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Delek Logistics Partners, LP

Form 10-K

March 01, 2019

false--12-31FY20182018-12-3110-K000155279749811024407405YesfalseAccelerated Filer241075345Delek Logistics Partners,

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0001552797 2018-01-01 2018-12-31 0001552797 us-gaap:GeneralPartnerMember 2019-02-22 0001552797

us-gaap:LimitedPartnerMember 2019-02-22 0001552797 2018-06-30 0001552797 2017-12-31 0001552797

us-gaap:GeneralPartnerMember 2017-12-31 0001552797 2018-12-31 0001552797 dk:CommonDelekMember

us-gaap:LimitedPartnerMember 2017-12-31 0001552797 us-gaap:GeneralPartnerMember 2018-12-31 0001552797

dk:CommonPublicMember us-gaap:LimitedPartnerMember 2017-12-31 0001552797 dk:CommonDelekMember

us-gaap:LimitedPartnerMember 2018-12-31 0001552797 dk:CommonPublicMember us-gaap:LimitedPartnerMember

2018-12-31 0001552797 dk:SubordinatedDelekMember 2017-01-01 2017-12-31 0001552797 2016-01-01 2016-12-31

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2018-01-01 2018-12-31 0001552797 dk:CommonDelekMember us-gaap:LimitedPartnerMember 2018-01-01

2018-12-31 0001552797 dk:CommonPublicMember us-gaap:LimitedPartnerMember 2016-01-01 2016-12-31

0001552797 dk:CommonDelekMember us-gaap:LimitedPartnerMember 2017-01-01 2017-12-31 0001552797

dk:CommonPublicMember us-gaap:LimitedPartnerMember 2018-01-01 2018-12-31 0001552797

dk:CommonDelekMember us-gaap:LimitedPartnerMember 2016-01-01 2016-12-31 0001552797

dk:CommonDelekMember us-gaap:LimitedPartnerMember 2015-12-31 0001552797 dk:CommonPublicMember

us-gaap:LimitedPartnerMember 2015-12-31 0001552797 us-gaap:GeneralPartnerMember 2018-01-01 2018-12-31

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2016-01-01 2016-12-31 0001552797 dk:SubordinatedDelekMember us-gaap:LimitedPartnerMember 2016-12-31

0001552797 dk:BigSpringLogisticAssetsMember us-gaap:GeneralPartnerMember 2018-01-01 2018-12-31

0001552797 dk:SubordinatedDelekMember us-gaap:LimitedPartnerMember 2017-12-31 0001552797

dk:CommonPublicMember us-gaap:LimitedPartnerMember 2017-01-01 2017-12-31 0001552797

dk:SubordinatedDelekMember us-gaap:LimitedPartnerMember 2016-01-01 2016-12-31 0001552797

dk:BigSpringLogisticAssetsMember 2018-01-01 2018-12-31 0001552797 dk:CommonPublicMember

us-gaap:LimitedPartnerMember 2016-12-31 0001552797 dk:SubordinatedDelekMember

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2016-12-31 0001552797 dk:SubordinatedDelekMember us-gaap:LimitedPartnerMember 2015-12-31 0001552797

dk:BigSpringLogisticAssetsMember dk:CommonDelekMember us-gaap:LimitedPartnerMember 2018-01-01

2018-12-31 0001552797 us-gaap:GeneralPartnerMember 2016-12-31 0001552797 srt:MaximumMember

srt:AffiliatedEntityMember 2018-01-01 2018-12-31 0001552797 srt:MinimumMember srt:AffiliatedEntityMember

2018-01-01 2018-12-31 0001552797 us-gaap:AccountsReceivableMember

us-gaap:CustomerConcentrationRiskMember 2018-12-31 0001552797 dk:InventorypurchasedMember

us-gaap:SupplierConcentrationRiskMember dk:WholesaleMarketingAndTerminallingMember 2018-01-01

2018-12-31 0001552797 dk:SupplyContractsMember 2018-01-01 2018-12-31 0001552797

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dk:WholesaleMarketingAndTerminallingMember 2017-01-01 2017-12-31 0001552797

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0001552797 dk:A2025NotesMember us-gaap:SeniorNotesMember 2018-12-31 0001552797

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dk:MarketingContractMember 2018-01-01 2018-12-31 0001552797 srt:MinimumMember
us-gaap:AssetRetirementObligationCostsMember 2018-01-01 2018-06-30 0001552797 srt:MinimumMember
us-gaap:BuildingAndBuildingImprovementsMember 2018-01-01 2018-06-30 0001552797 srt:MaximumMember
dk:PipelinestanksandterminalsMember 2018-01-01 2018-06-30 0001552797 srt:MaximumMember
us-gaap:OtherMachineryAndEquipmentMember 2018-01-01 2018-06-30 0001552797 srt:MaximumMember
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us-gaap:BuildingAndBuildingImprovementsMember 2018-01-01 2018-06-30 0001552797 srt:MinimumMember
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us-gaap:OperatingExpenseMember srt:AffiliatedEntityMember 2018-01-01 2018-12-31 0001552797
srt:AffiliatedEntityMember 2016-01-01 2016-12-31 0001552797 us-gaap:CostOfSalesMember
srt:AffiliatedEntityMember 2018-01-01 2018-12-31 0001552797 us-gaap:CostOfSalesMember
srt:AffiliatedEntityMember 2017-01-01 2017-12-31 0001552797 srt:AffiliatedEntityMember 2018-01-01 2018-12-31
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srt:AffiliatedEntityMember 2017-01-01 2017-12-31 0001552797 us-gaap:OperatingExpenseMember
srt:AffiliatedEntityMember 2016-01-01 2016-12-31 0001552797 dk:BigSpringMarketingAgreementMember
2018-01-01 2018-12-31 0001552797 dk:DelekUsMember us-gaap:OtherNoncurrentLiabilitiesMember
srt:AffiliatedEntityMember dk:OmnibusAgreementMember 2017-01-01 2017-12-31 0001552797
us-gaap:OperatingExpenseMember dk:PartnershipAgreementMember us-gaap:GeneralPartnerMember 2017-01-01
2017-12-31 0001552797 dk:DelekUsMember us-gaap:OperatingExpenseMember srt:AffiliatedEntityMember
dk:OmnibusAgreementMember 2016-01-01 2016-12-31 0001552797
dk:DPGManagementAgreementOperatingServiceAndConstructionFeePaidToPartnershipMember
srt:AffiliatedEntityMember 2018-01-01 2018-12-31 0001552797 dk:ElDoradoOffloadingRacksMember
srt:AffiliatedEntityMember 2015-03-01 2015-03-31 0001552797 dk:CrudeOilPipelineMember srt:MinimumMember
dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember 2018-01-01 2018-12-31 0001552797
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us-gaap:OperatingExpenseMember dk:PartnershipAgreementMember us-gaap:GeneralPartnerMember 2016-01-01
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us-gaap:GeneralPartnerMember 2018-12-31 0001552797 dk:DelekUsMember
us-gaap:OtherNoncurrentLiabilitiesMember srt:AffiliatedEntityMember dk:OmnibusAgreementMember 2018-01-01
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srt:MaximumMember dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember 2018-01-01
2018-12-31 0001552797 dk:EastTexasCrudeLogisticsSystemPipelineandTankageAgreementMember
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us-gaap:OperatingExpenseMember srt:AffiliatedEntityMember dk:OmnibusAgreementMember 2018-01-01
2018-12-31 0001552797 us-gaap:SubsequentEventMember 2019-01-24 2019-01-24 0001552797
dk:StorageThroughputFacilitiesMember dk:BigSpringAsphaltServicesAgreementMember 2018-01-01 2018-12-31
0001552797 dk:CrudeOilPipelineMember dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember
2018-01-01 2018-12-31 0001552797 srt:AffiliatedEntityMember us-gaap:SubsequentEventMember 2019-02-12
2019-02-12 0001552797 dk:CrudeOilPipelineMember srt:MinimumMember

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dk:BigSpringMarketingAgreementMember 2018-01-01 2018-12-31 0001552797
dk:StorageThroughputFacilitiesMember srt:MaximumMember dk:BigSpringAsphaltServicesAgreementMember
srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797 dk:StorageThroughputFacilitiesMember
srt:MinimumMember dk:TylerTerminalThroughputandTankageAgreementMember srt:AffiliatedEntityMember
2013-07-01 2013-07-31 0001552797 dk:CrudeOilPipelineMember srt:MaximumMember
dk:EastTexasCrudeLogisticsSystemPipelineandTankageAgreementMember srt:AffiliatedEntityMember 2012-11-01
2012-11-30 0001552797 dk:SALAGatheringSystemmemberMember
dk:LionPipelineandStorageFacilitiesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
0001552797 dk:StorageThroughputFacilitiesMember srt:MaximumMember
dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember srt:AffiliatedEntityMember 2018-03-01
2018-03-01 0001552797 dk:RefinedProductPipelineMember dk:BigSandyTerminallingServicesAgreementMember
srt:AffiliatedEntityMember 2012-11-01 2012-11-30 0001552797 dk:RailOffloadingPipelineMember
dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember srt:AffiliatedEntityMember 2018-03-01
2018-03-01 0001552797 dk:StorageThroughputFacilitiesMember
dk:EIDoradoThroughputandTankageAgreementMember srt:AffiliatedEntityMember 2014-02-01 2014-02-28
0001552797 dk:StorageThroughputFacilitiesMember dk:BigSpringAsphaltServicesAgreementMember
srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797 dk:BigSandyTerminalMember
srt:MaximumMember dk:BigSandyTerminallingServicesAgreementMember srt:AffiliatedEntityMember 2012-11-01
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dk:BigSandyTerminallingServicesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
0001552797 dk:HeavyCrudeOilMember srt:MinimumMember dk:EIDoradoOffloadingRacksMember
srt:AffiliatedEntityMember 2015-03-01 2015-03-31 0001552797 dk:RefinedProductPipelineMember
srt:MaximumMember dk:EIDoradoThroughputandTankageAgreementMember srt:AffiliatedEntityMember
2014-02-01 2014-02-28 0001552797 dk:DedicatedTerminallingServicesMember srt:MinimumMember
dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember srt:AffiliatedEntityMember 2018-03-01
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2018-03-01 0001552797 dk:BigSandyTerminalMember srt:MinimumMember
dk:BigSandyTerminallingServicesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
0001552797 dk:MemphisPipelineAgreementMember srt:AffiliatedEntityMember 2013-10-01 2013-10-31
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dk:LionPipelineandStorageFacilitiesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
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srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797 dk:SALAGatheringSystemmemberMember
srt:MinimumMember dk:LionPipelineandStorageFacilitiesAgreementMember srt:AffiliatedEntityMember 2012-11-01
2012-11-30 0001552797 dk:RefinedProductPipelineMember srt:MinimumMember
dk:EIDoradoThroughputandTankageAgreementMember srt:AffiliatedEntityMember 2014-02-01 2014-02-28
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dk:BigSpringAsphaltServicesAgreementMember srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797
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srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797 dk:DedicatedMarketingandSellingMember
dk:BigSpringMarketingAgreementMember srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797

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dk:RefinedProductPipelineMember dk:LionPipelineandStorageFacilitiesAgreementMember
srt:AffiliatedEntityMember 2012-11-01 2012-11-30 0001552797 srt:MinimumMember
dk:TylerTerminalThroughputandTankageAgreementMember srt:AffiliatedEntityMember 2013-07-01 2013-07-31
0001552797 dk:DedicatedMarketingandSellingMember srt:MaximumMember
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dk:RefinedProductPipelineMember srt:MinimumMember
dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember srt:AffiliatedEntityMember 2018-03-01
2018-03-01 0001552797 dk:RefinedProductPipelineMember srt:MaximumMember
dk:LionPipelineandStorageFacilitiesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
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dk:EastTexasCrudeLogisticsSystemPipelineandTankageAgreementMember srt:AffiliatedEntityMember 2012-11-01
2012-11-30 0001552797 dk:RefinedProductPipelineMember srt:MaximumMember
dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember srt:AffiliatedEntityMember 2018-03-01
2018-03-01 0001552797 dk:SALAGatheringSystemmemberMember srt:MaximumMember
dk:LionPipelineandStorageFacilitiesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
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srt:AffiliatedEntityMember 2015-03-01 2015-03-31 0001552797 dk:DedicatedTerminallingServicesMember
srt:MaximumMember dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember
srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797 dk:StorageThroughputFacilitiesMember
dk:TylerTerminalThroughputandTankageAgreementMember srt:AffiliatedEntityMember 2013-07-01 2013-07-31
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0001552797 dk:StorageThroughputFacilitiesMember srt:MaximumMember
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2012-11-30 0001552797 dk:LightSweetCrudeOilMember srt:MaximumMember
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dk:EastTexasCrudeLogisticsSystemPipelineandTankageAgreementMember srt:AffiliatedEntityMember 2012-11-01
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dk:BigSpringAsphaltServicesAgreementMember srt:AffiliatedEntityMember 2018-03-01 2018-03-01 0001552797
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dk:LionPipelineandStorageFacilitiesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
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dk:EIDoradoThroughputandTankageAgreementMember srt:AffiliatedEntityMember 2014-02-01 2014-02-28
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2012-11-30 0001552797 dk:StorageThroughputFacilitiesMember srt:MaximumMember
dk:BigSandyTerminallingServicesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
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2015-03-01 2015-03-31 0001552797 dk:CrudeOilPipelineMember
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dk:BigSpringPipelineStorageAndThroughputFacilitiesAgreementMember srt:AffiliatedEntityMember 2018-03-01

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2018-03-01 0001552797 dk:RefinedProductPipelineMember srt:MinimumMember
dk:BigSandyTerminallingServicesAgreementMember srt:AffiliatedEntityMember 2012-11-01 2012-11-30
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srt:AffiliatedEntityMember 2013-07-01 2013-07-31 0001552797 dk:LightSweetCrudeOilMember
dk:ElDoradoOffloadingRacksMember srt:AffiliatedEntityMember 2015-03-01 2015-03-31 0001552797
dk:StorageThroughputFacilitiesMember srt:MaximumMember
dk:ElDoradoThroughputandTankageAgreementMember srt:AffiliatedEntityMember 2014-02-01 2014-02-28
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dk:PipelinesAndTransportationMember 2018-01-01 2018-12-31 0001552797 dk:ServiceRevenueThirdPartyMember
dk:PipelinesAndTransportationMember 2018-01-01 2018-12-31 0001552797 dk:ServiceRevenueAffiliateMember
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dk:ProductRevenueThirdPartyMember dk:PipelinesAndTransportationMember 2018-01-01 2018-12-31 0001552797
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dk:SunocoMember us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember 2017-01-01
2017-12-31 0001552797 dk:SubordinatedUnitsMember us-gaap:LimitedPartnerMember 2017-01-01 2017-12-31
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dk:SubordinatedUnitsMember us-gaap:LimitedPartnerMember 2018-01-01 2018-12-31 0001552797
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us-gaap:GeneralPartnerMember 2016-01-01 2016-12-31 0001552797 us-gaap:GeneralPartnerMember 2017-01-01
2017-12-31 0001552797 us-gaap:GeneralPartnerMember 2018-01-01 2018-12-31 0001552797
dk:SubordinatedDelekMember 2016-02-25 0001552797 dk:FirstTargetDistributionMember srt:MaximumMember
2018-01-01 2018-12-31 0001552797 us-gaap:CostOfSalesMember 2016-01-01 2016-12-31 0001552797
us-gaap:CostOfSalesMember 2018-01-01 2018-12-31 0001552797 us-gaap:CostOfSalesMember 2017-01-01
2017-12-31 0001552797 us-gaap:ConstructionInProgressMember 2018-12-31 0001552797

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dk:PipelineStanksAndTerminalsMember 2017-12-31 0001552797 us-gaap:LandMember 2018-12-31 0001552797
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xbrli:shares dk:joint_venture utreg:bbl

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

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

For the Fiscal
Year Ended
December 31,
2018

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

For the transition period from _____ to _____
Commission file number 001-35721

DELEK LOGISTICS PARTNERS, LP

(Exact name of registrant as specified in its charter)

Delaware

45-5379027

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

7102 Commerce Way, Brentwood, TN 37027

(Address of principal executive offices) (Zip Code)

(615) 771-6701

(Registrant's telephone number, including area code)

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

Title of each class Name of each exchange on which registered

Common Units Representing Limited Partner Interests New York Stock Exchange

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

None

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

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

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

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

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

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

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

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

The aggregate market value of the registrant's common limited partner units held by non-affiliates as of June 30, 2018 was approximately \$241,075,345, based upon the closing price of its common units on the New York Stock Exchange on that date.

At February 22, 2019, there were 24,407,405 common limited partner units and 498,110 general partner units outstanding.

Documents incorporated by reference: None

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Annual Report on Form 10-K
For the Annual Period Ending December 31, 2018

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Business

Unless the context otherwise requires, references in this report to "Delek Logistics Partners, LP," the "Partnership," "we," "us," or "our" may refer to Delek Logistics Partners, LP, one or more of its consolidated subsidiaries or all of them taken as a whole.

This Annual Report on Form 10-K (including documents incorporated by reference herein) contains statements with respect to our expectations or beliefs as to future events. These types of statements are "forward-looking" and subject to uncertainties. Refer to our discussion of forward-looking statements in the section "Forward-Looking Statements" included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K.

The Partnership has been publicly traded on the New York Stock Exchange since November 2012. Our corporate headquarters is located at 7102 Commerce Way, Brentwood, Tennessee 37027, our phone number is 615-771-6701 and our website is www.DelekLogistics.com. Information contained on our website is not part of this Annual Report on Form 10-K.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with (or furnished to) the Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website (in the "SEC Filings" section) free of charge, as soon as reasonably practicable after we file or furnish such material to the SEC. We also post our corporate governance guidelines, code of business conduct and ethics and the charters of the audit committee and environmental, health and safety committee of the board of directors of our general partner in the "Corporate Governance" section of our website. Our governance documents are available to print to any unitholder that makes a written request to Secretary, Delek Logistics, GP, LLC, general partner of Delek Logistics Partners, LP, 7102 Commerce Way, Brentwood, TN 37027. Our reports, proxy and information statements, and other information regarding issuers are filed electronically with the SEC and may be accessed at www.sec.gov.

PART I

ITEM 1. BUSINESS

General

Delek Logistics Partners, LP is a Delaware limited partnership formed in April 2012 by Delek US Holdings, Inc. ("Delek Holdings") and its subsidiary Delek Logistics GP, LLC, our general partner (our "general partner"). In November 2012, we completed our initial public offering.

We own crude oil, intermediate and refined products pipelines and transportation, storage, wholesale marketing, terminalling and offloading assets which were previously owned, operated or held by Delek Holdings and assets acquired from unrelated third parties. Delek Holdings is our primary customer and is responsible, directly and indirectly, for the majority of our contribution margin (as defined in "—Major Customers").

Overview

We primarily own and operate logistics and marketing assets for crude oil and intermediate and refined products. We generate revenue and contribution margin, which we define as net revenues less cost of materials and other and operating expenses, excluding depreciation and amortization, by charging fees for gathering, transporting, offloading and storing crude oil; for storing intermediate products and feed stocks; for distributing, transporting and storing refined products; and for wholesale marketing. A substantial majority of our existing assets are both integral to and dependent on the success of Delek Holdings' refining operations and most of our assets are contracted exclusively to Delek Holdings in support of Delek Holdings' refineries in Tyler, Texas (the "Tyler Refinery"), El Dorado, Arkansas (the "El Dorado Refinery") and Big Spring, Texas (the "Big Spring Refinery"). See "Commercial Agreements—Commercial Agreements with Delek Holdings" and Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a discussion of our material commercial agreements with Delek Holdings. In addition to the services we provide to Delek Holdings, we also provide,

and generate substantial revenue and contribution margin from, crude oil, intermediate and refined products transportation services for, and terminalling and marketing services to, third parties primarily in Texas, Tennessee and Arkansas. Certain of these services are provided pursuant to contractual agreements with such third parties. See "Commercial Agreements—Other Agreements with Third Parties." We are not a taxable entity for federal income tax purposes or the income taxes of those states that follow the federal income tax treatment of partnerships. Instead, for purposes of such income taxes, each partner of the Partnership is required to take into account its share of items of income, gain, loss and deduction in computing its federal and state income tax liabilities, regardless of whether cash distributions are made to such partner by the Partnership. The taxable income reportable to each partner takes into account differences between the tax basis and the fair market value of our assets and financial reporting bases of assets and liabilities, the acquisition price of the partner's units and the taxable income allocation requirements under the Partnership's First Amended and Restated Agreement of Limited Partnership, as amended (the "Partnership Agreement").

3

Business

2018 Developments

DKL Credit Facility

On September 28, 2018, the Partnership

accordion feature whereby the Partnership can increase the size of the credit facility increased from \$100.0 million in incremental commitments under the prior facility to \$150.0 million, for an aggregate amount of \$1.0 billion, subject to increased or new commitments from lenders and the satisfaction of certain other conditions precedent and (iii)

The terms of certain of our agreements with Delek Holdings were required to be extended pursuant to the amended and restated DKL Credit Facility, which extensions were effective in the fourth quarter of 2018.

Inflation Adjustments

On July 1, 2018, the tariffs on our Federal Energy Regulatory Commission (the "FERC") regulated pipelines and the throughput fees and storage fees under certain of our agreements with Delek Holdings and third parties that are subject to adjustment using FERC indexing increased by approximately 4.4%, the amount of the change in the FERC oil pipeline index. Under certain of our other agreements with Delek Holdings and third parties, the fees increased based on the consumer price index or the producer price index, which increased approximately 2.2% and 6.1%, respectively.

2025 Notes Offer to Exchange

On April 25, 2018, we made an offer to exchange the 2025 Notes (as defined in Note 10 to our accompanying consolidated financial statements) and the related guarantees that were validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradeable, as required under the terms of the original indenture (the "Exchange Offer"). The Exchange Offer expired on May 23, 2018 (the "Expiration Date"). The terms of the exchange notes that were issued as a result of the Exchange Offer are substantially identical to the terms of the original 2025 Notes.

Big Spring Logistics Assets Acquisition

Effective March 1, 2018, the Partnership, through its wholly-owned subsidiary DKL Big Spring, LLC, acquired from Delek Holdings certain logistics assets primarily located at or adjacent to Delek Holdings' refinery near Big Spring, Texas (the "Big Spring Refinery") and Delek Holdings' light products distribution terminal located in Stephens County, Oklahoma (collectively, the "Big Spring Logistic Assets", and such transaction the "Big Spring Logistic Assets Acquisition"). The purchase price was \$170.8 million, financed through borrowings under the Partnership's revolving credit facility. Refer to Note 3 to our accompanying consolidated financial statements for additional information.

Marketing Contract Intangible Acquisition

Effective March 1, 2018, concurrent with the Big Spring Logistic Assets Acquisition, Delek Holdings, the Partnership and various of their respective subsidiaries entered into a new marketing agreement, whereby the Partnership markets certain refined products produced at the Big Spring Refinery to various customers in return for a marketing fee (the "Big Spring Marketing Agreement"). The purchase price was \$144.2 million, financed through borrowings under the Partnership's revolving credit facility. Refer to Note 3 to our accompanying consolidated financial statements for additional information.

Business

Assets and Operations

We prepare segment information on the same basis that we review financial information for operational decision-making purposes. Currently, our business consists of two operating segments: (i) pipelines and transportation and (ii) wholesale marketing and terminalling. Additional segment and financial information is contained in our segment results included in Item 6, Selected Financial Data; Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations; and Note 15, Segment Data, of our consolidated financial statements included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K. Our principal assets, as of December 31, 2018, are described below under the segment that uses such assets.

The following provides an overview of our assets and operations:

Business

Pipelines and Transportation Segment

Our pipelines and transportation segment consists of assets, including pipelines and trucks and ancillary assets, that provide crude oil gathering and crude oil, intermediate and refined products transportation and storage services primarily in support of the Tyler, El Dorado and Big Spring Refineries. Additionally, this segment provides crude oil gathering and crude oil, intermediate and refined products transportation and storage services to Delek Holdings and third parties. In providing these services, we do not take ownership of the products or crude oil that we transport or store; and, therefore, the results of our pipelines and transportation segment are not directly exposed to changes in commodity prices. Our pipeline assets include approximately 400 miles of operable crude oil transportation pipelines, approximately 450 miles of refined product pipelines and approximately 600 miles of crude oil gathering and trunk lines. Associated with and currently used in connection with the operation of these lines are crude oil, intermediate and refined products storage tanks with an aggregate of approximately 9.6 million barrels of active shell capacity.

The rates and terms and conditions of service on certain of our pipelines are subject to regulation by the FERC under the Interstate Commerce Act ("ICA") and by the state regulatory commissions in the states in which we transport crude oil, intermediate and refined products, including the Texas Railroad Commission, the Louisiana Public Service Commission and the Arkansas Public Service Commission. Certain of our pipeline systems are subject to such regulation and have filed tariffs with the appropriate authorities. We also comply with the reporting requirements for these pipelines. Other of our pipelines have received a waiver from application of the FERC's tariff requirements, but comply with other applicable regulatory requirements. See "Governmental Regulation and Environmental Matters—Rate Regulation of Petroleum Pipelines" of this Annual Report on Form 10-K, for more information on FERC imposed tariffs.

The following discussion and tables present the results of operations and certain operating statistics of the pipeline and transportation segment for the years ended December 31, 2018, 2017 and 2016.

Lion Pipeline System

Our Lion Pipeline System is a system of common carrier pipelines that transport crude oil to, and refined products from, Delek Holdings' El Dorado Refinery. The Lion Pipeline System consists primarily of:

- the Magnolia Pipeline system;
- the Magnolia Station located west of the El Dorado Refinery;
- the El Dorado Pipeline system;
- multiple short crude oil pipelines located at the El Dorado Refinery and our Sandhill Station;
- the Refined Products Pipeline system; and
- certain related crude oil pipelines.

The Magnolia Pipeline is an approximately 77-mile crude oil pipeline, with both 12-inch and 16-inch diameters depending on the section of the pipeline, and a capacity of approximately 68,500 barrels per day ("bpd"). The Magnolia Pipeline runs from a connection with ETP/ExxonMobil's LOLA System near Shreveport, Louisiana to our Magnolia Station, where the crude oil is then stored and transferred to our El Dorado Pipeline. In addition, third-party pipelines connect to the Magnolia Pipeline near Haynesville, Louisiana, which allows for the receipt of crude oil transported from Longview, Texas.

The Magnolia Station is a location, owned by us, where the Magnolia and Lion Pipelines and SALA Gathering System have origination and destination points, as the case may be. In addition, the Magnolia Station has storage facilities with approximately 230,000 barrels of active shell capacity.

The El Dorado Pipeline is a 31-mile, 12-inch crude oil pipeline, with a capacity of approximately 22,000 bpd, which transports crude oil from our Magnolia Station to Delek Holdings' Sandhill Station adjacent to the El Dorado Refinery. Upon reaching Sandhill Station, the crude oil from the El Dorado Pipeline is transported, via multiple short crude oil pipelines owned by us, to Tank 192, a 150,000 barrel capacity storage tank ("Tank 192") or to Tank 120, an 80,000 barrel capacity storage tank ("Tank 120"), which receives heavier asphaltic crudes. At present, substantially all crude oil that enters the El Dorado Refinery,

including the crude oil gathered on the SALA Gathering System, is routed through Sandhill Station. Through our SALA subsidiary, we own Tank 192 and Tank 120 and lease the underlying ground from Lion Oil under a long-term ground lease.

We also own two refined product pipelines that transport gasoline and diesel from the El Dorado Refinery to the nearby Enterprise TE Products Pipeline El Dorado Station (the "Refined Products Pipelines"). Pursuant to a capacity lease with Enterprise dated October 24, 2013, we also lease capacity of approximately 11,000 bpd on the approximately 240-mile Enterprise Products Pipeline from Enterprise's El Dorado Station to our refined products terminal in Memphis, Tennessee. The Refined Products Pipelines along with the leased capacity are collectively referred to as the "Refined Products Pipeline System." The diesel line is approximately eight miles and is 12 inches in diameter, while the gasoline line is approximately eight miles and is 10 inches in diameter. These two lines commence at the El Dorado Refinery.

The pipelines in the Lion Pipeline System also have injection points where crude oil gathered from the SALA Gathering System can be injected and then transported to the El Dorado Refinery. The Lion Pipeline System also has crude oil storage tanks and facilities ancillary to the operation of the pipeline system. Tankage assets include 158 storage tanks and certain ancillary assets (such as pumps and piping) located at and adjacent

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to the El Dorado Refinery with an aggregate shell capacity of approximately 2.5 million barrels (the "El Dorado Tank Assets"). The Lion Pipeline System is capable of transporting crude oil offloaded from rail cars at or near the El Dorado Refinery, including two crude oil rail offloading racks, which are designed to receive up to 25,000 bpd of light crude oil or 12,000 bpd of heavy crude oil, or any combination of the two.

SALA Gathering System

The SALA Gathering System is a system of common carrier pipelines that primarily gathers and transports crude oil and condensate that is purchased from various crude oil producers in Arkansas, Texas and Louisiana by Delek Holdings or a third party to whom Delek Holdings has assigned certain of its rights. The SALA Gathering System includes approximately 600 miles of two- to eight-inch crude oil gathering and transportation lines in southern Arkansas and northern Louisiana, located primarily within a 60-mile radius of the El Dorado Refinery. In addition, the gathering system transports small volumes of crude oil that are received from other sources and condensate that is purchased from a third party in east Texas. All such crude oil and other products are ultimately transported to the El Dorado Refinery for processing. In addition, a pipeline within the SALA Gathering System transports minimal crude oil for third party shippers pursuant to a common carrier tariff.

The SALA Gathering System includes 54 crude oil storage tanks and breakout tanks with a total combined active shell capacity of approximately 0.3 million barrels (including Tank 120, Tank 192 and approximately 37,000 barrels of capacity we lease to an unrelated third party), 17 truck receipt locations, approximately 500 pipeline gathering and receiving stations and 17 relay stations to deliver crude oil to the Magnolia Station, the El Dorado Pipeline System or directly to the El Dorado Refinery. We also have approximately 0.6 million barrels of combined shell capacity that is currently not in service.

Currently, we are in the process of decommissioning certain sections of the SALA Gathering System in an effort to improve the safety and integrity of the system. We do not expect for the decommissioning of certain gathering lines on the system to have a material effect on the operational capabilities of the system. The table below details certain operating data for our Lion Pipeline System and our SALA Gathering System.

	Average Daily Throughput (bpd) Year Ended December 31, 2018 2017 2016		
Lion Pipeline System:			
Crude pipelines (Non-gathered) ⁽¹⁾	51,992	59,362	56,555
Refined Products Pipelines to Enterprise System	45,728	51,927	52,071
SALA Gathering System	16,571	15,871	17,756

⁽¹⁾ Excludes crude oil gathered on our SALA Gathering System and injected into our Lion Pipeline System.

Paline Pipeline System

Our Paline Pipeline System is approximately a 195-mile, 10-inch crude oil pipeline, with a capacity of approximately 42,000 bpd, running from Longview, Texas to the Phillips 66-operated Beaumont terminal in Nederland, Texas. It includes a three-mile section that runs north from Kilgore, Texas. Our Paline Pipeline System is operated as a common carrier pipeline. See "Commercial Agreements—Other Agreements with Third Parties—Paline Pipeline System Capacity Reservation" for additional information on the use of our Paline Pipeline System.

East Texas Crude Logistics System

Our East Texas Crude Logistics System includes two owned and operated crude oil pipeline systems and their related tank farms, which serve the Tyler Refinery: (i) the Nettleton pipeline, a bi-directional 36-mile pipeline, with a capacity of approximately 25,000 bpd, that is capable of transporting crude oil from our tank farms in and around Longview, Texas to (a) the Bullard Junction at the Tyler Refinery and (b) other of our

tank farms in and around Longview, Texas, and (ii) the McMurrey Pipeline System, a 61-mile pipeline system, with a capacity of approximately 24,000 bpd, that transports crude oil from our tank farms in and around Longview, Texas and runs roughly parallel to the Nettleton Pipeline.

Our East Texas Crude Logistics System also includes five owned or leased crude oil storage terminals, at which we store crude oil owned by Delek Holdings for the Tyler Refinery. The LaGloria Station consists of two tanks with an active shell capacity of approximately 450,000 barrels. The Nettleton Station consists of five tanks with an active shell capacity of approximately 220,000 barrels. It is located on property that we lease from a third party, as described in more detail in Item 2, Properties. In addition to the active shell capacity, the Nettleton Station includes approximately 55,000 barrels of shell capacity that is currently not in service. The Bradford Station consists of two tanks with an active shell capacity of approximately 55,000 barrels. In addition to the active shell capacity, the Bradford Station includes approximately 10,000 barrels of shell capacity that is currently not in service. The Arp Station consists of two tanks with an active shell capacity of approximately 55,000 barrels. In addition to the active shell

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capacity, the Arp Station includes approximately 55,000 barrels of shell capacity currently not in service. The Big Sandy Station consists of seven tanks with an active shell capacity of approximately 247,600 barrels.

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

	Average Daily Throughput (bpd) Year Ended December 31,		
	2018	2017	2016
East Texas Crude Logistics System (average bpd)	15,696	15,780	12,735

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

Tyler Assets

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

The Tyler-Big Sandy Product Pipeline is a pipeline that runs between the Tyler Refinery and the Partnership's terminal at Big Sandy, Texas. The line consists of two segments: (i) the Hopewell Pipeline, an approximately 13-mile pipeline with a capacity of approximately 30,000 bpd, which originates at the Tyler Refinery and terminates at the Hopewell Station, and (ii) the Big Sandy Pipeline, a 19-mile pipeline with a capacity of approximately 30,000 bpd, which originates at the Hopewell Station and terminates at the Big Sandy Terminal. The Big Sandy Terminal has seven tanks with an aggregate shell capacity of approximately 248,000 barrels. Service on the Tyler-Big Sandy Product Pipeline is not provided to third parties, and is classified as private intrastate carrier service.

Big Spring Assets

In September 2017, the Partnership, through its wholly owned subsidiary, Delek Marketing & Supply, LP acquired from Plains Pipeline, L.P. an approximate 40-mile pipeline and related ancillary assets (the "Big Spring Pipeline"). The Big Spring Pipeline originates in Big Spring, Texas and terminates in Midland, Texas. Also located in Big Spring, Texas is a truck unloading station located at the Big Spring Refinery (the "Big Spring Truck Unloading Station"). The Big Spring Truck Unloading Station is designed to receive up to 10,000 bpd of crude oil.

In March 2018, the Partnership, through its wholly-owned subsidiary DKL Big Spring, LLC, acquired the Big Spring Logistic Assets from Delek Holdings, which are primarily located at or adjacent to the Big Spring Refinery. The Big Spring Logistic Assets include approximately 75 storage tanks, four salt wells and certain ancillary assets (such as tank pumps and piping) primarily located adjacent to the Big Spring Refinery with an active shell capacity of approximately 3.0 million barrels as well as certain crude oil and refined product

pipelines. The primary crude oil pipeline is a 10-mile pipeline, with a capacity of approximately 250,000 bpd. The refined product pipeline is a 40-mile pipeline with a capacity of approximately 20,000 bpd.

Other Pipeline and Transportation Assets

The Partnership also owns additional assets that are used to support Delek Holdings' refineries or that are used in our operations but may not be adjacent to or directly on the properties owned by such refineries.

These include various pipelines and tankage assets and trucking assets listed below:

• five tanks with an aggregate shell capacity of approximately 180,000 barrels at a terminal in North Little Rock, Arkansas;

• 125 tractors and 166 trailers, which are owned or leased, and used to haul primarily crude oil and other products for related and third parties;

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an approximately 60-mile pipeline that transports crude oil from the Exxon Talco field to the ETP/ExxonMobil LOLA pipeline injection point in the East Texas Longview Station; and an 85-mile pipeline, connecting the Greenville Storage Facility and the Mount Pleasant Terminal, which storage facility has four tanks with an aggregate shell capacity of approximately 230,000 barrels and is connected to the Explorer Pipeline System. In addition to the active shell capacity, the Greenville Storage Facility includes approximately 100,000 barrels of shell capacity that is currently not in service.

Wholesale Marketing and Terminalling Segment

Our wholesale marketing and terminalling segment provides wholesale marketing and terminalling services to Delek Holdings' refining operations and to independent third parties from whom we receive fees for marketing, transporting, storing and terminalling refined products and to whom we wholesale market refined products. In providing certain of these services, we take ownership of the products and are therefore exposed to market risks related to the volatility of refined product prices in our west Texas operations, which depend on many factors, including demand and supply of refined products in the west Texas market, the timing of refined product deliveries and downtime at refineries in the surrounding area. Effective March 1, 2018, this segment also includes the wholesale marketing and terminalling assets acquired in the Big Spring Logistic Assets Acquisition. As of December 31, 2018, we generated revenue in our wholesale marketing and terminalling segment by (i) providing marketing services for the refined products output of the Tyler Refinery and the Big Spring Refinery, (ii) engaging in wholesale activity at our Abilene and San Angelo, Texas terminals, as well as at terminals owned by third parties, whereby we purchase light products for sale and exchange to third parties, and (iii) providing terminalling services to independent third parties and Delek Holdings. See "Commercial Agreements—Other Agreements with Third Parties—West Texas." Also see Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a discussion of our material commercial agreements with Delek Holdings. The tables below show the operating results for the wholesale marketing and terminalling segment. For the years ended December 31, 2018, 2017 and 2016, we present the results for the period during which we owned the assets, as delineated in any notes accompanying the tables.

Wholesale Marketing

East Texas

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

	Year Ended December 31,		
	2018	2017	2016
Sales volumes (average bpd):	77,487	73,655	68,131

West Texas

In our west Texas marketing operations, we generate revenue by purchasing refined products from independent third-party suppliers and from Delek Holdings for sale and exchange to third parties at our Abilene and San Angelo, Texas terminals and at third-party terminals located elsewhere in Texas. Our terminals in Abilene and San Angelo, Texas were leased for nominal consideration to Noble Petro, Inc. ("Noble Petro") pursuant to a terminal and pipeline lease and operating agreement, which expired on December 31, 2017.

We own approximately 100 miles of product pipelines in west Texas that connect our Abilene and San Angelo, Texas terminals to the Magellan Orion Pipeline. These pipelines were leased to Noble Petro until December 31, 2017. At these terminals, Noble Petro also regularly sold petroleum products to us pursuant

to the terms of a supply contract with Noble Petro that expired in December 2017 (the "Abilene Contract"). We then marketed these petroleum products to third parties. As of January 1, 2018, these regular sales of product by Noble Petro to us concluded. We are currently purchasing products from Delek Holdings and third parties at our Abilene and San Angelo terminals. To facilitate these purchases, we have constructed a pipeline into our Abilene Terminal to receive product from the pipeline owned by Holly Energy Partners, L.P. (NYSE: HEP) through which Delek Holdings ships product that is produced at the Big Spring Refinery. We also have active connections to the Magellan Orion Pipeline that enable us to ship product to our terminals and to acquire product from other shippers. The table below provides the location of the Abilene and San Angelo terminals associated with our marketing activities and the number of tanks, their storage capacities, number of truck loading lanes and maximum daily available truck loading capacity for the year ended December 31, 2018.

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Terminal Location of Tanks	Number of Tanks	Active Aggregate Shell Capacity (bbls)	Number of Truck Loading Lanes	Maximum Daily Available Truck Loading Capacity (bpd)
Abilene, TX ⁽¹⁾	9	368,000	2	15,000
San Angelo, TX	5	93,000	2	15,000
Total	14	461,000	4	30,000

⁽¹⁾ Excludes approximately 545,530 barrels of shell capacity that is out of service.

Substantially all of our product sales in west Texas are on a wholesale basis. We are currently purchasing products primarily from Delek Holdings, which product is produced at the Big Spring Refinery, and from third parties. During the year ended December 31, 2017, a large portion of the products we sold in west Texas were purchased from Noble Petro pursuant to the Abilene Contract. Under the Abilene Contract, we had the right to purchase up to 20,350 bpd of petroleum products for sale at our Abilene and San Angelo, Texas terminals. See "Commercial Agreements—Other Agreements with Third Parties—West Texas." The table below details the average aggregate daily number of barrels of refined products, and the margins associated with such products, that we sold in our west Texas wholesale operations for the periods indicated.

	Year Ended		
		December 31,	
	2018	2017	2016
Throughput (average bpd)	13,323	13,817	13,257
Gross margin (in thousands)	\$27,082	\$ 20,320	\$6,929
Gross margin per barrel	\$5.57	\$ 4.03	\$1.43

Terminalling

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

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The table below provides the locations of our refined product terminals associated with our terminalling activities and their storage capacities, number of truck loading lanes and maximum daily available truck loading capacity for the year ended December 31, 2018.

Terminal Location	Number of Tanks	Active Shell Capacity (bbls)	Number of Truck Loading Lanes	Maximum Daily Available
				Truck Loading Capacity (bpd)
Big Sandy, TX ⁽¹⁾			3	25,000
El Dorado, AR ⁽¹⁾			3	35,000
Memphis, TN	12	126,000	3	20,000
Mount Pleasant, TX ⁽²⁾	6	155,000	3	10,000
Nashville, TN ⁽³⁾	10	128,000	2	15,000
Duncan, OK ⁽⁴⁾	7	180,250	—	—
North Little Rock, AR ⁽¹⁾			2	17,100
Tyler, TX ⁽¹⁾			11	91,000
Total	35	589,250	27	213,100

⁽¹⁾ See "Pipelines and Transportation Segment—Tyler Assets," "Pipelines and Transportation Segment—Lion Pipeline System," and "Pipelines and Transportation Segment—Other Pipeline and Transportation Assets" above for a discussion of the storage tanks associated with these terminals.

⁽²⁾ Excludes approximately 20,000 barrels of shell capacity that is currently not in service.

⁽³⁾ Excludes approximately 10,000 barrels of shell capacity that is currently not in service.

⁽⁴⁾ The Duncan Terminal does not have a truck rack. It is a light products distribution terminal that includes storage, loading and unloading facilities and ancillary assets.

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

Throughput (average bpd):	Year Ended		
	December 31, 2018	2017	2016
Big Sandy, TX	3,080	6,878	7,025
El Dorado, AR	12,086	14,149	17,040
Memphis, TN	6,996	7,112	7,982
Mount Pleasant, TX	7,623	5,202	2,746
Nashville, TN	8,040	7,292	6,939
Duncan, OK	37,679	—	—
North Little Rock, AR	7,437	8,848	10,174
Tyler, TX	78,343	75,007	70,444
Total (average bpd)	161,284	124,488	122,350

Commercial Agreements

Commercial Agreements with Delek Holdings

The Partnership has a number of long-term, fee-based commercial agreements with Delek Holdings under which we provide various services, including crude oil gathering; crude oil, intermediate and refined products transportation and storage services; and marketing, terminalling and offloading services to Delek Holdings. Most of these agreements have an initial term ranging from five to ten years, which may be

extended for various renewal terms at the option of Delek Holdings. The initial term of certain of these agreements expired in November 2017. Delek Holdings

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opted to renew these agreements for subsequent five-year terms expiring in November 2022. In the case of our marketing agreement with Delek Holdings in respect to the Tyler Refinery, the initial term has been extended through 2026. The current term of certain of our agreements with Delek Holdings were required to be further extended pursuant to the amended and restated DKL Credit Facility, which extensions were effective in the fourth quarter of 2018 and extend through March 2024. These agreements typically include minimum quarterly volume, revenue or throughput commitments. Fees under each agreement are payable to us monthly by Delek Holdings or certain third parties to whom Delek Holdings has assigned certain of its rights. For a discussion of a third party's involvement in certain agreements, see "Delek Holdings' Crude Oil and Refined Products Supply and Offtake Arrangement." In most circumstances, if Delek Holdings or the applicable third party assignee fails to meet or exceed the minimum volume, throughput or other commitment during any calendar quarter, Delek Holdings, and not any third party assignee, will be required to make a quarterly shortfall payment to us equal to the volume or amount of the shortfall multiplied or increased by the applicable fee, subject to certain exceptions as specified in the applicable agreement. Carry-over of any volumes or revenue in excess of such commitment to any subsequent quarter is not permitted.

The tariffs and throughput and storage fees under our agreements with Delek Holdings are subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, including the FERC oil pipeline index or various iterations of the consumer price index and the producer price index; provided, however, that in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

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

Other Agreements with Delek Holdings

In addition to the commercial agreements described above, the Partnership has entered into an omnibus agreement with Delek Holdings, our general partner, Delek Logistics Operating LLC ("OpCo") and certain of the Partnership's and Delek Holdings' other subsidiaries on November 7, 2012, which was subsequently amended and restated on July 26, 2013, February 10, 2014 and March 31, 2015 and further amended on August 3, 2015 (collectively, as amended, the "Omnibus Agreement"). The Omnibus Agreement governs the provision of certain operational services and reimbursement obligations, among other matters, between the Partnership and Delek Holdings.

The Partnership is currently managing a long-term capital project on behalf of Delek Holdings pursuant to a construction management and operating services agreement (the "DPG Management Agreement") for the construction of a 250-mile gathering system in the Permian Basin (the "Delek Permian Gathering Project"). The Partnership is also considered the operator for the project and will oversee functions such as oversight of project design, procurement and construction of project segments and provide other related services. The agreement extends through December 2022.

Other Agreements with Third Parties

Paline Pipeline System Capacity Reservation

During the year ended December 31, 2018, we had separate agreements with an unrelated third party and a related party for such parties to utilize certain capacity on the Paline Pipeline System. Pursuant to the terms of these agreements, each party paid a fixed monthly fee for the right to use its respective capacity on the pipeline, which together accounted for a combined 30,000 bpd. The initial term of each agreement ran through February 2019. We do not anticipate that these agreements will be extended. As a result, on March 1, 2019, the capacity previously used by these parties will be available for any party to ship on the capacity of the pipeline subject to a tariff on file with the FERC for service provided on the Paline Pipeline System.

West Texas

In our west Texas marketing operations, we generate revenue by purchasing refined products from independent third-party suppliers and Delek Holdings for sale and exchange to third parties at our Abilene and San Angelo, Texas terminals and at third-party terminals located elsewhere in Texas. Substantially all of our product sales in west Texas are on a wholesale basis. During the year ended December 31, 2017, a large portion of the refined products we sold in west Texas were purchased from Noble Petro. Under the terms of the Abilene Contract with Noble Petro, which expired in December 2017, we purchased refined products based on monthly average prices from Noble Petro immediately prior to our resale of such products to customers at our Abilene and San Angelo, Texas terminals, which we leased to Noble Petro. Under this arrangement, we had limited direct exposure to risks associated with fluctuating prices for these refined products due to the short period of time between the purchase and resale of these refined products. As of January 2018, we began replacing the product supplied under the Abilene Contract with product purchased from Delek Holdings, which is produced by the Big Spring Refinery and from third parties that may continue to include Noble Petro. Products purchased from Delek Holdings are generally based on daily market prices at the time of sale limiting exposure to fluctuating prices. Products purchased from third parties are generally based on daily market prices at the time of purchase requiring price hedging risk management activities between the time of purchase and sale. Existing price risk hedging programs have been adjusted to correspond to the volume of product purchased from third parties.

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Delek Holdings' Crude Oil and Refined Products Supply and Offtake Arrangement

Pursuant to an arrangement with Delek Holdings and Lion Oil, to which we are not a party, J. Aron & Company ("J. Aron") acquires and holds either title to or a lien on substantially all crude oil, intermediate and refined products transported on our Lion Pipeline System, SALA Gathering System and on pipeline capacity we lease from Enterprise TE Products Pipeline Company LLC on a pipeline that runs from the El Dorado Refinery to our Memphis Terminal (the "Memphis Pipeline"). J. Aron is therefore considered the shipper for the liquid it owns on the Lion Pipeline System, the SALA Gathering System and the Memphis Pipeline. J. Aron also has title to the refined products stored at our Memphis, North Little Rock and El Dorado terminals and in the El Dorado storage tanks. Under (i) our pipelines and storage agreement with Lion Oil relating to the Lion Pipeline System and the SALA Gathering System, (ii) our terminalling agreements with Lion Oil relating to the Memphis and North Little Rock terminals, and (iii) our throughput and tankage agreement relating to the terminal and tank assets at and adjacent to the El Dorado Refinery, Lion Oil has assigned to J. Aron certain of its rights under these agreements, including the right to have J. Aron's crude oil and intermediate and refined products stored in or transported on or through these systems, the Memphis and North Little Rock terminals and the terminal and tank assets at and adjacent to the El Dorado Refinery, with Lion Oil acting as J. Aron's agent for scheduling purposes.

Pursuant to a similar arrangement with Delek Holdings and Alon USA, LP, hereinafter referred to as "Big Spring Refining," J. Aron acquires and holds either title to or a lien on a portion of the crude oil, intermediate and refined products shipped on pipelines or stored at the terminal and storage tanks acquired in the Big Spring Logistic Assets Acquisition. Under (i) our pipelines, storage and throughput facilities agreement with Big Spring Refining relating to certain storage tanks, pipelines and a terminal in Duncan, Oklahoma and (ii) our asphalt services agreement with Big Spring Refining relating to asphalt storage and terminalling near the Big Spring Refinery, Big Spring Refining has assigned to J. Aron certain of its rights under these agreements, including the right to have J. Aron's crude oil and intermediate and refined products stored in or transported on or through these storage and terminalling assets at or adjacent to the Big Spring Refinery, with Big Spring Refining acting as J. Aron's agent for scheduling purposes.

Accordingly, even though this activity is effectively a financing arrangement for Delek Holdings and its subsidiaries whereby J. Aron sells the product back to Delek Holdings and its subsidiaries, J. Aron is technically our primary customer under each of these agreements. J. Aron retains these storage and transportation rights for the term of its arrangement with Lion Oil, which currently runs through April 30, 2020, and for the term of its arrangement with Big Spring Refining, which currently runs through May 31, 2021, unless terminated earlier pursuant to the terms of the arrangement. J. Aron pays us for the transportation, throughput and storage services we provide to it. The rights assigned to J. Aron do not alter the obligations of Lion Oil or Big Spring Refining to meet certain throughput minimum volumes under our agreements with respect to the transportation, throughput and storage of crude oil and refined products through our facilities, but J. Aron's throughput is credited toward the minimum throughput commitments of Lion Oil and Big Spring. Accordingly, Lion Oil and Big Spring are responsible for making any shortfall payments incurred under the pipelines and storage agreement or the terminalling agreement which may result from minimum throughputs or volumes not being met.

Major Customers

We are dependent upon Delek Holdings as our primary customer (which includes sales to J. Aron as described in the prior section), and the loss of Delek Holdings as a customer would have a material adverse effect on both of our operating segments. We derive a substantial majority of our contribution margin, which is defined as net revenues less cost of materials and other and operating expenses, excluding depreciation and amortization, from fee-based commercial agreements with Delek Holdings or as a direct result of its operations. Delek Holdings, directly or indirectly, accounted for 83%, 87% and 92% of our contribution margin under our commercial agreements with Delek for the years ended December 31, 2018, 2017 and 2016, respectively. For more information pertaining to these agreements, please see "Commercial Agreements." We also have other customers, including major oil companies, independent

refiners and marketers, jobbers, distributors, utility and transportation companies and independent retail fuel operators.

Delek Holdings, directly or indirectly, accounted for 36.6%, 28.9% and 32.8% of our total revenues for the years ended December 31, 2018, 2017 and 2016, respectively. Sunoco LP accounted for 15.9%, 9.0% and 10.5% of our total revenues for the years ended December 31, 2018, 2017 and 2016, respectively.

Employees

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

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Seasonality and Customer Maintenance Programs

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

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Working Capital

We primarily fund our business operations from operating cash flows, borrowings under our revolving credit facility and any potential future issuances of equity and debt securities. For additional information, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

Competition

Pipelines and Transportation

Our business in this segment primarily consists of gathering, transporting and storing crude oil, intermediate and refined products for Delek Holdings and third parties, especially other refiners. We face competition for the transportation and storage of crude oil from other pipeline owners whose pipelines or storage facilities (i) may have a location advantage over our pipelines or storage facilities, (ii) may be able to transport or store more desirable crude oil or refined products to Delek Holdings or to third parties, (iii) may be able to transport or store crude oil or refined product at a lower rate, or (iv) may be able to store more crude oil or refined product. Any or all such factors could cause Delek Holdings, or our third-party customers, to reduce throughput to a level that is below the minimum throughput commitments established in any contracts we may have with them or determine not to renew such contracts when the term expires. As a result of our physical integration with Delek Holdings' El Dorado Refinery, and our contractual relationships with Delek Holdings relative to the El Dorado Refinery, we do not believe that we will face significant competition for the transportation of crude oil or refined products to or from the El Dorado Refinery, particularly during the term of our Lion Pipeline System, SALA Gathering System, El Dorado Tank Assets and El Dorado Assets agreements with Delek Holdings. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a discussion of our material commercial agreements with Delek Holdings.

Wholesale Marketing and Terminalling

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

Pursuant to separate exclusive marketing agreements with Delek Holdings, we market 100% of the refined products output of the Tyler Refinery (other than jet fuel and petroleum coke) and certain refined products at or sold from the Big Spring Refinery to various customers in return for a marketing fee. The current terms of the agreements for services provided with respect to products produced at the Tyler Refinery and the Big Spring Refinery expire in 2026 and 2028, respectively. As a result, we do not believe that we will face significant competition for these services from third parties. In addition, as a result of our physical integration with the Tyler Refinery and the Big Spring Refinery, and our contractual relationships with Delek Holdings relative to both refineries, we do not believe that we will face significant competition for the storage or throughput of intermediate or refined products at the refineries, particularly during the term of our agreements with Delek Holdings. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for additional information. Should Delek Holdings' wholesale customers, however, reduce their purchases of refined products due to the increased availability of more competitively priced products from other suppliers or for other reasons,

the volumes we sell under the aforementioned agreement could decrease below the minimum volume commitment under the contract. Delek Holdings' Tyler Refinery and Big Spring Refinery are the only full-range product supplier within 100 miles; therefore, we believe their location gives the refineries a natural advantage over more distant competitors.

Governmental Regulation and Environmental Matters

Rate Regulation of Petroleum Pipelines

The rates and terms and conditions of service on certain of our pipelines are subject to regulation by the FERC under the ICA and by the state regulatory commissions in the states in which we transport crude oil, intermediate and refined products, including the Texas Railroad Commission, the Louisiana Public Service Commission and the Arkansas Public Service Commission. The FERC regulates interstate transportation under the ICA, the Energy Policy Act of 1992 and the rules and regulations promulgated under those laws. The ICA and its implementing regulations require that tariff rates for interstate service on oil pipelines, including pipelines that transport crude oil, intermediate and refined products in interstate commerce (collectively referred to as "petroleum pipelines"), be just and reasonable and non-discriminatory and that such rates and terms and conditions of service be filed with the FERC. Under the ICA, shippers may challenge new or existing rates or services. The FERC is authorized to suspend the effectiveness of a challenged rate for up to seven months, though rates are typically not suspended for the maximum allowable period. Tariff rates are typically contractually subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, including the FERC oil pipeline index, the consumer price index and the producer price index; provided, however, that in

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no event will the fees be adjusted below the amount initially set forth in the applicable agreement. In addition, on October 20, 2016, the FERC issued an Advance Notice of Proposed Rulemaking on Revisions to Indexing Policies and Page 700 of FERC Form No. 6, which could, if final rules are implemented as proposed, increase reporting burdens on interstate liquids transportation providers and, in some cases, prohibit pipelines, including ours, from increasing rates even if warranted by the annual index. See Item 1A, "Risk Factors—Risks Relating to Our Business."

While the FERC regulates rates for shipments of crude oil or refined products in interstate commerce, state agencies may regulate rates and service for shipments in intrastate commerce. We own pipeline assets in Texas, Arkansas, and Louisiana; accordingly, such assets may be subject to additional regulation by the applicable governmental authorities in those states. Without limitation, certain of our pipeline assets in Texas are operated under Texas Railroad Commission regulation and subject to filed tariffs with that agency. The Greenville-Mount Pleasant Pipeline is such a pipeline. In Texas, a pipeline, with some exceptions, is required to operate as a common carrier by publishing tariffs and providing transportation without discrimination. Arkansas provides that all intrastate oil pipelines are common carriers. In Louisiana, all pipelines conveying petroleum from a point of origin within the state to a destination within the state are declared common carriers. The Louisiana Public Service Commission is empowered with the authority to establish reasonable rates and regulations for the transport of petroleum by a common carrier, mandating public tariffs and providing of transportation without discrimination. State commissions have generally not been aggressive in regulating common carrier pipelines, have generally not investigated the rates or practices of petroleum pipelines in the absence of shipper complaints and generally resolve shipper complaints informally.

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

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

Department of Transportation

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

The United States Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 (or the "Pipeline Safety Act") was enacted on January 3, 2012, pursuant to which the maximum civil penalties for certain violations were increased from \$100,000 to \$200,000 per violation per day and from a total cap of \$1 million to \$2 million. A number of the provisions of the Pipeline Safety Act have the potential to cause owners and operators of pipeline facilities to incur significant capital expenditures and/or operating costs. We intend to work closely with our industry associations to participate with and monitor DOT-PHMSA's efforts.

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

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

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

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Environmental, Health and Safety

We are subject to extensive federal, state and local environmental and safety laws and regulations enforced by various agencies, including the Environmental Protection Agency (the "EPA"), the United States Department of Transportation, the Occupational Safety and Health Administration, as well as numerous state, regional and local environmental, safety and pipeline agencies. These laws and regulations govern the discharge of materials into the environment, waste management practices, pollution prevention measures, as well as the safe operation of our pipelines and the safety of our workers and the public. Numerous permits or other authorizations are required under these laws and regulations for the operation of our terminals, pipelines, saltwells, trucks, and related operations, and may be subject to revocation, modification and renewal. These laws and permits raise potential exposure to future claims and lawsuits involving environmental and safety matters which could include soil and water contamination, air pollution, personal injury and property damage allegedly caused by substances which we handled, used, released or disposed of, transported, or that relate to pre-existing conditions for which we have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and we expect that there will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required to comply with existing and new requirements, as well as evolving interpretations and more strict enforcement of existing laws and regulations.

Releases of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, or is not a reimbursable event under the Omnibus Agreement, subject us to substantial expenses, including costs to respond to, contain and remediate a release, to comply with applicable laws and regulations and to resolve claims by third parties for personal injury, property damage or natural resources damages. See "Hazardous Substances and Waste" below for additional information on regulations pertaining to releases into the environment. These impacts could directly and indirectly affect our business. We cannot currently determine the amounts of such future impacts. There have been and will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. See Note 19 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a discussion of commitments and contingencies related to crude oil releases.

Indemnification

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

Air Emissions and Climate Change

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

capital expenditures have a material effect on Delek Holdings, they could have a material effect on our business and results of operations.

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

Renewable Fuel Standard

The Energy Independence and Security Act of 2007 ("EISA") was enacted into federal law in December 2007 creating the Renewable Fuel Standard - 2 ("RFS-2") rule, requiring the amounts of renewable fuel sold or introduced in the United States to increase each year, reaching 36 billion gallons by 2022. Meeting RFS-2 requires displacing increasing amounts of petroleum-based transportation fuels with biofuels, beginning with approximately 7.8% in 2011, 10.1% in 2016, 10.7% in 2017 and 2018, and 10.97% in 2019. Although Delek Holdings' refineries are obligated parties under this rule, our entities are not obligated parties and have no requirement to blend specific volumes of renewable fuels. However, the requirements could reduce future demand for petroleum products and thereby have an indirect effect on certain aspects of our business, although it could increase demand for our ethanol and biodiesel fuel blending services at our truck loading racks.

Business

Hazardous Substances and Waste

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

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

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

Water

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

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

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

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

Risk Factors

ITEM 1A. RISK FACTORS

Limited partner interests are inherently different from shares of capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in similar businesses. We are subject to numerous known and unknown risks, many of which are presented below and elsewhere in this Annual Report on Form 10-K. You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10-K in evaluating us and our limited partner interests. If any of the following risks, or additional risks and uncertainties not presently known to us, or that we currently deem immaterial, were to occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, we might not be able to pay the minimum quarterly distribution on our common units or the trading price of our common units could decline. The headings provided in this Item 1A are for convenience and reference purposes only and shall not limit or otherwise affect the extent or interpretation of the risk factors.

Risks Relating to Our Business

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

Delek Holdings, directly or indirectly, accounted for approximately 83% , 87% and 92% of our contribution margin under our commercial agreements with Delek for the years ended December 31, 2018, 2017 and 2016, respectively, and is the only customer for a substantial majority of our assets, including but not limited to our assets used to support the Tyler Refinery and the majority of our terminalling assets. In addition, Delek Holdings is, effectively, through supply and offtake agreements with its assignee, the principal customer for our Big Spring Assets used to support the Big Spring Refinery and our Lion Pipeline System, our SALA Gathering System, our El Dorado, Memphis and North Little Rock terminals. Please see Item 1. "Business—Delek Holdings' Crude Oil and Refined Products Supply and Offtake Arrangement." As we expect to continue to derive the substantial majority of our margins from Delek Holdings, either directly or indirectly, for the foreseeable future, we are subject to the risk of nonpayment, nonperformance or underperformance by Delek Holdings under our commercial agreements. In addition, we are subject to the risk of nonpayment, nonperformance or underperformance by Delek Holdings' assignees. If Delek Holdings were to significantly decrease, or cause the significant decrease of, the materials transported on our pipelines or the volumes of refined products handled at our terminals, whether because of business or operational difficulties or strategic decisions by Delek Holdings' management, it is unlikely that we would be able to utilize any additional capacity on our pipelines or terminal facilities to service third-party customers without substantial capital outlays and delays, if at all, which could materially and adversely affect our results of operations, financial condition and cash flows. Likewise, the terms of Delek Holdings' obligations under its agreements with us are for initial terms ranging from five years to ten years, with options to extend at the election of Delek Holdings. If Delek Holdings fails to renew these contracts as they come up for renewal, or if Delek Holdings fails to use our assets and services after the expiration of the agreements, or should our agreements be invalidated for any reason, and we are unable to generate revenue from third parties with respect to such assets, we could be materially and adversely affected. See Note 4 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for a complete discussion of our material commercial agreements with Delek Holdings. Additionally, any event, whether in our areas of operation or otherwise, that materially and adversely affects Delek Holdings' or its assignees' operations, financial condition, results of operations or cash flows may adversely affect us and our business and, therefore, our ability to sustain or increase cash distributions to our unitholders. Accordingly, we are indirectly subject to the operational and business risks of Delek Holdings and its assignees, including, but not limited to, the following:

- the timing and extent of changes in the costs and availability of crude oil and other refinery feedstocks (including prolonged periods of low crude oil prices that could impact production of inland crude oil and reduce the amount of cost advantaged crude oil available and/or the discount of such crude oil as

compared to other crude oil) and in the price and demand for Delek Holdings' refined products;
the risk of contract cancellation, non-renewal or failure to perform by Delek Holdings' suppliers or customers, and Delek Holdings' inability to replace such suppliers, contracts, customers and/or revenues;
disruptions due to equipment interruption or failure or other events at Delek Holdings' facilities, or at third-party facilities on which Delek Holdings' business is dependent;
the effects of economic downturns on Delek Holdings' business and the business of its suppliers, customers, business partners and lenders;
Delek Holdings' ability to remain in compliance with its contracts;
Delek Holdings' ability to remain in compliance with the terms of its outstanding and any future indebtedness;
changes in the cost or availability of third-party pipelines, terminals and other means of delivering and transporting crude oil, feedstocks and refined products;
state and federal environmental, economic, health and safety, energy and other policies and regulations, and any changes in those policies and regulations;
• environmental incidents and violations and related remediation costs, fines and other liabilities; and
changes in crude oil and refined product inventory levels and carrying costs.

Risk Factors

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

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

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

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

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

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

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

Risk Factors

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

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

The energy industry is highly capital intensive, and the entire or partial loss of individual facilities or multiple facilities can result in significant costs to both energy industry companies, such as us, and their insurance carriers. Large energy industry claims could result in significant increases in the level of premium costs and deductibles for participants in the energy industry. Insurance companies that have historically participated in underwriting energy-related facilities may discontinue that practice, may reduce the insurance coverage they are willing to offer or demand significantly higher premiums or deductibles. If significant changes occur in the number or financial solvency of insurance underwriters for the energy industry, or if other adverse conditions over which we have no control prevail in the insurance market, we may be unable to obtain and maintain adequate insurance at a reasonable cost.

Furthermore, any loss under the insurance policies experienced by Delek Holdings may impact our ability to obtain, renew or arrange for adequate alternative coverage. The unavailability of full insurance coverage to cover events in which we suffer significant losses could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

We may not have sufficient available cash each quarter to enable us to pay distributions at current levels or at the minimum quarterly distribution. In addition, even if we are able to make distributions in excess of the minimum quarterly distribution, because the cash we generate will fluctuate from quarter to quarter, quarterly distributions, or any period over period growth in such distributions, may also fluctuate, or even

decrease, from quarter to quarter. Any failure to pay distributions at expected levels could result in a loss of investor confidence and a decrease in the trading price of our units.

Our assets and operations are subject to federal, state and local laws and regulations relating to environmental protection, pipeline integrity and safety that could require us to make substantial expenditures. In addition, our business involves the risks of spills, releases and emissions from our facilities, which could require us to make substantial expenditures and subject us to fines and penalties.

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

Transportation and storage of crude oil and products involves inherent risks of spills and releases and emissions into the air from our facilities, and can subject us to various federal and state laws governing sp