (10%) of the Definitive Commencement Date Value and (ii) the Supplemental Deferred Portion.

3. Supplemental Material Product Group.

3.1 From and after the date hereof, and notwithstanding anything in the Supply and Offtake Agreement or any other Transaction Document to the contrary, Supplemental Material shall be treated as a separate Product and Product Group for purposes of the Supply and Offtake Agreement and such other Transaction Documents.

3.2 With respect to the Supplemental Material Product Group,

(a) the initial Target Month End Product Volume for October 2011 shall be 45,000 Barrels and the Target Month End Product Volume for November 2011 shall be 300,000 Barrels;

(b) the range applicable to future Target Month End Product Volumes specified by Aron, as contemplated by Section 7.2(c) of the Supply and Offtake Agreement, shall have a minimum (net Barrels) of 300,000 and a maximum (net Barrels) of 300,000;

(c) the Pricing Benchmarks shall be as follows:

(i) Step-In Price shall be the Supplemental Step-in Price;

(ii) Weekly Price shall be not be applicable;

(iii) Short Product FIFO Price and Long Product FIFO Price shall be the Supplemental Price for the relevant month; and

(iv) Step-Out Price shall equal the arithmetic average of the closing settlement price on the New York Mercantile Exchange for the first nearby Light Sweet Crude Oil Contract for the 4 trading days ending with and including the penultimate trading day of the month of the Termination Date.

(d) for purposes of determining the Monthly Product True-up Amount for October 2011, the Supplemental Material shall in all respects be excluded from such determination.

(e) for purposes of determining the Monthly Product True-up Amount for November 2011:

(i) the "Short Product FIFO Position" as of the end of October 2011 shall equal the lesser of (x) zero and (y) the Supplemental Step-in Inventory minus the initial Target Month End Product Volume referred to in Section 3.2(a) above;

(ii) the "Long Product FIFO Position" as of the end of October 2011 shall equal the greater of (x) zero and (y) the Supplemental Step-in Inventory minus the initial Target Month End Product Volume referred to in Section 3.2(a) above; and

(iii) the "Product FIFO Purchase Price from Prior Month" shall equal the "Step-in Price" for the Supplemental Material Product Group.

3.3 The Company agrees that any removal of Supplemental Material from the Included Supplemental Facilities shall occur (i) under a Nederland Buy/Sell Transaction, (ii) via Westbound Shipment through the Supplemental Injection Point or (iii) otherwise under a separately documents arrangement expressly agreed to by Aron.

4. Amendments to the Supply and Offtake Agreement and other Transaction Documents.

4.1 Section 9.2(a) of the Supply and Offtake Agreement is amended to read in its entirety as follows:

(a) As of 11:59:59 p.m., CPT, on the last day of each month, the Company shall apply the Volume Determination Procedures to the Crude Storage Tanks, the Included Supplemental Facilities and the Product Storage Tanks, and based thereon shall determine for such month (i) the aggregate volume of Crude Oil held by Aron in the Crude Storage Tanks at that time (the "Actual Month End Crude Volume") and (ii) for each Product, the aggregate volume of such Product held in the Product Storage Tanks and the Included Supplemental Facilities at that time (each, an "Actual Month End Product Volume"). The Company shall notify Aron of the Actual Month End Crude Volume and each Actual Month End Product Volume by no later than 5:00 p.m., CPT on the fifth Business Day thereafter, except that with respect to volume information provided by third parties, the

Company shall endeavor to cause third parties to provide such information to Aron by the fifteenth (15th) day after the end of such month.

4.2 Schedule J (Scheduling Protocol) to the Supply and Offtake Agreement is hereby amended and restated in its entirety in the form of Schedule J attached to this Supplemental Agreement.

4.3 The following terms defined in the Supply and Offtake Agreement are hereby amended in their entirety to read as follows and as so amended such terms shall apply for all purposes of the Supply and Offtake Agreement, the other Ancillary Documents and this Supplemental Agreement:

(c) "Additional Procurement Contract" means any Crude Oil purchase agreement between Aron and a Third Party Supplier entered into following the Commencement Date pursuant to Section 5.3(b), or such other contract to the extent the Parties deem such contract to be a Procurement Contract for purposes hereof.

(d) "Included Transaction" means a transaction identified as such pursuant to Section 2.2(b) or such other transaction to the extent the Parties deem such transaction to be an Included Transaction for purposes hereof (which deemed transaction may include an agreement of Aron to purchase Product from the Company as well as an agreement of the Company to purchase Product from Aron).

(e) "Transaction Document" means this Agreement, the Marketing and Sales Agreement, the Inventory Sales Agreement, the Storage Facilities Agreement, the Step-Out Inventory Sales Agreement, Other Inventory Sales Agreements the Supplemental Agreement, the Nederland-Krotz Buy/Sell Confirmation and any other agreements or instruments contemplated hereby or executed in connection herewith.

(f) "Volume Determination Procedures" mean the Company's ordinary month-end procedures for determining the volumes of Crude Oil or Product held in any Storage Tank, which include manually gauging each Storage Tank on the last day of the month to ensure that the automated tank level readings are accurate to within a tolerance of two inches (it being understood that if the automated reading cannot be calibrated to be within such tolerance, the Company uses the manual gauge reading in its calculation of month-end inventory); provided that, with respect to the Included Supplemental Facilities, volume determinations shall be based on the monthly statements provided by SPLP and SPMT.

5. Certain Conditions and Obligations.

5.1 The Company agrees that, with respect to the Supplemental Pipeline and the Nederland Terminal (collectively, the "Additional Locations") it shall execute and enter into or cause Alon USA and/or other Affiliates, and all other third parties, to execute and enter into Required Storage and Transportation Arrangements in favor of Aron (as required under the Big Spring Supply and Offtake Agreement).

5.2 It shall be a condition to Aron's obligations under this Supplemental Agreement that:

(g) the Required Storage and Transportation Arrangements with respect to the Additional Locations shall be been duly executed and become effective;

(h) the Company shall have executed and delivered the Nederland-Krotz Buy/Sell Confirmation; and

(i) The Company shall enter into with Aron the Supplemental Inventory Sales Agreement.

6. Rights and Obligations under the Supply and Offtake Agreement. As supplemented and amended hereby, the Supply and Offtake Agreement and all other Transaction Documents are in full force and effect. This Supplemental Agreement shall in no way limit or diminish the rights and obligations of the Parties under the Supply and Offtake Agreement.

7. Miscellaneous.

7.1 THIS SUPPLEMENTAL AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER STATE.

7.2 EACH OF THE PARTIES HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITUATED IN THE CITY OF NEW YORK, (WITHOUT RECOURSE TO ARBITRATION UNLESS BOTH PARTIES AGREE IN WRITING), AND TO SERVICE OF PROCESS BY CERTIFIED MAIL, DELIVERED TO THE PARTY AT THE ADDRESS INDICATED IN ARTICLE 26 OF THE SUPPLY AND OFFTAKE AGREEMENT. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION TO PERSONAL JURISDICTION, WHETHER ON GROUNDS OF VENUE, RESIDENCE OR DOMICILE.

7.3 Each Party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any proceedings relating to this Supplemental Agreement.

7.4 If any Section or provision of this Supplemental Agreement shall be determined to be null and void, voidable or invalid by a court of competent jurisdiction, then for such period that the same is void or invalid, it shall be deemed to be deleted from this Supplemental Agreement and the remaining portions of this Supplemental Agreement shall remain in full force and effect.

7.5 The terms of this Supplemental Agreement constitute the entire agreement between the Parties with respect to the matters set forth in this Supplemental Agreement, and no representations or warranties shall be implied or provisions added in the absence of a written agreement to such effect between the Parties. This Supplemental Agreement shall not be modified or changed except by written instrument executed by the Parties' duly authorized representatives.

7.6 No promise, representation or inducement has been made by either Party that is not embodied in this Supplemental Agreement, and neither Party shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

7.7 Time is of the essence with respect to all aspects of each Party's performance of any obligations under this Supplemental Agreement.

7.8 Nothing expressed or implied in this Supplemental Agreement is intended to create any rights, obligations or benefits under this Supplemental Agreement in any person other than the Parties and their successors and permitted assigns.

7.9 All audit rights, payment, confidentiality and indemnification obligations and obligations under this Supplemental Agreement shall survive the expiration or termination of this Supplemental Agreement.

7.10 This Supplemental Agreement may be executed by the Parties in separate counterparts and initially delivered by facsimile transmission or otherwise, with original signature pages to follow, and all such counterparts shall together constitute one and the same instrument.

7.11 All transactions hereunder are entered into in reliance on the fact this Supplemental Agreement and all such transactions constitute a single integrated agreement between the parties, and the parties would not have otherwise entered into any other transactions hereunder.

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

J. ARON & COMPANY

By: /s/ Don J. Castro
Title: Managing Director
Date: 10/31/2011

ALON REFINING KROTZ SPRINGS, INC.

By: /s/ Alan P. Moret

Title: Vice President of Supply

Date: 10/31/2011

SCHEDULE A

Form of Supplemental Nederland Krotz Buy/Sell Confirmation

[DOCUMENT ID]

Please note that this is a non-binding draft confirmation and is being provided for your information and indicative purposes only. A final confirmation will be forwarded to you upon completion of the transaction. This draft confirmation does not represent a binding commitment on the part of either party to enter into any transaction.

To: ALON REFINING KROTZ SPRINGS, INC.
Attention: [ ]
From: J. Aron & Company

Contract Reference Number:	[TRADE ID]
Term:	From November 1, 2011 to the Expiration Date (as defined in the Supply and Offtake Agreement referred to below)

This agreement is a master confirmation (the "Master Confirmation") that sets forth certain terms and conditions for the buy/sell transaction entered into between Alon Refining Krotz Springs, Inc. and J. Aron & Company during the term set forth - above (the "Transaction"). The Transaction entered into between us that is to be subject to this Master Confirmation shall be evidenced by this Master Confirmation and such other supplemental written (including email) communications between the parties confirmation specific terms of the Transaction. This Master Confirmation constitutes a "Transaction Document" as referred to in the Supply and Offtake Agreement (as defined below).

PART A:

Seller:	J. Aron & Company
Buyer:	ALON REFINING KROTZ SPRINGS, INC.
Product:	Light Sweet Type (Common Stream Quality) Crude Oil or such other type and grade of crude oil as mutually agreed upon in writing by Seller and Buyer
Quantity:	For each Delivery Month, from and including a minimum of 0 U.S. Barrel(s) per month to and including a maximum of 1,000,000 U.S. Barrel(s) per month.
Quantity Determination:	Quantity as determined by mutually appointed independent inspector in accordance with measurement procedures as per the Sunoco Partners Marketing & Terminals L.P., Nederland Terminal.

Delivery Point:	The last permanent flange connection between the Sunoco Partners Marketing & Terminals L.P., Nederland Terminal, TX and Buyer's designated barge.
Delivery Month:	The calendar month corresponding to each Shipped Quantity.
Price:	The Shipped Quantity per Delivery Month shall be priced as follows: The average of the closing settlement prices on the New York Mercantile Exchange for the first nearby Light Sweet Crude Oil Contract for each Trading Day during the Delivery Month.
Rounding:	All final prices per U.S. Barrel shall be rounded/calculated to 3 decimal places.
Trading Day:	A day on which NYMEX is scheduled to be open for trading for the relevant futures contract.

PART B:

Buyer:	J. Aron & Company
Seller:	ALON REFINING KROTZ SPRINGS, INC.
Product:	Light Sweet Type (Common Stream Quality) Crude Oil or such other type and grade of crude oil as mutually agreed upon in writing by Seller and Buyer
Quantity:	The portion of the Shipped Quantity actually delivered to Aron at the Delivery Point (the "Delivered Quantity") as determined by mutually appointed independent inspector.
Quantity Determination:	As per the Supply and Offtake Agreement
Delivery Point:	The Crude Intake Point (as defined in the Supply and Offtake Agreement)
Delivery Month:	Same as the Delivery Month for Part A unless the parties otherwise agree.
Price:	The Delivered Quantity per Delivery Month shall be priced as follows; The average of the closing settlement prices on the New York Mercantile Exchange for the first nearby Light Sweet Crude Oil Contract for each Trading Day during the Delivery Month.

Rounding:	All final prices per U.S. Barrel shall be rounded/calculated to 3 decimal places.
Trading Day:	A day on which NYMEX is scheduled to be open for trading for the relevant futures contract.

PART A Credit:

This confirmation constitutes a "Transaction Document" as defined in that certain Amended and Restated Supply and Offtake Agreement, dated as of May 26, 2010 (as from time to time further amended, modified, supplemented and/or restated, the "Supply and Offtake Agreement") and, accordingly, the Standby LC (as defined in the Supply and Offtake Agreement) constitutes credit support in favor of Aron with respect to Alon's obligations hereunder.

In addition, if a Supplemental LC is provided as contemplated in connection with the Supplemental Agreement, dated as of October 31, 2011 between Buyer and Seller which relates to and is a Transaction Document under the Supply and Offtake Agreement, then such Supplemental LC shall constitute additional credit support in favor of Aron with respect to Alon's obligations hereunder

Aron, as Seller, shall not be obliged to deliver quantity under Part A above until contractual credit terms have been satisfied. All costs and expenses, including, but not limited to, demurrage incurred during any delay caused by any failure to satisfy such credit terms shall be for Buyer's account.

GENERAL TERMS

Title Risk and Loss:
Delivery shall be deemed complete and title to and risk of damage to or loss of the Product shall pass from Seller to Buyer at each of the respective Delivery Points specified above as Product passes such point.

Payment:
Payment for each Shipped Quantity or Delivered Quantity shall be due on the 20th day of the month following the month in which such Shipped Quantity exits the storage tanks at the Nederland Terminal; provided that if, notwithstanding the terms hereof, any quantity subject hereto is shipped to any location other than that contemplated by Part B above, then payment for the Shipped Quantity related thereto shall be due by Buyer to Seller immediately, unless Buyer shall have provided to Seller additional collateral in form and substance acceptable to Seller to secure Buyer's payment obligation.

Payment Netting:
If the payment dates for this and any other transaction (each, a transaction") entered into between the parties shall fall on the same day and in the same currency, payments shall be made on a net basis so that the party obligated to pay the larger aggregate amount shall pay the other party an amount equal to the excess of the larger aggregate amount over the smaller aggregate amount.

OTHER TERMS AND CONDITIONS:

All other terms and conditions shall be in accordance with the Supply and Offtake Agreement.

Without limiting the foregoing, the parties acknowledge that this confirmation constitutes a “Transaction Document” as defined in Supply and Offtake Agreement and shall be subject to the various applicable terms and conditions thereof, including any rights and remedies in favor of either party following a default or event of default thereunder (howsoever defined therein).

Contacts:
Please note the following contacts act on behalf of J. Aron & Company

Logistics Operations: J. Aron & Company, New York
Telex:
Phone:
Fax:

Credit: J. Aron & Company, New York
Attn: Credit & Risk Management
Telex:
Phone:
Fax:

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to this transaction (Contract Reference Number: xx) by signing this confirmation in the space provided below and immediately returning a copy of the executed confirmation via facsimile to the attention of Commodity Operations at:
New York: (J. Aron & Company)

Regards,
J. Aron & Company
Signed on behalf of J. Aron & Company
By:

Signed on behalf of ALON REFINING KROTZ SPRINGS INC.

By: ________________________

Name:

Title:

Disclaimer:

This material is for the private information of the user, and neither J. Aron & Company nor any of its affiliates, nor any of their respective officers, directors, agents, employees or representatives, are soliciting any action or information based upon it. Neither J. Aron & Company nor any of its affiliates, nor any of their respective officers, directors, agents, employees or representatives, shall have any liability, contingent or otherwise, to the user or to third parties, for the quality, accuracy, timeliness, continued availability or completeness of the data nor for any special, indirect, incidental, punitive, exemplary, special or consequential damages which may be incurred or experienced because of the use of the data made available herein, even if J. Aron & Company or any of its affiliates, including any of their respective officers, directors, agents, employees or representatives, have been advised of the possibility of such damages.

SCHEDULE B

Form of Supplemental Inventory Sales Agreement

INVENTORY SALES AGREEMENT

THIS INVENTORY SALES AGREEMENT (this "Agreement"), is made and entered into as of October 31, 2011, by and between Alon Refining Krotz Springs, Inc., a Delaware corporation located at Hwy. 105 South, Krotz Springs, Louisiana 70750-0453 (the "Seller") and J. Aron & Company, a general partnership organized under the laws of New York and located at 200 West Street, New York, New York 10282-2198, (the"Buyer") (each referred to individually as a "Party" and collectively, the "Parties").

RECITALS

A. Seller and Buyer are parties to that certain Amended and Restated Supply and Offtake Agreement, dated as of May 26, 2010 (as from time to time further amended, modified, supplemented and/or restated, the "Supply and Offtake Agreement"), pursuant to which Aron has agreed to deliver crude oil and other petroleum feedstocks to the Company for use at the Refinery (as defined therein) and purchase all refined products produced by the Refinery (other than certain excluded products).

B. The parties have entered into a Supplemental Agreement, dated as of the date hereof in connection with the Supply and Offtake Agreement (the "Supplemental Agreement") pursuant to which the parties have, among other things, made certain additional agreements to facilitate the shipment of Crude Oil by Aron through the Amdel Pipeline (as defined below) and Nederland Terminal (as defined below).

C. To commence such use of the Amdel Pipeline and Nederland Terminal, the Company will sell to Aron and Aron will purchase from the Company all Crude Oil held by the Company in the Amdel Pipeline and the Nederland Terminal as of the Inventory Transfer Time.

D. Seller and Buyer desire to enter into this Agreement to set forth their agreements regarding such terms and conditions of sale and purchase and the protocols to be used for measuring the quantity and quality of such Crude Oil.

AGREEMENTS

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

SECTION 1: DEFINITIONS

1.1 Definitions. Unless otherwise defined herein, any terms defined in the Supply and Offtake Agreement shall have the same meanings when used herein. In addition, for purposes of this Agreement, the following terms shall have the respective meanings set forth below:

"Agreement" has the meaning set forth in the introductory paragraph immediately preceding the Recitals.

"Amdel Deferred Portion" has the meaning specified in the Supplemental Agreement.

"Amdel Pipeline" means the portion of the common carrier crude oil pipeline owned by SPLP and running between the Nederland Terminal and the Refinery, which includes the White Oil Pipeline.

"Amdel Step-in Price" means the arithmetic average of the closing settlement price on the New York Mercantile Exchange for the first nearby Light Sweet Crude Oil Contract for November 2, 2011 and November 3, 2011.

"Barrel" means 42 United States standard gallons at 60 degrees Fahrenheit.

"BS&W" means basic sediment and water.

"Definitive Transfer Date Value" means the Transfer Date Crude Oil Volume, assuming that such Transfer Date Crude Oil Volume was determined as of the Inventory Transfer Time, as more particularly set forth and determined in accordance with the procedures described in Article 3 of this Agreement multiplied by the Amdel Step-in Price.

"Definitive Transfer Date Volume" has the meaning set forth in Section 3.2.

"Included Crude Facilities" means, collectively, the Amdel Pipeline and the Nederland Terminal.

"Inventory Reports" means each of the standard monthly inventory report produced by SPLP with respect to the Amdel Pipeline and the standard monthly inventory report produced by SMPT with respect to the Nederland Terminal, which shall show volumes the held by the Company in the Included Crude Facilities as of 11:59:59 p.m. CPT on October 31, 2011.

"Inventory Transfer Time" means 11:59:59 p.m., CPT, on the Transfer Date.

"Nederland Terminal" means the SPMT Nederland Terminal located on the Sabine-Neches Waterway between Beaumont and Port Arthur, Texas.

"Sales Statement" has the meaning set forth in Section 4.2 of this Agreement.

"SPLP" means Sunoco Pipeline L.P.

"SPMT" means Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership and an Affiliate of Sunoco.

"Transfer Date" means October 31, 2011.

"Transfer Date Crude Oil Volume" means the total quantity of Crude Oil owned by the Company at 11:59:59 p.m., CPT, on the Transfer Date that is then held in or at the Included Crude Facilities, which quantity shall be the volume of Crude Oil recorded in the Inventory Reports.

"White Oil Pipeline" means the approximately 25-mile common carrier crude oil pipeline owned by SPLP and running between the main line of the Amdel Pipeline and the White Oil Connection.

All capitalized terms used, but that are not otherwise defined, in the body of this Agreement shall have the meanings ascribed to such terms in the Alon USA Supply and Offtake Agreement.

SECTION 2: ASSIGNMENT AND CONVEYANCE

2.1 Assignment and Conveyance. Effective upon the Inventory Transfer Time, Seller shall assign, transfer and deliver unto the Buyer, its successors and assigns forever, all of the Seller's right, title, and interest in and to all of the Transfer Date Crude Oil Volumes, free and clear of all liens, claims and encumbrances of any nature, to have and to hold, all of the Seller's right, title, and interest in and to the Transfer Date Crude Oil Volumes, together with all of the rights and appurtenances thereto in anywise belonging, unto the Buyer and its successors and assigns forever. The Seller, for itself, its successors and assigns, covenants and agrees to warrant and forever defend good title to the Inventory, free and clear of (i) all liens, claims and encumbrances of any nature, against the claims of all parties claiming the same by, through, or under Seller, but not otherwise and (ii) any liens or security interests arising under Section 9343 of the Uniform Commercial Code as enacted in the State of Texas.

2.2 Warranties and Representations of Conveying Party; Disclaimer of Warranties.

2.2.1 **EXCEPT FOR THE FOREGOING LIMITED SPECIAL WARRANTY OF TITLE, THE CONVEYANCE OF INVENTORY IS MADE AND ACCEPTED WITHOUT ANY WARRANTY OR REPRESENTATION WHATSOEVER, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, REGARDING THE INVENTORY INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO THE CONDITION OR MERCHANTABILITY OF SUCH COMMODITY OR FITNESS OF ANY SUCH COMMODITY FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY DISCLAIMED. THE BUYER SHALL ACCEPT ALL OF THE INVENTORY IN ITS "AS IS, WHERE IS" CONDITION AND "WITH ALL FAULTS."**

2.2.2 All representations and warranties of the Seller contained herein shall be true and correct on and as of the Transfer Date.

SECTION 3: INVENTORY VOLUME

3.1 Projected Inventory. No later than two (2) Business Days prior to the Transfer Date, Seller shall deliver to Buyer a notice containing an estimate of the Inventory it projects will be available at the Inventory Transfer Time (the "Projected Inventory").

3.2 Physical Inventory. The volume of Inventory sold by the Purchaser shall be the Transfer Date Crude Oil Volume, which shall be determined based on the volumes shown on the Inventory Reports. Such volume shall be the "Definitive Transfer Date Volume" for purposes of this Agreement..

SECTION 4: PAYMENT AND PRICING

4.1 Inventory Sales Statement. As soon as possible after the Transfer Date, the Buyer shall calculate the Definitive Transfer Date Value using the Definitive Transfer Date Volume and deliver to Seller a statement including such calculated amount (the "Sales Statement"). Buyer shall use the Amdel Step-in Price to price the Definitive Transfer Date Volume and the Sales Statement shall include all supporting calculations and documentation used to determine the Definitive Transfer Date Value.

4.2 Sales Price. Upon final determination of the Definitive Transfer Date Value pursuant to Section 4.1, Buyer shall make payment to Seller of an amount equal to the Definitive Transfer Date Value minus the Amdel Deferred Portion. Any such payment by Buyer shall be made by wire transfer or delivery of other immediately available funds on or before the second (2nd) Business Day after receipt of the Sales Statement. The Amdel Deferred Portion shall, as provided in the Supplemental Agreement, be added to the Deferred Portion under the Supply and Offtake Agreement and shall be payable to Seller on the Termination Date, subject to the terms and conditions of the Supply and Offtake Agreement.

4.3 Taxes.

4.3.1 Seller shall pay and indemnify and hold Buyer harmless against, the amount of all sales, use, gross receipts, value added, severance, valorem, excise, property, spill, environmental, transaction-based, or similar taxes, duties and fees, howsoever designated (each, a "Tax" and collectively, "Taxes") regardless of the taxing authority, and all penalties and interest thereon, paid, owing, asserted against, or incurred by Buyer directly or indirectly with respect to the Inventory sold to the greatest extent permitted by applicable law. Seller shall pay when due such Taxes unless there is an applicable exemption from such Tax, with written confirmation of such Tax exemption to be contemporaneously provided to Buyer. To the extent Buyer is required by law to collect such Taxes, one hundred percent (100%) of such Taxes shall be added to invoices as separately stated charges and paid in full by Seller in accordance with this Agreement, unless Seller is exempt from such Taxes and furnishes Buyer with a certificate of exemption. Buyer shall be responsible for all taxes imposed on Buyer's net income.

4.3.2 If Seller disagrees with Buyer's determination that any Tax is due with respect to transactions under this Agreement, Seller shall have the right to seek an administrative determination from the applicable taxing authority, or, alternatively, Seller shall have the right to contest any asserted claim for such Taxes in its own name, subject to its agreeing to indemnify

Buyer for the entire amount of such contested Tax (including any associated interest and/or late penalties) should such Tax be deemed applicable. Buyer agrees to reasonably cooperate with Seller, at Seller's cost and expense, in the event Seller determines to contest any such Taxes.

4.3.3 Seller and Buyer shall promptly inform each other in writing of any assertion by a taxing authority of additional liability for Taxes in respect of said transactions. Any legal proceedings or any other action against Buyer with respect to such asserted liability shall be under Buyer's direction but Seller shall be consulted. Any legal proceedings or any other action against Seller with respect to such asserted liability shall be under Seller's direction but Buyer shall be consulted. In any event, Seller and Buyer shall fully cooperate with each other as to the asserted liability. Each party shall bear all the reasonable costs of any action undertaken by the other at the Party's request.

4.3.4 Any other provision of this Agreement to the contrary notwithstanding, this Section 4.3 shall survive until ninety (90) days after the expiration of the statute of limitations for the assessment, collection, and levy of any Tax.

SECTION 5: MISCELLANEOUS

5.1 Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties hereto, their respective successors and permitted assigns.

(a) Seller shall not assign this Agreement or its rights or interests hereunder in whole or in part, or delegate its obligations hereunder in whole or in part, without the express written consent of the Buyer. Buyer may, without the Seller's consent, assign and delegate all of the Buyer's rights and obligations hereunder to (i) any Affiliate of the Buyer, provided that the obligations of such Affiliate hereunder are guaranteed by The Goldman Sachs Group, Inc. or (ii) any non-Affiliate Person that succeeds to all or substantially all of its assets and business and assumes the Buyer's obligations hereunder, whether by contract, operation of law or otherwise, provided that the creditworthiness of such successor entity is equal or superior to the creditworthiness of the Buyer immediately prior to such assignment. Any other assignment by the Buyer shall require the Seller's consent.

(b) Any attempted assignment in violation of this Section 5 shall be null and void ab initio and the non-assigning Party shall have the right, without prejudice to any other rights or remedies it may have hereunder or otherwise, to terminate this Agreement effective immediately upon notice to the Party attempting such assignment.

5.2 Notices. All invoices, notices, requests and other communications given pursuant to this Agreement shall be in writing and sent by email or nationally recognized overnight courier. A notice shall be deemed to have been received when transmitted by email to the other Party's email address set forth in Schedule M of the Supply and Offtake Agreement, or on the following Business Day if sent by nationally recognized overnight courier to the other Party's address set forth in Schedule M of the Supply and Offtake Agreement and to the attention of the person or department indicated. A Party may change its address or email address by giving written notice in accordance with this Section, which is effective upon receipt.

5.3 Severability. In the event any portion of this Agreement shall be found by a court of competent jurisdiction to be unenforceable, that portion of this Agreement will be null and void and the remainder of this Agreement will be binding on the Parties as if the unenforceable provisions had never been contained herein.

5.4 Waiver; Limitation of Liability.

5.4.1 The delay or failure of any Party to enforce any of its rights under this Agreement arising from any default or breach by the other Party shall not constitute a waiver of any such default, breach, or any of the Party's rights relating thereto. No custom or practice which may arise between the Parties in the course of operating under this Agreement will be construed to waive any Parties' rights to either ensure the other Party's strict performance with the terms and conditions of this Agreement, or to exercise any rights granted to it as a result of any breach or default under this Agreement. Neither Party shall be deemed to have waived any right conferred by this Agreement or under any applicable law unless such waiver is set forth in a written document signed by the Party to be bound, and delivered to the other Party. No express waiver by either Party of any breach or default by the other Party shall be construed as a waiver of any future breaches or defaults by such other Party.

5.4.2 **IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, ARISING UNDER THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

5.5 Entire Agreement; Amendment. The terms of this Agreement, together with the Exhibits hereto constitute the entire agreement between the Parties with respect to the matters set forth in this Agreement, and no representations or warranties shall be implied or provisions added in the absence of a written agreement to such effect between the Parties. This Agreement shall not be modified or changed except by written instrument executed by the Parties' duly authorized representatives.

5.6 Choice of Law; Dispute Resolution.

5.6.1 This Agreement shall be governed by, construed and enforced under the laws of the State of New York without giving effect to its conflicts of laws principles that would require the application of the laws of another state.

5.6.2 All controversies or disputes arising out of and related to this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in the Alon USA Supply and Offtake Agreement.

5.7 Counterparts. This Agreement may be executed by the Parties in separate counterparts and initially delivered by facsimile transmission or otherwise, with original signature pages to follow, and all such counterparts shall together constitute one and the same instrument.

5.8 Further Assurances. Both Seller and Buyer agree to execute and deliver, from time to time, such other and additional instruments, notices, transfer orders and other documents, and to do all such other and further acts and things as may be necessary to more fully and effectively transfer and assign the Inventory to Buyer.

5.9 Third Party Consents. The assignment and conveyance set forth in this Agreement shall not constitute an assignment or transfer of any of the Inventory if an attempted assignment thereof without the prior consent of a third party would result in a termination thereof, unless and until such consent shall have been obtained, at which time such asset(s) shall be and is hereby deemed to be transferred and assigned to Buyer in accordance herewith.

5.10 Jurisdiction; Consent to Service of Process; Waiver. Each of the Parties hereto agrees, subject to Section 5.6, that they each hereby irrevocably submits to the exclusive jurisdiction of any federal or state court of competent jurisdiction situated in the City of New York, (without recourse to arbitration unless both Parties agree in writing), and to service of process by certified mail, delivered to the Party at the address indicated in Schedule M of the Supply and Offtake Agreement. Each Party hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any objection to personal jurisdiction, whether on grounds of venue, residence or domicile. Each of the Parties hereto knowingly and intentionally, irrevocably and unconditionally waives trial by jury in any legal action or proceeding relating to this Agreement and for any counterclaim therein.

The Parties hereto have executed this Agreement on the date first above written, to be effective as of the date first written above.

J. ARON & COMPANY

By:
Name:
Title:

ALON REFINING KROTZ SPRINGS, INC.
By:
Name:
Title:

SCHEDULE C

Supplemental Pipeline

The "Supplemental Pipeline" means the portion of the common carrier crude oil pipeline owned by SPLP and running between the Nederland Terminal and the Big Spring Refinery, which includes the White Oil Pipeline.

SCHEDULE J
Scheduling and Communications Protocol

CRUDE OIL AND FEEDSTOCKS

Trade Execution Protocol:
To the extent Alon requests that J. Aron consider purchasing Crude Oil outside the Existing Procurement Contracts, the following steps need to be followed as soon as trade details are available;

1) Company to provide to J. Aron via e-mail a trade sheet(s) specifying all negotiated trade details & terms, as soon as available. (See template in Schedule Q)
2) J. Aron to confirm to Company via e-mail if it agrees with all economics & terms.
3) If any amendments are made to the original trade sheet, Company will provide a final revised trade sheet for documentation.
4) All trade execution communications should be sent to J. Aron at:

Scheduling Protocol:
J. Aron shall perform the following:

- Designate a crude oil scheduler who will be the primary person responsible for performing and communicating to Company all J. Aron obligations of the Amended and Restated Supply and Offtake Agreement. All scheduling communications to J. Aron should be sent to:

- Upon receipt from the Company, nominate the Company's monthly Crude Oil requirements to third party Crude Oil suppliers in accordance with third party terms and conditions / standard industry practice. (See template in Schedule Q)
- Upon receipt from the Company, promptly communicate to Third Parties Suppliers any changes or modifications to J. Aron's prior nominations.
- Upon receipt from the Company, communicate all nominations to or from third parties for pipeline, barge and truck receipts or deliveries in accordance with third party terms and conditions / standard industry practice.

Company shall perform the following:

- Designate a crude oil scheduler who will be the primary person responsible for performing and communicating to J. Aron all Company's obligations of the Amended and Restated Supply and Offtake Agreement. All scheduling communications to Company should be sent to:
- Provide J. Aron with all monthly Crude Oil Requirements in accordance with the Amended and Restated Supply and Offtake Agreement and any third party Crude Oil supplier's terms and conditions.

In the event of a conflict, third party suppliers terms and conditions to govern.

- Promptly notify J. Aron of any changes or modifications to the monthly Crude Oil requirements

- Accept and clear J. Aron's nominations for third party pipeline, barge and truck receipts or deliveries.
- Promptly and regularly provide or cause third parties to provide J. Aron with barge and pipeline movement schedules for all movements (aside from movements of excluded products) related to the Refinery and Included Supplemental facilities. All schedules should be sent to:

- For purchases and sales from the Company to J. Aron, as referenced in the Nederland-Krotz Buy/Sell Confirmation, mutually appoint an Independent Inspection, with all costs to be for the account of the Company.

For purchases and sales from the Company to J. Aron, as referenced in the Nederland-Krotz Buy/Sell Confirmation, the Company shall cause the mutually appointed Independent Inspectors to promptly provide J. Aron direct copies of all inspection reports, analysis, and any other related documents.

Execution Version

AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT

THIS AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT (this "Amendment"), dated as of February 1, 2013 is made between J. Aron & Company, a general partnership organized under the laws of New York ("Aron") located at 200 West Street, New York, New York 10282-2198, and Alon Refining Krotz Springs, Inc. (the "Company"), a Delaware corporation located at 12700 Park Central Dr., Suite 1600, Dallas, Texas 75251 (each referred to individually as a "Party" or collectively as the "Parties").

RECITALS

Aron and the Company are parties to the Amended and Restated Supply and Offtake Agreement dated as of May 26, 2010 and as from time to time thereafter amended (the "S&O Agreement") pursuant to which Aron has agreed to procure crude oil and other petroleum feedstocks for the Company for use at the Refinery and purchase all refined products produced by the Refinery (other than certain excluded products);

Aron and the Company have entered into that certain Supplemental Agreement to the Supply and Offtake Agreement dated October 31, 2011 (the "Supplemental Agreement"), which terms and conditions therein supplement and amend the S&O Agreement; and

Aron and the Company wish to amend certain terms and conditions of the S&O Agreement and accordingly, agree as follows:

Section 1 Definitions; Interpretation

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

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

SECTION 2 Amendments

Section 2.1 Amendments to S&O Agreement as of Effective Date. Upon the effectiveness of this Amendment, the S&O Agreement shall be amended as follows:

(a) Sections 3.1 and 3.2 of the S&O Agreement are hereby amended and restated in their entirety to read as follows:

3.1 Term. This Agreement shall become effective on the Effective Date and, subject to Section 3.2, shall continue for a period starting at 00:00:01 a.m., CPT on the Commencement Date and ending at 11:59:59 p.m., CPT on May 31, 2019 (the "Term"; the last day of such Term being herein referred to as the "Expiration Date", except as provided in Section 3.2 below).

3.2 Changing the Term. Aron may elect to terminate this Agreement early effective on May 31, 2016, May 31, 2017 or May 31, 2018 and the Company may elect to terminate this Agreement early effective on May 31, 2018; provided that no such election shall be effective unless the Party making such election (i) gives the other Party at least six (6) months prior notice of any such election pursuant to Article 26, (ii) concurrently exercises its right (or in the case of the Company, causes Alon USA, LP to exercise its rights) to terminate the Alon USA Supply and Offtake Agreement and (iii) concurrently exercises its right (or in the case of the Company, causes ASI to exercise its rights) to terminate the ASI Supply and Offtake Agreement effective as of the same early termination date elected for this Agreement. If any early termination is properly elected pursuant to the preceding sentence, the effective date of such termination shall be the "Early Termination Date.

(b) By replacing, in their entirety, Schedules B-2 and D-2 to the S&O Agreement with the Schedules B-2 and D-2 attached hereto.

Section 2.2 References Within S&O Agreement. Each reference in the S&O Agreement to "this Agreement" and the words "hereof," "hereto," "herein," "hereunder," or words of like import, shall mean and be a reference to the S&O

Agreement as heretofore amended and as amended by this Amendment.

SECTION 3 Representations and Warranties

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

SECTION 4 Miscellaneous

Section 4.1 S&O Agreement Otherwise Not Affected. Except for the amendments pursuant hereto, the S&O Agreement remains unchanged. As amended pursuant hereto, the S&O Agreement remains in full force and effect and is hereby ratified and confirmed in all respects. The execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in connection herewith by either Party shall not be deemed to create a course of dealing or otherwise create any express or implied duty by it to provide any other or further amendments, consents or waivers in the future.

Section 4.2 No Reliance. Each Party hereby acknowledges and confirms that it is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

Section 4.3 Costs and Expenses. Each Party shall be responsible for any costs and expenses incurred by such Party in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith.

Section 4.4 Binding Effect. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Company, Aron and their respective successors and assigns.

Section 4.5 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER STATE.

Section 4.6 Amendments. This Amendment may not be modified, amended or otherwise altered except by written instrument executed by the Parties' duly authorized representatives.

Section 4.7 Effectiveness; Counterparts. This Amendment shall be binding on the Parties as of the date on which it has been fully executed by the Parties. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 4.8 Interpretation. This Amendment is the result of negotiations between and have been reviewed by counsel to each of the Parties, and is the product of all Parties hereto. Accordingly, this Amendment shall not be construed against either Party merely because of such Party's involvement in the preparation hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Amendment to the S&O Agreement and the Market Agreement as of the date first above written.

J. ARON & COMPANY

By: /s/ Simon Collier

Name: Simon Collier

Title:

ALON REFINING KROTZ SPRINGS, INC.

By: /s/ Shai Even

Name: Shai Even

Title: Senior Vice President and Chief Financial Officer

[schedules to be attached]

Table 1: Baseline Volume

Group		Step-In Price	Step-Out Price
GASOLINE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
JET	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential

CATFEED	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
CRUDE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
SUPPLEMENTAL MATERIAL	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date

		2013)	
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
SLOP	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
DIESEL	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract

		(ii) plus the Adjustment Date Differential	and (ii) plus the Adjustment Date Differential
SLURRY	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential

Trading Day: Any Business Day for which the relevant price is published.

<u>Table 2</u>: Volume in excess of Baseline Volume

Group		Step-In Price	Weekly Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price
GASOLINE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out
		(The closing settlement prices on the New York Mercantile Exchange for the first nearby	(The closing settlement prices on the New York Mercantile Exchange for the first nearby New York Harbor	(The closing settlement prices on the New York Mercantile Exchange for the first nearby	(The closing settlement prices on the New York Mercantile Exchange for the first nearby New York Harbor	(The closing settlement prices on the New York Mercantile Exchange for the first nearby

	Reference Price	New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42	New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract *minus* $0.12 / gallon) *times* 42
JET	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out
	Reference Price	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*	(The means of the daily quotations appearing in 'Platts US Marketscan' in the section 'Distillates and blendstocks' under the heading 'Gulf Coast' - Pipeline' for the 'Jet 54' quotation) *times 42*
CATFEED	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out
		0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract" and USGC ULSD is defined as	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending Contract" and USGC ULSD is	0.7 * Nymex RBOB * 42 + 0.3 * USGC ULSD * 42 - $5.00 / barrel, where Nymex RBOB is defined as "The closing settlement prices on the New York Mercantile Exchange for the Nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen

	Reference Price	Oxygen Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"	"Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"	Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"	defined as "Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"	Blending Contract" and USGC ULSD is defined as "Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation"
CRUDE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the closing settlement prices for each calendar day in the relevant Production Week. For each calendar day that is not a Trading Day (i.e. weekends and holidays), the closing settlement price shall be deemed to be the closing settlement price for the immediately preceding Trading Day.	Arithmetic average of the Trading Days in the applicable calendar month	Base Price	Arithmetic average of the Trading Days on the relevant Applicable Step-Out
	Reference Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract plus $5.50 / barrel	Applicable Grade Differential and Roll Component from the Procurement Contract *plus* the closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract	Base Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract plus $5.50 / barrel
SUPPLEMENTAL MATERIAL	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Not applicable	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out
		The closing	Not applicable	The closing	The closing	The closing

	Reference Price	settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract		settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract	settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract	settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract
SLOP	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out
	Reference Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $10.00 / barrel
SLURRY	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out
	Reference Price	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel	Arithmetic average of the means of the daily quotations appearing in 'Platts US Marketscan' under the heading 'GULF COAST' in the section 'Residual fuel ($/bbl)' for the No. 6 3.0% quotation *minus* $6.00 / barrel
DIESEL	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of	Arithmetic average of the Trading Days in the relevant Production Week	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out

		the month (May 24, 28, 29, & 30 of 2013)				
	Reference Price	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULFCOAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42	(Arithmetic average of the means of the daily quotations appearing in Platt's US Marketscan in the section GULF COAST under the heading Distillates and blendstocks for the Ultra low sulfur diesel-Pipeline quotation *minus* $0.08 / gallon) *times* 42

Trading Day: Any day for which the relevant price is published.

Base Price: The volume weighted average per barrel price of the Crude Oil sold to the Company hereunder shall equal the per Barrel purchase price calculated under all Procurement Contracts under which such Crude Oil was acquired.

Applicable Step-Out Date:In the event of a Termination Date of :
May 31, 2016, the Applicable Step-Out Dates shall be: May 26, 27, 31 of 2016
May 31, 2017, the Applicable Step-Out Dates shall be: May 26, 30, 31 of 2017
May 31, 2018, the Applicable Step-Out Dates shall be: May 29, 30, 31 of 2018
May 31, 2019, the Applicable Step-Out Dates shall be May 29, 30, 31 of 2019

Schedule D

Operational Volume Range

Product Group	**Minimum (bbl)**		**Maximum (bbl)**		**Aron notification deadline for Target Month End Volume**	**Maximum Allowed Change in Month End Target**
	Baseline Volume	**Volume in excess of Baseline**	**Baseline Volume**	**Volume in excess of Baseline**		
Crude	221,000	0	221,000	174,000	Business day following receipt of Monthly Crude Forecast	
Supplemental Material (Amdel)	273,000	0	273,000	0	Business day following receipt of Monthly Crude Forecast	
Gasoline	440,000	0	440,000	140,000	30th of preceeding month	
Jet	51,000	0	51,000	74,000	30th of preceeding month	
Diesel	136,000	0	136,000	135,000	30th of preceeding month	
Catfeed	60,000	0	60,000	129,000	Business day following receipt of Monthly Crude Forecast	Maximum increase / decrease of 40,000 bbls
Slop	5,000	0	5,000	16,000	30th of preceeding month	
lurry	15,000	0	15,000	45,000	30th of preceeding month	

Execution Version

SUPPLEMENTAL AGREEMENT TO SUPPLY AND OFFTAKE AGREEMENT

This Supplemental Agreement (the "Supplemental Agreement") to the Supply and Offtake Agreement (as defined below) is made as of October 31, 2011 (the "Effective Date") between J. Aron & Company ("Aron"), a general partnership organized under the laws of New York and located at 200 West Street, New York, New York 10282-2198, and Alon USA, LP (the "Company"), a limited partnership organized under the laws of Texas located at 7616 LBJ Freeway, Suite 300, Dallas, Texas 75251 (each referred to individually as a "Party" or collectively as the "Parties").

WHEREAS, the Company is the exclusive lessee and operator of a crude oil refinery located in Big Spring, Texas, together with other real and personal property related thereto (the "Refinery");

WHEREAS, Aron and the Company are parties to that certain Amended and Restated Supply and Offtake Agreement (as from time to time further amended, modified, supplemented and/or restated, the "Supply and Offtake Agreement"), dated as of March 1, 2011, pursuant to which Aron has agreed to procure crude oil and other petroleum feedstocks for the Company for use at the Refinery and purchase all refined products produced by the Refinery (other than certain excluded products);

WHEREAS, the Company has entered into (i) that certain Pipeline Throughput and Deficiency Agreement with Sunoco Pipeline L.P. ("SPLP"), a Texas limited partnership, dated October 7, 2011 (the "Supplemental T&D Agreement"), pursuant to which the Company has the right to transport crude oil on the Supplemental Pipeline and (ii) that certain Marine Dock Terminaling Agreement with Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership, dated October 7, 2011 (the "Nederland Terminaling Agreement"), pursuant to which the Company has the right to certain terminaling services at the Nederland Terminal;

WHEREAS, from time to time, crude oil held by Aron at the Refinery may be transported on the Supplemental Pipeline eastbound from the Refinery to Nederland Terminal for further transportation as arranged by ARKS to the refinery owned and operated by ARKS in Krotz Springs, Louisiana (the "Krotz Refinery") or crude oil held by Aron at Nederland Terminal may be transported on the Supplemental Pipeline westbound from the Nederland Terminal to Big Spring Refinery and, in connection therewith, the Company has assigned to Aron all of the Company's rights to transport crude oil on the Supplemental Pipeline and to all terminaling services at the Nederland Terminal; and

WHEREAS, the Parties wish to agree to certain terms and conditions relating to shipments by Aron on the Supplemental Pipeline and other related matters, which terms and conditions shall supplement and amend the Supply and Offtake Agreement as hereinafter provided;

NOW, **THEREFORE**, in consideration of the premises and the respective promises, conditions, terms and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Aron and the Company do hereby agree as follows:

1.Definitions.

1.1 For purposes of this Supplemental Agreement, including the foregoing recitals, the following terms shall have the meanings indicated below:

"Alternate Delivery Point" means the last permanent flange of the Crude Storage Tanks that connects directly to first permanent flange of the White Oil Connection.

"Average Monthly NYMEX Price" means, for any calendar month, the arithmetic average of the closing settlement prices of the trading days in the applicable calendar month on the New York Mercantile Exchange for the first nearby Light Sweet Crude Oil Contract.

"Daily Supplemental Price" means, for the Daily Supplemental Quantity on any day, the closing settlement price on the New York Mercantile Exchange for the first nearby Light Sweet Crude Oil Contract for the preceding Business Day (as determined in accordance with Schedule G to the Supply and Offtake Agreement).

"Daily Supplemental Quantity" has the meaning provided in Section 2.2(b) below.

"Eastbound Quantity" means, for any Supplemental Quantity that is an Eastbound Shipment, a quantity of Crude Oil equal to negative one (-1) times that Supplemental Quantity.

"Eastbound Shipment" means, with respect to any quantity of Crude Oil, the shipment and transporting of such Crude Oil commencing with the withdrawal of such Crude Oil from the Crude Storage Tanks through the Alternate Delivery Point and the movement of such Crude Oil via the White Oil Connection to the Supplemental Injection Point, then via the Supplemental Pipeline to the Nederland Terminal.

"Krotz Refinery" means the Crude Oil refinery owned and operated by ARKS and located in Krotz Springs, Louisiana.

"Krotz S&O Agreement" means that certain Amended and Restated Supply and Offtake Agreement, dated as of May 26, 2010, between Aron and Alon Refining Krotz Springs, Inc. ("ARKS"), as the same may from time to time be further amended, modified, supplemented and/or restated.

"Monthly Supplemental Quantity" means, for any calendar month, the sum of the Eastbound Quantities and Westbound Quantities injected into the Supplemental Pipeline via the Supplemental Injection Point or ejected from the Supplemental Pipeline via the Supplemental Injection Point during such month (which may be a positive or negative amount) as evidenced by the SPLP Monthly Statement.

"Nederland Terminal" means the SPMT Nederland Terminal located on the Sabine-Neches Waterway between Beaumont and Port Arthur, Texas.

"SPLP" means Sunoco Pipeline L.P.

"SPMT" means Sunoco Partners Marketing & Terminals L.P., a Texas limited partnership and an Affiliate of Sunoco.

"Supplemental Agreement" or "this Supplemental Agreement" means this Supplemental Agreement, as it may be amended, modified, supplemented, extended, renewed or restated from time to time in accordance with the terms hereof, including any schedules or exhibits hereto.

"Supplemental Buy/Sell Confirmation" means a master buy/sell confirmation in a form incorporating such industry general terms and conditions as Aron shall specify and otherwise reasonably acceptable to Aron, subject to which the parties may enter into, from time to time, buy/sell transactions in which Aron shall sell a quantity of Crude Oil to the Company as such quantity is injected at the Supplemental Injection Point and the Company shall sell such quantity back to Aron as such quantity passes the last permanent flange at the outlet of SPLP's custody transfer meter on the Supplemental Pipeline at the Nederland Terminal.

"Supplemental Injection Point" means the first permanent flange at the inlet to the SPLP custody transfer meter on the Supplemental Pipeline at Big Spring, Texas, which is located at the connection between the White Oil Pipeline and the White Oil Connection.

"Supplemental Pipeline" means the portion of the common carrier crude oil pipeline more fully described in Schedule A hereto.

"Supplemental Pipeline Tariff" means SPLP's tariffs on file with FERC containing the rates, rules and regulations governing the provision of crude oil transportation and related services on the Supplemental Pipeline (1) westbound from the Nederland Terminal to the Big Spring Refinery and (2) eastbound from the Big Spring Refinery to the Nederland Terminal, in substantially the forms attached to the Supplemental T&D Agreement.

"Supplemental Price" means, for any calendar month, the Average Monthly NYMEX Price for such month.

"Supplemental Quantity" has the meaning provided in Section 2.1 below.

"Westbound Quantity" means, for any Supplemental Quantity that is a Westbound Shipment, a quantity of Crude Oil equal to that Supplemental Quantity.

"Westbound Shipment" means, with respect to any quantity of Crude Oil, the shipment and transporting of such Crude Oil westbound from the Nederland Terminal (or other points) via the Supplemental Pipeline to the Supplemental Injection Point and then movement of such Crude Oil via the White Oil Connection to the Alternate Delivery Point at the Crude Storage Tanks located at the Refinery.

"White Oil Connection" means the segment of pipeline owned by the Company that runs between the Alternate Delivery Point at the Crude Storage Tanks and the Supplemental Injection Point.

"White Oil Pipeline" means the approximately 25-mile common carrier crude oil pipeline owned by SPLP and running between the main line of the Supplemental Pipeline and the White Oil Connection.

1.2 Unless otherwise defined herein, any terms defined in the Supply and Offtake Agreement shall have the same meanings when used herein. In addition, all definitions listed in Section 1.1 above are deemed incorporated into the Supply and Offtake Agreement as if set forth therein in full.

2. Shipments on the Supplemental Pipeline.

2.1 Supplemental Quantities. From time to time, unless otherwise directed by Aron and provided no Default or Event of Default has occurred and is continuing under the Supply and Offtake Agreement, the Company may withdraw quantities of Crude Oil from the Crude Storage Tanks through the Alternate Delivery Point for Eastbound Shipment or receive quantities of Crude Oil into the Crude Storage Tanks through the Alternate Delivery Point from Westbound Shipment. In each case, the quantity of Crude Oil withdrawn or received shall be deemed to equal the quantity reported by SPLP as having been injected or ejected at the Supplemental Injection Point based on readings of SPLP's custody transfer meter (each such quantity, an "Supplemental Quantity"). Each Supplemental Quantity shall be the amount reported by SPLP, which amounts shall be reported as positive numbers and shall indicate for each Supplemental Quantity whether it is an Eastbound or Westbound Shipment.

2.2 Certain Adjustments.

(a) For purposes of all monthly calculations under the Supply and Offtake Agreement, the Monthly Supplemental Quantity shall be deemed to be subject to a Procurement Contract; provided that, if such Monthly Supplemental Quantity is a positive amount, such Procurement Contract shall constitute a procurement of Crude Oil by Aron intended to be run at the Refinery which shall represent a positive volume for purposes of the Supply and Offtake

Agreement and if such Monthly Supplemental Quantity is negative, such Procurement Contract shall constitute a procurement of Crude Oil by Aron under which the Company is selling Crude Oil to Aron that is intended to be run at the Krotz Refinery which shall represent a negative volume for purposes of the Supply and Offtake Agreement, and, in each case, shall have a per barrel price equal to the Supplemental Price for that relevant month. The parties acknowledge that, for purposes of calculating the Monthly Crude Oil True-up Amount in accordance with Schedule C to the Supply and Offtake Agreement, as a result of the foregoing, the Monthly Supplemental Quantity shall be added to Monthly Crude Receipts for the relevant month, so that if the Monthly Supplemental Quantity is a positive number (representing a procurement of Crude Oil intended to be run at the Refinery) it shall increase Monthly Crude Receipts and if the Monthly Supplemental Quantity is a negative number (representing a procurement of Crude Oil intended to be run at the Krotz Refinery) it shall decrease Monthly Crude Receipts.

(b) The parties agree that the purchase price for the Net Crude Sales Volume for any month determined under Section 6.2 of the Supply and Offtake Agreement is a weighted average purchase price which Aron shall determine based on the net of the dollar amounts paid by Aron under Procurement Contracts during the relevant month and received by Aron under Procurement Contracts during the relevant month and the net quantity of barrels received by Aron under Procurement Contracts delivered into the Included Locations (under the Supply and Offtake Agreement) during the relevant month and the barrels delivered to Aron under Procurement Contracts from such Included Locations during the relevant month.

(c) For each day,

(i) the "Daily Supplemental Quantity" for such day shall be the portion of any Supplemental Quantity that, in accordance with Schedule G to the Supply and Offtake Agreement, is determined to be related to such day (adjusted based on the Gross/Net Factors as contemplated by Section 10.1(b)(iii) of the Supply and Offtake Agreement), which quantity shall be a negative number if resulting from an Eastbound Shipment and a positive number if resulting from a Westbound Shipment; and

(ii) the "Daily Supplemental Value" for such day (which may be a positive or negative amount) shall equal the Daily Supplemental Quantity for such day multiplied by the Daily Supplemental Price for such day, multiplied by negative one (-1).

(d) In connection with determining the Interim Payment for any day, Aron shall determine the Daily Supplemental Value for such day and the amount determined by Aron pursuant to Section 10.1 of the Supply and Offtake Agreement as the Interim Payment for such day shall be adjusted by adding thereto such Daily Supplemental Value and such amount, as so adjusted, shall be the Interim Payment for such day. The parties acknowledge that, as a result of the foregoing adjustment, whenever the Daily Supplemental Value is a negative number (which relates to a Westbound Shipment), such adjustment shall increase the Interim Payment due to Aron and whenever the Daily Supplemental Value is a positive number (which relates to an Eastbound Shipment), such adjustment shall decrease the Interim Payment due to Aron.

2.3 Measurements.

(a) For purposes of determining the Daily Supplemental Quantity, the Company shall on a daily basis report to Aron the aggregate flow volume for such day at the Supplemental Injection Point as determined in accordance with Schedule G to the Supply and Offtake Agreement.

(b) For purposes of determining the Monthly Supplemental Quantity, Aron shall rely on the pipeline statements provided by SPLP with respect to the volumes on the Supplemental Pipeline.

2.4 Title. Aron shall retain title to all Crude Oil at all times while such quantities are held in the Supplemental Pipeline in connection with the Supply and Offtake Agreement or the Krotz S&O Agreement (including without limitation any line fill transferred to Aron in connection therewith) while it is in the Supplemental Pipeline, except to the extent otherwise provided under an Supplemental Buy/Sell Transaction.

2.5 Excess Supplemental Shipments.

(a) If, due to the application of the proration policy under the Supplemental Pipeline Tariff (a "Proration Event"), any portion of an Supplemental Quantity may not be transported by Aron under its status as designated shipper on the Supplemental Pipeline, then Aron and the Company shall, with respect to such portion of the Supplemental Quantity (the "Buy/Sell Quantity"), enter into a buy/sell transaction pursuant to Supplemental Buy/Sell Confirmation (an "Supplemental Buy/Sell Transaction").

(b) It shall be a condition to Aron's entering into any Supplemental Buy/Sell Transaction that, and Aron shall have no obligation to enter into any Supplemental Buy/Sell Transaction unless, the Company shall provide to Aron credit support in such amount and form as Aron shall require, in its discretion, with respect to the Company's obligation to purchase the Supplemental Quantity subject to such Supplemental Buy/Sell Transaction, without regard to Aron's obligation thereunder to repurchase such Supplemental Quantity from the Company; provided that in no event shall the value of the credit support required for any Supplemental Buy/Sell Transaction exceed 115% of the Company's aggregate purchase obligation thereunder (without regard to Aron's obligation to repurchase such Supplemental Quantity from the Company).

(c) The purchase and sale price under an Supplemental Buy/Sell Transaction shall be the Supplemental Price for the month in the Supplemental Quantity subject to such Supplemental Buy/Sell Transaction is injected into the Supplemental Pipeline.

(d) The quantity subject to an Supplemental Buy/Sell Transaction, which shall be advised by the Company to Aron, shall in no event exceed the excess quantity that the Company is permitted to transport on the Supplemental Pipeline upon the occurrence of a Proration Event and in accordance with the Company's agreement with SPMT relating to shipment of additional volumes in connection with such Proration Event.

(e) Unless otherwise agreed by the parties, the terms of each Supplemental Buy/Sell Transaction shall be as specified in the Supplemental Buy/Sell Confirmation.

2.6 The Company agrees that whether any Procurement Contract constitutes a Procurement Contract under the Supply and Offtake Agreement or the Krotz S&O Agreement will, unless otherwise deemed appropriate based on Aron's reasonable judgment, be determined by Aron based on the whether the Crude Oil subject thereto is first delivered to an Included Location under the Supply and Offtake Agreement or to the Crude Storage Tanks (as defined in the Krotz S&O Agreement) or an Included Supplemental Facility (as defined in the Krotz S&O Agreement) under the Krotz S&O Agreement.

3. Amendments to the Supply and Offtake Agreement and other Transaction Documents.

3.1 With respect to the Storage Facilities Agreement, the parties agree that the term "Related Facilities" shall include, without limiting the generality thereof, the White Oil Connection.

3.2 The following terms defined in the Supply and Offtake Agreement are hereby amended in their entirety to read as follows and as so amended such terms shall apply for all purposes of the Supply and Offtake Agreement, the other Ancillary Documents and this Supplemental Agreement:

(c) "Crude Delivery Point" means the outlet flange of the Crude Storage Tanks that connects to the pipelines leading to the Refinery's processing units.

(d) "Estimated Daily Net Crude Sales" for any day shall be the estimate for that day of the Crude Oil volume that equals (x) the aggregate volume of Crude Oil held in the Crude Storage Tanks at the beginning of such day, plus (y) the Daily Crude Storage Receipts for such day, minus (z) the aggregate volume of Crude Oil held in the Crude Storage Tanks at the end of such day.

(e) "Procurement Contract" means any procurement contract entered into by Aron for the purchase of Crude Oil to be processed at the Refinery, which may be either a contract with any seller of Crude Oil (other than the Company or any Affiliate of the Company) or a contract with the Company, or such other contract to the extent the Parties deem such contract to be a Procurement Contract for purposes hereof.

(f) "Transaction Documents" mean means any of this Agreement, the Marketing and Sales Agreement, the Inventory Sales Agreement, the Storage Facilities Agreement, the Step-Out Inventory Sales Agreement, the Required Storage and Transportation Arrangements, the Supplemental Agreement, the Supplemental Buy/Sell Confirmation and any other agreement or instrument contemplated hereby or executed in connection herewith.

(g) "Volume Determination Procedures" mean the Company's ordinary month-end procedures for determining the NSV of Crude Oil in the Crude Storage Tanks or Products in the Product Storage Tanks, which include manually gauging each Crude Storage Tank or Product Storage Tank on the last day of the month to ensure that the automated tank level readings are accurate to within a tolerance of two inches; provided that if the automated reading cannot be calibrated to be within such tolerance, the Company shall use the manual gauge reading in its calculation of month-end inventory and provided further that volume determinations on the Supplemental Pipeline shall be based on the monthly statements provided by SPLP.

4. Certain Conditions and Obligations.

4.1 The Company agrees that, with respect to the Supplemental Pipeline and the Nederland Terminal (collectively, the "Additional Locations") it shall execute and enter into, or cause ARKS and/or other Affiliates, and all other third parties, to execute and enter into, all Required Storage and Transportation Arrangements in favor of Aron.

4.2 It shall be a condition to Aron's obligations under this Supplemental Agreement that:

(a) the Required Storage and Transportation Arrangements with respect to the Additional Locations shall be been duly executed and become effective; and

(b) the Company shall have executed and delivered the Supplemental Buy/Sell Confirmation.

5. Rights and Obligations under the Supply and Offtake Agreement. As supplemented and amended hereby, the Supply and Offtake Agreement and all other Transaction Documents are in full force and effect. This Supplemental Agreement shall in no way limit or diminish the rights and obligations of the Parties under the Supply and Offtake Agreement.

6. Miscellaneous.

6.1 THIS SUPPLEMENTAL AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER STATE.

6.2 EACH OF THE PARTIES HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITUATED IN THE CITY OF NEW YORK, (WITHOUT RECOURSE TO ARBITRATION UNLESS BOTH PARTIES AGREE IN WRITING), AND TO SERVICE OF PROCESS BY CERTIFIED MAIL, DELIVERED TO THE PARTY AT THE ADDRESS INDICATED IN ARTICLE 26 OF THE SUPPLY AND OFFTAKE AGREEMENT. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION TO PERSONAL JURISDICTION, WHETHER ON GROUNDS OF VENUE, RESIDENCE OR DOMICILE.

6.3 Each Party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any proceedings relating to this Supplemental Agreement.

6.4 If any Section or provision of this Supplemental Agreement shall be determined to be null and void, voidable or invalid by a court of competent jurisdiction, then for such period that the same is void or invalid, it shall be deemed to be deleted from this Supplemental Agreement and the remaining portions of this Supplemental Agreement shall remain in full force and effect.

6.5 The terms of this Supplemental Agreement constitute the entire agreement between the Parties with respect to the matters set forth in this Supplemental Agreement, and no representations or warranties shall be implied or provisions added in the absence of a written agreement to such effect between the Parties. This Supplemental Agreement shall not be modified or changed except by written instrument executed by the Parties' duly authorized representatives.

6.6 No promise, representation or inducement has been made by either Party that is not embodied in this Supplemental Agreement, and neither Party shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

6.7 Time is of the essence with respect to all aspects of each Party's performance of any obligations under this Supplemental Agreement.

6.8 Nothing expressed or implied in this Supplemental Agreement is intended to create any rights, obligations or benefits under this Supplemental Agreement in any person other than the Parties and their successors and permitted assigns.

6.9 All audit rights, payment, confidentiality and indemnification obligations and obligations under this Supplemental Agreement shall survive the expiration or termination of this Supplemental Agreement.

6.10 This Supplemental Agreement may be executed by the Parties in separate counterparts and initially delivered by facsimile transmission or otherwise, with original signature pages to follow, and all such counterparts shall together constitute one and the same instrument.

6.11 All transactions hereunder are entered into in reliance on the fact this Supplemental Agreement and all such transactions constitute a single integrated agreement between the parties, and the parties would not have otherwise entered into any other transactions hereunder.

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

J. ARON & COMPANY

By: /s/ Don J. Castro
Title: Managing Director
Date: 10/31/2011

ALON USA, LP
by: ALON USA GP, LLC, its general partner

By: /s/ Alan P. Moret

Title: Senior Vice President

Date: 10/31/2011

SCHEDULE A

Supplemental Pipeline

The "Supplemental Pipeline" means the portion of the common carrier crude oil pipeline owned by SPLP and running between the Nederland Terminal and the Big Spring Refinery, which includes the White Oil Pipeline.

AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT

THIS AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT (this "Amendment"), dated as of February 1, 2013 is made between J. Aron & Company, a general partnership organized under the laws of New York ("Aron") located at 200 West Street, New York, New York 10282-2198, and Alon USA, LP (the "Company"), a limited partnership organized under the laws of Texas located at 12700 Park Central Dr., Suite 1600, Dallas, Texas 75251 (each referred to individually as a "Party" or collectively as the "Parties").

RECITALS

Aron and the Company are parties to the Amended and Restated Supply and Offtake Agreement dated as of March 1, 2011 and as from time to time thereafter amended (the "S&O Agreement") pursuant to which Aron has agreed to procure crude oil and other petroleum feedstocks for the Company for use at the Refinery and purchase all refined products produced by the Refinery (other than certain excluded products);

Aron and the Company have entered into that certain Supplemental Agreement to the Supply and Offtake Agreement dated October 31, 2011 (the "Supplemental Agreement"), which terms and conditions therein supplement and amend the S&O Agreement; and

Aron and the Company wish to amend certain terms and conditions of the S&O Agreement and accordingly, agree as follows:

Section 1 Definitions; Interpretation

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

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

SECTION 2 Amendments

Section 2.1 Amendments as of Effective Date. Upon the effectiveness of this Amendment, the S&O Agreement shall be amended as follows:

(a) Sections 3.1 and 3.2 of the S&O Agreement are hereby amended and restated in their entirety to read as follows:

> 3.1 Term. This Agreement shall become effective on the Effective Date and, subject to Section 3.2, shall continue for a period starting at 00:00:01 a.m., CPT on the Commencement Date and ending at 11:59:59 p.m., CPT on May 31, 2019 (the

"Term"; the last day of such Term being herein referred to as the "Expiration Date", except as provided in Section 3.2 below).

3.2 Changing the Term. Aron may elect to terminate this Agreement early effective on May 31, 2016, May 31, 2017 or May 31, 2018 and the Company may elect to terminate this Agreement early effective on May 31, 2018; provided that no such election shall be effective unless the Party making such election (i) gives the other Party at least six (6) months prior notice of any such election pursuant to Article 26, (ii) concurrently exercises its right (or in the case of the Company, causes ARKS to exercise its rights) to terminate the ARKS Supply and Offtake Agreement and (iii) concurrently exercises its right (or in the case of the Company, causes ASI to exercise its rights) to terminate the ASI Supply and Offtake Agreement effective as of the same early termination date elected for this Agreement. If any early termination is properly elected pursuant to the preceding sentence, the effective date of such termination shall be the "Early Termination Date.

(b) By replacing, in their entirety, Schedules B-2 and D-2 to the S&O Agreement with the Schedules B-2 and D-2 attached hereto.

Section 2.2 References Within S&O Agreement. Each reference in the S&O Agreement to "this Agreement" and the words "hereof," "hereto," "herein," "hereunder," or words of like import, shall mean and be a reference to the S&O Agreement as heretofore amended and as amended by this Amendment.

SECTION 3 Representations and Warranties

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

SECTION 4 Miscellaneous

Section 4.1 S&O Agreement Otherwise Not Affected. Except for the amendments pursuant hereto, the S&O Agreement remains unchanged. As amended pursuant hereto, the S&O Agreement remains in full force and effect and is hereby ratified and confirmed in all respects. The execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in connection herewith by either Party shall not be deemed to create a course of dealing or otherwise create any express or implied duty by it to provide any other or further amendments, consents or waivers in the future.

Section 4.2 No Reliance. Each Party hereby acknowledges and confirms that it is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

Section 4.3 Costs and Expenses. Each Party shall be responsible for any costs and expenses incurred by such Party in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith.

Section 4.4 Binding Effect. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Company, Aron and their respective successors and assigns.

Section 4.5 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER STATE.

Section 4.6 Amendments. This Amendment may not be modified, amended or otherwise altered except by written instrument executed by the Parties' duly authorized representatives.

Section 4.7 Effectiveness; Counterparts. This Amendment shall be binding on the Parties as of the date on which it has been fully executed by the Parties. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 4.8 Interpretation. This Amendment is the result of negotiations between and have been reviewed by counsel to each of the Parties, and is the product of all Parties hereto. Accordingly, this Amendment shall not be construed against either Party merely because of such Party's involvement in the preparation hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Amendment to the S&O Agreement as of the date first above written.

J. ARON & COMPANY

By: /s/ Simon Collier

Name: Simon Collier

Title:

ALON USA, LP
By: Alon USA GP II, LLC
Its: General Partner

By: /s/ Shai Even

Name: Shai Even

Title: Senior Vice President and Chief Financial Officer

[schedules to be attached]

Table 1: Baseline Volume

Group		Step-In Price	Step-Out Price
GASOLINE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
JET	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
CATFEED	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date

Group		Step-In Price	Step-Out Price
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
CRUDE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
SLOP / TRANSMIX	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential

Group		Step-In Price	Step-Out Price
DIESEL	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
SLURRY	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
ZERO PEN	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date

Group		Step-In Price	Step-Out Price
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
ASPHALT	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential
PROPANE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) plus the Adjustment Date Differential

Trading Day: Any Business Day for which the relevant price is published.

<u>Table 2</u>: Volume in excess of Baseline Volume

Group		Step-In Price	Daily Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price
GASOLINE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The product of (i) the sum of (x) the closing settlement price on the New York Mercantile for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract and (y) minus $0.03 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the closing settlement price on the New York Mercantile for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract and (y) minus $0.03 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the closing settlement price on the New York Mercantile for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract and (y) minus $0.03 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the closing settlement price on the New York Mercantile for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract and (y) minus $0.03 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the closing settlement price on the New York Mercantile for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract and (y) minus $0.03 / gallon, and (ii) 42 gallons / barrel
JET	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date

Group		Step-In Price	Daily Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price	
	Reference Price	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Jet 54-Pipeline quotation and (y) $0.06 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Jet 54-Pipeline quotation and (y) $0.06 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Jet 54-Pipeline quotation and (y) $0.06 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Jet 54-Pipeline quotation and (y) $0.06 / gallon, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Jet 54-Pipeline quotation and (y) $0.06 / gallon, and (ii) 42 gallons / barrel	
CATFEED	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date	

Group		Step-In Price	Daily Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price
	Reference Price	The sum of (i) 0.7 * Nymex RBOB * 42, (ii) 0.3 * USGC ULSD * 42, and (iii) minus $5.00 / barrel. Where “Nymex RBOB” is: the closing settlement price on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract. Where “USGC ULSD” is: the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Ultra low sulfur diesel-Pipeline quotation *Common pricing does not apply	The sum of (i) 0.7 * Nymex RBOB * 42, (ii) 0.3 * USGC ULSD * 42, and (iii) minus $5.00 / barrel. Where “Nymex RBOB” is: the closing settlement price on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract. Where “USGC ULSD” is: the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Ultra low sulfur diesel-Pipeline quotation *Common pricing does not apply	The sum of (i) 0.7 * Nymex RBOB * 42, (ii) 0.3 * USGC ULSD * 42, and (iii) minus $5.00 / barrel. Where “Nymex RBOB” is: the closing settlement price on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract. Where “USGC ULSD” is: the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Ultra low sulfur diesel-Pipeline quotation *Common pricing does not apply	The sum of (i) 0.7 * Nymex RBOB * 42, (ii) 0.3 * USGC ULSD * 42, and (iii) minus $5.00 / barrel. Where “Nymex RBOB” is: the closing settlement price on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract. Where “USGC ULSD” is: the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Ultra low sulfur diesel-Pipeline quotation *Common pricing does not apply	The sum of (i) 0.7 * Nymex RBOB * 42, (ii) 0.3 * USGC ULSD * 42, and (iii) minus $5.00 / barrel. Where “Nymex RBOB” is: the closing settlement price on the New York Mercantile Exchange for the first nearby New York Harbor Reformulated Gasoline Blendstock for Oxygen Blending contract. Where “USGC ULSD” is: the arithmetic average of the high and low quotations appearing in ‘Platt's US Marketscan’ in the section ‘GULF COAST’ under the heading ‘Distillates and blendstocks’ for the Ultra low sulfur diesel-Pipeline quotation *Common pricing does not apply
CRUDE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Base Price	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) minus $3.00 / barrel	Best estimate for the applicable Procurement Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract	Base Price	The closing settlement prices on the New York Mercantile Exchange for the first nearby Light Crude Futures Contract *minus* $3.00 / barrel

Group		Step-In Price	Daily Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price
SLOP	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) minus $10.00 / barrel	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) minus $10.00 / barrel	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) minus $10.00 / barrel	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) minus $10.00 / barrel	The sum of (i) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract and (ii) minus $10.00 / barrel
SLURRY	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The sum of (i) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Residual fuel ($/barrel)' for the No. 6 3% quotation (ii) minus $1.00/BBL	The sum of (i) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Residual fuel ($/barrel)' for the No. 6 3% quotation (ii) minus $1.00/BBL	The sum of (i) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Residual fuel ($/barrel)' for the No. 6 3% quotation (ii) minus $1.00/BBL	The sum of (i) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Residual fuel ($/barrel)' for the No. 6 3% quotation (ii) minus $1.00/BBL	The sum of (i) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Residual fuel ($/barrel)' for the No. 6 3% quotation (ii) minus $1.00/BBL
DIESEL	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date

Group		Step-In Price	Daily Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price
	Reference Price	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Distillates and blendstocks' for the Ultra low sulfur diesel-Pipeline quotation and (y) $0.07 / gallons, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Distillates and blendstocks' for the Ultra low sulfur diesel-Pipeline quotation and (y) $0.07 / gallons, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Distillates and blendstocks' for the Ultra low sulfur diesel-Pipeline quotation and (y) $0.07 / gallons, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Distillates and blendstocks' for the Ultra low sulfur diesel-Pipeline quotation and (y) $0.07 / gallons, and (ii) 42 gallons / barrel	The product of (i) the sum of (x) the arithmetic average of the high and low quotations appearing in 'Platt's US Marketscan' in the section 'GULF COAST' under the heading 'Distillates and blendstocks' for the Ultra low sulfur diesel-Pipeline quotation and (y) $0.07 / gallons, and (ii) 42 gallons / barrel
ASPHALT (0-PEN)	Averaging Mechanism	The arithmetic average of the Trading Days in the month of March 2013	The arithmetic average of the Trading Days in the calendar month, 2 months prior to the day immediately preceding the relevant Invoice Date	The arithmetic average of the Trading Days in the calendar month, 2 months prior to the day immediately preceding the relevant Invoice Date	The arithmetic average of the Trading Days in the calendar month, 2 months prior to the day immediately preceding the relevant Invoice Date	The arithmetic average of the Trading Days in the calendar month, 2 months prior to the month in which the Applicable Step-Out Date occurs
	Reference Price	The sum of (i) the product of (x) 0.72 and (y) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract, and (ii) minus $6.60 / barrel	The sum of (i) the product of (x) 0.72 and (y) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract, and (ii) minus $6.60 / barrel	The sum of (i) the product of (x) 0.72 and (y) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract, and (ii) minus $6.60 / barrel	The sum of (i) the product of (x) 0.72 and (y) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract, and (ii) minus $6.60 / barrel	The sum of (i) the product of (x) 0.72 and (y) the closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract, and (ii) minus $6.60 / barrel
ASPHALT (OTHER)	Averaging Mechanism	The arithmetic average of the Trading Days in the month of February 2013	The arithmetic average of the Trading Days in the calendar month, 3 months prior to the day immediately preceding the relevant Invoice Date	The arithmetic average of the Trading Days in the calendar month, 3 months prior to the day immediately preceding the relevant Invoice Date	The arithmetic average of the Trading Days in the calendar month, 3 months prior to the day immediately preceding the relevant Invoice Date	The arithmetic average of the Trading Days in the calendar month, 3 months prior to the month in which the Applicable Step-Out Date occurs

Group		Step-In Price	Daily Price	Short Crude FIFO Price / Short Product FIFO Price	Long Crude FIFO Price / Long Product FIFO Price	Step-Out Price
	Reference Price	The closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract	The closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract	The closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract	The closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract	The closing settlement price on the New York Mercantile Exchange for the first nearby Light Crude Futures contract
PROPANE	Averaging Mechanism	Arithmetic average of the 4 Trading Days ending with and including the penultimate Trading Day of the month (May 24, 28, 29, & 30 of 2013)	The Trading Day preceding the relevant Invoice Date	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days in the applicable calendar month	Arithmetic average of the Trading Days on the relevant Applicable Step-Out Date
	Reference Price	The product of (i) 0.95, (ii) the TET propane price quoted in the Oil Price Information Service (“OPIS”) LP Report under the heading ‘Mont Belvieu Spot Gas Liquids Prices’ in the section ‘TET Propane’ under the heading ‘Any Current Month’ in the column ‘AVG’ (iii) 42 gallons / barrel	The product of (i) 0.95, (ii) the TET propane price quoted in the Oil Price Information Service (“OPIS”) LP Report under the heading ‘Mont Belvieu Spot Gas Liquids Prices’ in the section ‘TET Propane’ under the heading ‘Any Current Month’ in the column ‘AVG’ (iii) 42 gallons / barrel	The product of (i) 0.95, (ii) the TET propane price quoted in the Oil Price Information Service (“OPIS”) LP Report under the heading ‘Mont Belvieu Spot Gas Liquids Prices’ in the section ‘TET Propane’ under the heading ‘Any Current Month’ in the column ‘AVG’ (iii) 42 gallons / barrel	The product of (i) 0.95, (ii) the TET propane price quoted in the Oil Price Information Service (“OPIS”) LP Report under the heading ‘Mont Belvieu Spot Gas Liquids Prices’ in the section ‘TET Propane’ under the heading ‘Any Current Month’ in the column ‘AVG’ (iii) 42 gallons / barrel	The product of (i) 0.95, (ii) the TET propane price quoted in the Oil Price Information Service (“OPIS”) LP Report under the heading ‘Mont Belvieu Spot Gas Liquids Prices’ in the section ‘TET Propane’ under the heading ‘Any Current Month’ in the column ‘AVG’ (iii) 42 gallons / barrel

Procurement Price: The volume weighted average price of crude oil as detailed in the Procurement Contracts; if any reference index for the relevant prices has not settled, its price will be the prior Trading Day settlement

Base Price: The volume weighted average per barrel price of the Crude Oil sold to the Company hereunder shall equal the per Barrel purchase price calculated under all Procurement Contracts under which such Crude Oil was acquired.

Trading Day: Any day for which the relevant price is published.

Applicable Step-Out Date:In the event of a Termination Date of :
May 31, 2016, the Applicable Step-Out Dates shall be: May 26, 27, 31 of 2016
May 31, 2017, the Applicable Step-Out Dates shall be: May 26, 30, 31 of 2017
May 31, 2018, the Applicable Step-Out Dates shall be: May 29, 30, 31 of 2018
May 31, 2019, the Applicable Step-Out Dates shall be May 29, 30, 31 of 2019

Schedule D: Operational Volume Range

Product Group	Minimum (bbls) Baseline Volume	Minimum (bbls) Volume in Excess of Baseline	Maximum (bbls) Baseline Volume	Maximum (bbls) Volume in Excess of Baseline	Aron notification deadline for Target Month End Crude Volume and Target Month End Product Volume	Maximum allowed change in month end target
Crude					Business day following receipt of Monthly Crude Forecast	
Big Spring Tanks	113,000	-	113,000	137,000		
Mesa Linefill	53,000	-	53,000	-		
Centurion Linefill**	-	-	-	-		
Total	166,000	-	166,000	137,000		
Gasoline	423,000	-	423,000	332,000	15th of preceding month *Feb / Mar Max Limit of 600,000 bbls (423,000 barrels of Baseline Volume & 177,000 barrels of Volume in Excess of Baseline)	100,000 bbls increase or decrease
Jet	45,000	-	45,000	25,000	15th of preceding month	
Diesel	152,000	-	152,000	208,000	15th of preceding month	100,000 bbls increase or decrease
Catfeed	30,000	-	30,000	28,000	Business day following receipt of Monthly Crude Forecast	15,000 bbls increase or decrease

* May change from time to time based on Mesa Pipeline requirements

** Will be added if Centurion Pipeline is added to agreement

Slurry	3,000	-	3,000	3,000	15th of preceding month
Slop / Transmix	18,000	-	18,000	10,000	Business day following receipt of Monthly Crude Forecast
Zero Pen					15th of the month, three months prior
Jan	20,000	65,000	20,000	110,000	
Feb	20,000	85,000	20,000	130,000	
Mar	20,000	95,000	20,000	140,000	
Apr	20,000	85,000	20,000	130,000	
May	20,000	65,000	20,000	110,000	
Jun	20,000	50,000	20,000	90,000	
Jul	20,000	35,000	20,000	70,000	
Aug	20,000	13,000	20,000	50,000	
Sep	20,000	-	20,000	30,000	
Oct	20,000	5,000	20,000	40,000	
Nov	20,000	15,000	20,000	55,000	
Dec	20,000	50,000	20,000	90,000	
Asphalt					15th of the month, three months prior
Jan	10,000	40,000	10,000	90,000	
Feb	10,000	95,000	10,000	140,000	
Mar	10,000	140,000	10,000	190,000	
Apr	10,000	140,000	10,000	190,000	
May	10,000	140,000	10,000	190,000	
Jun	10,000	120,000	10,000	170,000	
Jul	10,000	90,000	10,000	130,000	
Aug	10,000	70,000	10,000	110,000	
Sep	10,000	40,000	10,000	80,000	
Oct	10,000	20,000	10,000	60,000	
Nov	10,000	10,000	10,000	40,000	
Dec	10,000	-	10,000	25,000	

Propane					15th of preceding month	10,000 bbls increase / 15,000 bbls decrease
Jan	5,000	-	5,000	15,000		
Feb	5,000	-	5,000	5,000		
Mar	5,000	-	5,000	5,000		
Apr	5,000	5,000	5,000	15,000		
May	5,000	5,000	5,000	25,000		
Jun	5,000	10,000	5,000	30,000		
Jul	5,000	15,000	5,000	40,000		
Aug	5,000	20,000	5,000	45,000		
Sep	5,000	20,000	5,000	45,000		
Oct	5,000	20,000	5,000	45,000		
Nov	5,000	20,000	5,000	45,000		
Dec	5,000	20,000	5,000	45,000		

Exhibit 31.1

CERTIFICATIONS

I, Paul Eisman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alon USA Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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.

Date: August 8, 2014

By: /s/ Paul Eisman
Paul Eisman
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Shai Even, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alon USA Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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.

Date: August 8, 2014

By: /s/ Shai Even
Shai Even
Senior Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. §1350,
AS ADOPTED PURSUANT TO §906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Quarterly Report on Form 10-Q of Alon USA Energy, Inc., a Delaware corporation (the “Company”), for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

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 Company as of the dates and for the periods expressed in the Report.

Date: August 8, 2014

By: /s/ Paul Eisman
Paul Eisman
President and Chief Executive Officer

Date: August 8, 2014

By: /s/ Shai Even
Shai Even
Senior Vice President and Chief Financial Officer