Annual Report

For the fiscal year ended December 31, 2018

OCI Partners LP

Delaware	**90-0936556**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Mailing Address:	**Physical Address:**
5470 N. Twin City Highway Nederland, Texas 77627	**5470 N. Twin City Highway Nederland, Texas 77627**

(409) 723-1900

TABLE OF CONTENTS

EXPLANATORY NOTE

As used in this report, the terms "the partnership," "we," "our," "us" and similar terms refer to OCI Partners, LP, a Delaware limited partnership ("OCIP"), and its wholly-owned subsidiary OCI Beaumont, LLC, a Texas limited liability company ("OCIB"). References to "our general partner" refer to OCI GP LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of OCI USA Inc. References to "OCI USA" refer to OCI USA Inc., a Delaware corporation, which is an indirect, wholly-owned subsidiary of OCI N.V. References to "OCI" refer to OCI N.V., a Dutch public limited liability company, and its consolidated subsidiaries other than us, our subsidiaries and our general partner.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words "will," "believe," "expect," "anticipate," "intend," "estimate" and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include statements about our business strategy, our industry, our expected revenues, our future profitability, our expected capital expenditures (including for maintenance or expansion projects and environmental expenditures) and the impact of such expenditures on our performance. These statements involve known and unknown risks, uncertainties and other factors, that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Such risks and uncertainties include, among other things:

- the volatile nature of our business, our ability to remain profitable;
- planned and unplanned downtime (including in connection with maintenance turnarounds), shutdowns (either temporary or permanent) or restarts of existing methanol and ammonia facilities, including, without limitation, the timing and length of planned maintenance outages;
- our ability to forecast our future financial condition or results of operations and our future revenues and expenses;
- our reliance on a single facility for conducting our operations;
- intense competition from other methanol and ammonia producers, including announcements by other producers, of their intentions to relocate, restart or construct methanol or ammonia plants in the Texas Gulf Coast region or elsewhere in the United States;
- risks relating to our relationships with OCI or its affiliates, including competition from the 1.8 million metric ton methanol plant located in Beaumont, Texas, Natgasoline LLC ("Natgasoline"), an entity in which OCI indirectly owns a 50% interest;
- potential operating hazards from accidents, fire, severe weather, floods or other natural disasters;
- the cyclical nature of our business;
- expected demand for methanol, ammonia and their derivatives;
- expected methanol, ammonia and energy prices;
- anticipated methanol and ammonia production rates at our plant;
- our reliance on insurance policies that may not fully cover an accident or event that causes significant damage to our facility or causes extended business interruption;
- our reliance on natural gas delivered to us by our suppliers, including a subsidiary of Kinder Morgan Energy Partners, L.P. ("Kinder Morgan"); Houston Pipe Line Company, LP ("Houston Pipe Line Company"), a subsidiary of Energy Transfer Partners, L.P.; and BP Energy Company, Inc. ("BP Energy"), a subsidiary of BP P.L.C.;
- expected levels, timing and availability of economically priced natural gas and other feedstock supplies to our plant;
- expected operating costs, including natural gas and other feedstock costs and logistics costs;

- expected new methanol or ammonia supply or restart of idled plant capacity and timing for start-up of new or idled production facilities;
- our expected capital expenditures;
- the impact of regulatory developments on the demand for our products;
- global and regional economic activity (including industrial production levels);
- the dependence of our operations on a few third-party suppliers, including providers of transportation services and equipment;
- the risk associated with changes, or potential changes, in governmental policies affecting the agricultural industry;
- the hazardous nature of our products, potential liability for accidents involving our products that cause interruption to our business, severe damage to property or injury to the environment and human health and potential increased costs relating to the transport of our products;
- our potential inability to obtain or renew permits;
- existing and proposed environmental laws and regulations, including those relating to climate change, alternative energy or fuel sources, and the end-use and application of our products;
- new regulations concerning the transportation of hazardous chemicals, risks of terrorism and the security of chemical manufacturing facilities;
- our lack of asset and geographic diversification;
- our dependence on a limited number of significant customers;
- our ability to comply with employee safety laws and regulations;
- our potential inability to successfully implement our business strategies, including the completion of significant capital programs;
- additional risks, compliance costs and liabilities from expansions or acquisitions;
- our reliance on our senior management team;
- the potential shortage of skilled labor or loss of key personnel;
- risks associated with cyber security;
- risk involving derivatives and the effectiveness of our risk measurement and hedging activities;
- our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- restrictions in our debt agreements, including those on our ability to distribute cash or conduct our business; and
- changes in our treatment as a partnership for U.S. federal income or state tax purposes.

You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs, forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, unless required by law.

PART I

ITEM 1. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

You should read the following discussion and analysis of our financial condition, results of operations and cash flows in conjunction with our consolidated financial statements and the related notes presented in this report. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in control of management. Factors that could cause or contribute to these differences include those discussed elsewhere in this report, particularly, but not limited to, those set forth under "Forward-Looking Statements."

OVERVIEW

We are a Delaware limited partnership formed in February 2013 whose focus is on the production, marketing and distribution of methanol and anhydrous ammonia. Our production facility is strategically located on the U.S. Gulf Coast near Beaumont, Texas and commenced full operations during August 2012. Our facility has pipeline connections to adjacent customers, port access with dedicated methanol and ammonia import/export jetties, allowing us to ship both products along the Gulf Coast, and truck loading facilities for both methanol and ammonia.

We are currently one of the larger merchant methanol producers in the United States, with an annual methanol production design capacity of approximately 912,500 metric tons and an annual ammonia production design capacity of approximately 355,875 metric tons.

Both methanol and ammonia are global commodities that are essential building blocks for numerous end-use products. Methanol is a liquid petrochemical that is used in a variety of industrial and energy-related applications. The primary use of methanol is to make other chemicals, with approximately 37% of global methanol demand being used to produce formaldehyde, acetic acid and a variety of other chemicals that form the foundation of a large number of chemical derivatives. These derivatives are used to produce a wide range of products, including adhesives for the lumber industry, plywood, particle board and laminates, resins to treat paper and plastic products, and also paint and varnish removers, solvents for the textile industry and polyester fibers for clothing and carpeting. Energy-related applications consume approximately 35% of methanol demand. In recent years, there has been a strong demand for methanol in energy applications such as gasoline blending, biodiesel and as a feedstock in the production of dimethyl ether ("DME"), methyl tertiary-butyl ether ("MTBE"), particularly in China. Methanol blending in gasoline is currently not permitted in the United States. Methanol-to-olefins ("MTO") consumes the remaining 28% of global methanol demand. China methanol demand represents approximately 68% of global methanol demand and the MTO segment in China represents approximately 45% of China's total demand. Ammonia, produced in anhydrous form (containing no water) from the reaction of nitrogen and hydrogen, constitutes the base feedstock for nearly all of the world's nitrogen chemical production. In the United States, ammonia is primarily used as a feedstock to produce nitrogen fertilizers, such as urea and ammonium sulfate, and is also directly applied to soil as a fertilizer. In addition, ammonia is widely used in industrial applications, particularly in the Texas Gulf Coast market, including in the production of plastics, synthetic fibers, resins and numerous other chemical derivatives.

Tender Offer and Buyout from OCI N.V.

On June 4, 2018, OCI N.V. commenced a tender offer to acquire all of the outstanding publicly held common units representing limited partner interest in OCIP. On July 3, 2018, OCI N.V. exercised the right to purchase all of the remaining common units that were not tendered in the tender offer and remained outstanding on July 3, 2018 (the "Buyout"). Upon the exercise of the Buyout, OCI N.V. owns all of the economic interests of the Partnership and 100% of the total Partnership common units outstanding. On July 26, 2018, the common units were delisted from the New York Stock Exchange. OCI N.V, through its subsidiaries, is a leading global producer and distributor of natural gas-based fertilizers and industrial chemicals based in the Netherlands. OCI N.V is listed on the Euronext in Amsterdam and trades under the symbol "OCI."

Our Facility

We purchase natural gas from third parties and process the natural gas into synthesis gas, which we then further process in the production of methanol and ammonia. We store and sell the processed methanol and ammonia to industrial and commercial customers for further processing or distribution.

Our integrated methanol and ammonia production facility is located on a 62-acre site south of Beaumont, Texas on the Neches River. We acquired our facility (which had been idled by the previous owners since 2004) in May 2011, commenced an upgrade that was completed in July 2012 and began operating our facility at full capacity in the fourth quarter of 2012. Our facility began ammonia production in December 2011 and began methanol production in July 2012, with revenues first generated from ammonia sales in the first quarter of 2012 and from methanol sales in the third quarter of 2012. During 2015, we completed a debottlenecking project that increased our annual production capacity by 25% for both methanol and ammonia.

The following table sets forth our facility's production capacity and storage capacity:

	Annual Production Design Capacity as of December 31, 2018		Production during the Year Ended December 31, 2018	Product Storage Capacity as of December 31, 2018
Product	Metric Tons/Day	Metric Tons/Year (1)	Metric Tons	Metric Tons
Methanol	2,500	912,500	822,813	42,000 (2 tanks)
Ammonia	975	355,875	290,209	33,000 (2 tanks)

(1) Assumes facility operates 365 days per year.

Our facility is located on the Texas Gulf Coast, which provides us access and connectivity to our existing and prospective customers and to natural gas feedstock supplies. Our facility is connected to established infrastructure and transportation facilities, including pipeline connections to adjacent customers, port access with dedicated methanol and ammonia export barge docks and state-of-the-art methanol and ammonia truck loading facilities, which have improved delivery options for our customers. We own a 15-acre tract of land adjacent to our facility that provides us access to an ammonia pipeline and the flexibility to install a methanol and ammonia railcar loading facility. In addition, we also own a 19-acre tract of land adjacent to our facility that may serve as the future location of our administrative offices.

We have connections to one major interstate and three major intrastate natural gas pipelines that provide us access to significantly more natural gas supply than our facility requires and flexibility in sourcing our natural gas feedstock. Our facility is connected to natural gas pipelines owned by Kinder Morgan, Houston Pipe Line Company, Florida Gas Transmission and DCP Midstream Partners, LP. We are currently receiving our natural gas from Kinder Morgan and Houston Pipe Line Company though our direct pipeline connections with those companies, and from BP Energy through our direct pipeline connection with Florida Gas Transmission. Our facility is located in close proximity to many of our major customers, which allows us to deliver our products to those customers at competitive prices compared to overseas suppliers that are subject to significant transportation costs associated with transporting product to our markets.

The following table indicates ownership of the pipelines connected to our facility. Although we transport methanol and ammonia to various customers, we do not have ownership of all the pipelines that we use.

Manufactured Product:

Pipeline	Product	Ownership
ExxonMobil/Arkema Pipeline	Methanol	OCI Partners LP
Methanex Methanol Company, LLC	Methanol	OCI Partners LP
Lucite/Dow	Ammonia	OCI Partners LP

Feedstocks:

Pipeline	Product	Ownership
Kinder Morgan Pipeline	Natural Gas	Kinder Morgan
DCP Midstream Pipeline	Natural Gas	DCP Midstream
Florida Gas Transmission Natural Gas Pipeline	Natural Gas	Florida Gas Transmission Company
Houston Pipe Line Company LP	Natural Gas	Houston Pipe Line Company LP
Air Liquide Nitrogen Pipeline	Nitrogen	Air Liquide
Air Products Hydrogen Pipeline	Hydrogen	Air Products

Key Industry and Operational Factors

Supply and Demand

Revenues and cash flow from operations are significantly affected by methanol and ammonia prices. The price at which we ultimately sell our methanol and ammonia depends on numerous factors, including the global supply and demand for methanol and ammonia.

Methanol. The primary use of methanol is to make other chemicals, with approximately 37% of global methanol demand being used to produce formaldehyde, acetic acid and a variety of other chemicals that form the foundation of a large number of chemical derivatives. These derivatives are used to produce a wide range of products, including adhesives for the lumber industry, plywood, particle board and laminates, resins to treat paper and plastic products, paint and varnish removers, solvents for the textile industry and polyester fibers for clothing and carpeting.

Energy-related applications consume approximately 35% of global methanol demand. In recent years, there has been a strong demand for methanol in energy applications such as gasoline blending, biodiesel and as a feedstock in the production of DME and MTBE, particularly in China. Methanol blending in gasoline is currently not permitted in the United States, but outside of the United States, methanol is used as a direct fuel for automobile engines, as a fuel blended with gasoline and as an octane booster in reformulated gasoline. MTO consumes the remaining 28% of global methanol demand. China methanol demand represents approximately 68% of global methanol demand and the MTO segment in China represents approximately 45% of total China demand.

Historically, demand for methanol in chemical derivatives has been closely correlated to levels of global economic activity, energy prices and industrial production. Because methanol derivatives are used extensively in the building industry, demand for these derivatives rises and falls with building and construction cycles, as well as the level of production of wood products, housing starts, refurbishments and related customer spending. Demand for methanol is also affected by automobile production, durable goods production, industrial investment and environmental and health trends. Since methanol is used as the feedstock in the production of olefins, the polyolefin markets and its drivers, in particular packaging for food, are becoming more important. Methanol is predominately produced from natural gas, but is also produced from coal, particularly in China. Lower natural gas prices have resulted in an increase in methanol supply in the United States.

The methanol industry experienced a wave of global plant closures between 1998-2007 due to high natural gas prices as well as generally weaker demand for chemicals. During this period, numerous U.S. methanol facilities were shut down or relocated to other countries, resulting in the inability of current U.S. production capacity to meet current U.S. methanol demand. However, a long period of low natural gas prices in the United States has made it economical for companies to upgrade existing plants and initiate construction of new methanol and nitrogen projects, which, if constructed, would increase overall U.S. production capacity and the availability of methanol supply to our customers from competing sources. For example, Methanex and the Celanese-Mitsui joint venture have brought their new methanol facilities online during 2015 and Natgasoline, in which OCI indirectly owns a 50% interest, started up their 1.8 million metric ton methanol facility during 2018 in Beaumont, Texas. In addition, Yuhuang Chemical is targeting a startup of its 1.8 million metric ton methanol facility in the 2020 time frame. However, over the past few years, several methanol projects have been canceled or delayed as a result of higher capital expenditure estimates than originally anticipated, among other reasons. Nevertheless, it is expected that the U.S. will become self-sufficient in the next few years, eventually becoming a net exporter.

Ammonia. The fertilizer industry is the major end-user of ammonia, with approximately 77% used for the production of various fertilizers and approximately 3% used for direct application into the ground. Ammonia is also used to produce various industrial products including blasting/mining compounds (ammonium nitrate); fibers and plastics (acrylonitrile, caprolactam and other nylon intermediates, isocyanates and other urethane intermediates, amino resins); and NOx emission reducing agents (ammonia, urea) among others, which represents approximately 21% of the remaining global consumption of ammonia.

In the United States, there is a meaningful correlation between demand for nitrogen fertilizer products and crop prices. Demand for fertilizers is affected by the aggregate crop planting decisions and fertilizer application rate decisions of individual farmers. Individual farmers make planting decisions based largely on the prospective profitability of a harvest, while the specific varieties and amounts of fertilizer they apply depend on many factors, including crop prices, their current liquidity, soil conditions, weather patterns and the types of crops planted. High crop prices incentivize farmers to increase fertilizer application in order to maximize crop yields. Thus, high crop prices tend to buoy fertilizer demand, resulting in higher demand for ammonia.

The ammonia industry experienced a wave of global plant closures during 1998-2007 due to high natural gas prices. During this period, numerous U.S. ammonia facilities were shut down or relocated to other countries, resulting in the inability of U.S. production capacity to meet U.S. ammonia demand, which ultimately led to higher imports into the United States of ammonia and nitrogen fertilizers. However, a long period of low natural gas prices in the United States has made it economical for companies to upgrade existing ammonia and nitrogen fertilizer plants and initiate construction of new ammonia and nitrogen projects. There have been significant capacity additions in the U.S. Gulf Coast region; including CF Industries' Donaldsonville plant, Dyno Nobel's ammonia plant in Louisiana and BASF/Yara plant in Freeport, Texas. However, over the past few years, several ammonia projects have been canceled or delayed as a result of higher capital expenditure estimates than originally anticipated, among other reasons; therefore, we expect the U.S. will remain a net importer of ammonia.

Natural Gas Prices

Natural gas is the primary feedstock for our production of methanol and ammonia. Operating at full capacity, our methanol and ammonia production units together require approximately 110,000 to 120,000 MMBtu per day of natural gas, as of December 31, 2018. Accordingly, our profitability depends in large part on the cost of our natural gas feedstock.

For the year ended December 31, 2018, natural gas feedstock costs represented approximately 51% of our total cost of goods sold (exclusive of depreciation), as compared to 59% during the year ended December 31, 2017. Set forth below is a table showing amount paid for natural gas, the quantity purchased and the average cost per MMBtu, for the periods presented.

	Amount spent on Natural Gas	Quantity Purchased	Average Cost per MMBtu
	(in millions)	(in MMBtu)	$/MMBtu
Year-ended December 31,			
2018	$117.9	36,553,877	$3.23
2017	$116.4	37,238,062	$3.13
2016	$97.6	37,921,992	$2.57

Product Sales Contracts

Under our methanol sales contracts with customers, the pricing terms reflect a specified discount to a published monthly benchmark methanol price (Argus), which is consistent with industry practice, and our methanol is sold on an FOB basis when transported by barge, pipeline, and our methanol truck loading facility. For the year ended December 31, 2018, methanol sales contracts with Customer A and Customer B accounted for approximately 35% and 14%, respectively, of our total revenues.

Under our ammonia sales contracts with customers, the pricing terms reflect a specified discount to a published monthly benchmark ammonia price (CFR Tampa), which is consistent with industry practice, and our ammonia is sold on an FOB basis when delivered by barge, pipeline, and our ammonia truck loading facility. For the year ended December 31, 2018, ammonia sales contracts with Customer C accounted for approximately 8% of our total revenues.

Facility Reliability

The amount of revenue we generate primarily depends on the sales and production volumes of methanol and ammonia. These volumes are primarily affected by the utilization rates of our production units, which is the total production volume for a production unit for a given period divided by the production capacity of that production unit. Production capacity is 975 metric tons per day for our ammonia production unit and 2,500 metric tons per day for our methanol production unit. Maintaining consistent, safe and reliable operations at our facility are critical to our financial performance and results of operations. Efficient production of methanol and ammonia requires reliable and stable operations at our facility due to the high costs associated with planned and unplanned downtime, which may result in lost margin opportunity, increased maintenance expense and a temporary decrease in working capital investment and related inventory position. As of December 31, 2018, we estimate for each day of unplanned downtime our lost opportunity cost to be approximately $0.5 million to $0.6 million, per day. This estimate does not include the additional repair and maintenance costs associated with unplanned downtime.

We expect to perform maintenance turnarounds approximately every three to six years, which will typically last approximately four to five weeks for our methanol production unit and approximately three to four weeks for our ammonia production unit and cost approximately $26.0 million per turnaround. We will perform significant maintenance capital projects at our facility during a turnaround to minimize disruption to our operations and to maintain or improve reliability. We executed a turnaround as part of our debottlenecking project which was completed in April 2015. We expect that the next turnaround will occur in 2020.

How We Evaluate Our Operations

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our results of operations and profitability and include capacity utilization and adjusted EBITDA (as defined below). We view these metrics as important factors in evaluating our profitability and frequently review these measurements to analyze trends and make decisions.

Capacity Utilization

During the year ended December 31, 2018, our ammonia and methanol production units were in operation for 335 days and 331 days, respectively, as compared to 358 days and 340 days, respectively, during the year ended December 31, 2017. During the year ended December 31, 2018, our ammonia and methanol production units were shut down for 54 days and 32 days, respectively. The ammonia production units experienced 52 days of unplanned downtime due a torus ring failure on a steam generator, refrigeration compressor seal failure and repairs to our pressure swing absorption unit feed gas cooler. The pressure swing absorption unit separates hydrogen from other gases. The methanol production units experienced 32 days of unplanned downtime due to the replacement of the selective catalytic reduction unit catalyst, a failure of a flowmeter and leaks in the Transfer Line Heat Exchangers ("TLX"). During the year ended December 31, 2017, our ammonia and methanol production units were shut down for 30 days and 34 days, respectively, due to, among other things, a natural gas supply control issue, leaks in the TLX, and Hurricane Harvey.

We produced approximately 290,209 metric tons of ammonia and approximately 822,813 metric tons of methanol during the year ended December 31, 2018, representing capacity utilization rates of 82% and 90%for the ammonia and methanol production units, respectively, as compared to production of approximately 312,432 metric tons of ammonia and 822,016 metric tons of methanol during the year ended December 31, 2017, representing capacity utilization rates of 88% and 90% for the ammonia and methanol production units, respectively.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss), plus interest expense and other financing costs, interest expense—related party, net, loss on extinguishment of debt, income tax expense, depreciation expense, (gain) loss on disposition of fixed assets, net, unrealized natural gas hedging loss, net, transaction costs, and other adjustments that are unusual or infrequent or are not indicative of ongoing operational performance. Adjusted EBITDA is used as a supplemental financial measure by management and by external users of our financial statements, such as investors and commercial banks, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; and
- our operating performance and return on invested capital compared to other companies in our industry, without regard to financing methods and capital structure.

In addition, Adjusted EBITDA with certain adjustments is a component of certain covenants under the credit agreement governing the Term Loan Facility. Adjusted EBITDA should not be considered an alternative to net income (loss), operating income (loss), net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted EBITDA may have material limitations as a performance measure because it excludes items that are necessary elements of our costs and operations. In addition, Adjusted EBITDA presented by other companies may not be comparable to our presentation because each company may define Adjusted EBITDA differently.

RESULTS OF OPERATIONS

Comparison of the Results of Operations for the Years Ended December 31, 2018 and 2017:

Revenues

	For the Years Ended December 31,	
	2018	2017
	(in thousands)	
Total revenues	$ 438,341	$ 343,325

	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017	
	Metric Tons	Revenue	Metric Tons	Revenue
	(in thousands)		(in thousands)	
Revenues:				
Ammonia	302.5	$ 89,382	318.9	$ 76,546
Methanol	873.7	348,903	821.8	266,764
Other	—	56	—	15
Total	1,176.2	$ 438,341	1,140.7	$ 343,325

Our total revenues were approximately $438 million for the year ended December 31, 2018 compared to approximately $343 million for the year ended December 31, 2017. Our methanol revenues were approximately $349 million for the year ended December 31, 2018 compared to approximately $267 million for the year ended December 31, 2017, which is a 31% increase. The increase in methanol revenues is due to an increase in sales volumes and the average sales price per metric ton of methanol. Our ammonia revenues were approximately $89 million for the year ended December 31, 2018 compared to approximately $77 million for the year ended December 31, 2017, representing a 17% increase. The increase in ammonia revenues is due to a increase in the average sales price per metric ton of ammonia.

We sold approximately 873,700 metric tons of methanol during the year ended December 31, 2018 compared to approximately 821,778 metric tons of methanol during the year ended December 31, 2017, representing an increase of 6%. The average sales prices per metric ton of methanol sold during the year ended December 31, 2018 was $399 per metric ton compared to $325 per metric ton for the year ended December 31, 2017, representing an increase of 23%. During 2018, global supply disruptions caused by plant outages and production issues coupled with increases in global demand resulted in an increase in our average methanol sales price. Sales of methanol comprised approximately 80% of our total revenues for the year ended December 31, 2018 compared to 78% of our total revenues for the year ended December 31, 2017.

Set forth below is a table showing average methanol sales prices per metric ton, per quarter for the previous twelve fiscal quarters.

	Average Methanol Sales Prices		
	2018	2017	2016
For the Three-Months Ended:			
March 31	$ 401	$ 353	$ 189
June 30	$ 401	$ 331	$ 192
September 30	$ 395	$ 299	$ 214
December 31	$ 400	$ 319	$ 257

We sold approximately 302,500 metric tons of ammonia during the year ended December 31, 2018 compared to approximately 318,889 metric tons of ammonia during the year ended December 31, 2017, which represents a decrease of 5%. The average sales prices per metric ton of ammonia sold during the year ended December 31, 2018 was $295 per metric ton compared to $240 per metric ton for the year ended December 31, 2017, which represents an increase of 23%. The price increase is attributed to global supply and demand variations. Sales of ammonia comprised approximately 20% of our total revenues for the year ended December 31, 2018 compared to 22% of our total revenues for the year ended December 31, 2017.

Set forth below is a table showing average ammonia sales prices per metric ton, per quarter for the previous twelve fiscal quarters.

	Average Ammonia Sales Prices		
	2018	2017	2016
For the Three-Months Ended:			
March 31	$ 317	$ 247	$ 295
June 30	$ 260	$ 291	$ 301
September 30	$ 288	$ 185	$ 235
December 31	$ 327	$ 246	$ 199

Cost of Sales (exclusive of depreciation)

	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017	
	$ in thousands	% of Total	$ in thousands	% of Total
Natural Gas	$ 117,936	50.9%	$ 116,423	58.5%
Hydrogen	26,451	11.4%	21,592	10.9%
Nitrogen	7,161	3.1%	7,403	3.7%
Maintenance	16,971	7.3%	16,001	8.0%
Labor	16,889	7.3%	16,273	8.2%
Procured methanol and ammonia	20,108	8.7%	3,279	1.6%
Unrealized loss on natural gas derivatives, net	5,929	2.6%	987	0.5%
Other	20,479	8.7%	16,892	8.6%
Total	$ 231,924	100.0%	$ 198,850	100.0%

Cost of goods sold (exclusive of depreciation) was approximately $232 million and 53% of revenue for the year ended December 31, 2018 compared to cost of goods sold (exclusive of depreciation) of approximately $199 million and 58% of revenues for the year ended December 31, 2017. Cost of goods sold (exclusive of depreciation) was higher than the comparable period due to an increase in procured finished product and the net unrealized loss on our natural gas hedges. During periods of unplanned downtime we procure finish product in order to fulfill contracted sales commitments to our customers. Our purchase price for natural gas increased from an average of $3.13 per MMBtu for the year ended December 31, 2017 to an average of $3.23 per MMBtu for the year ended December 31, 2018, an increase of 3%.

Set forth below is a table showing our purchase price for natural gas per MMBtu, per quarter for the previous twelve fiscal quarters.

	Natural Gas Purchase Prices		
	2018	2017	2016
For the Three-Months Ended:			
March 31	$ 3.30	$ 3.15	$ 2.13
June 30	$ 3.01	$ 3.32	$ 2.13
September 30	$ 3.12	$ 3.08	$ 2.88
December 31	$ 3.49	$ 3.00	$ 3.10

The decrease in Total Cost of Goods Sold (exclusive of depreciation) as a percentage of revenues was due to the increase in Total Revenue. Our Total Revenues increased by 28% during the year ended December 31, 2018 as compared to the year ended December 31, 2017 due to the increase in average methanol sales prices, outpacing the increases in natural gas costs, procured finished product and the net unrealized loss on our natural gas hedges.

Depreciation Expense

Depreciation expense was approximately $62 million for the year ended December 31, 2018 compared to approximately $61 million for the year ended December 31, 2017.

Selling, General and Administrative Expense

Selling, general and administrative expenses were approximately $14 million for the year ended December 31, 2018 compared to approximately $12 million for the year ended December 31, 2017, which represents an increase of 10%. The increase in selling, general and administrative expenses was primarily due to an increase in legal and professional expense related to the costs associated with the tender offer and subsequent Buyout by OCI.

Our selling, general and administrative expenses—related party were approximately $5 million for the year ended December 31, 2018 compared to approximately $3 million for the year ended December 31, 2017. The increase in selling, general and administrative expenses—related party was due to a $2 million end of service compensation payment made to our former Chief Financial Officer.

Interest Expense

Interest expense on third party facilities was approximately $30 million for the year ended December 31, 2018 compared to $23 million for the year ended December 31, 2017. On March 13, 2018, the Partnership successfully completed the closing of a $455 million secured term loan credit facility and used the proceeds to repay in full the existing indebtedness of OCIB which included, among other things, $232 million in outstanding principal from the original term loan B credit facility and $200 million in outstanding principal from the term loan facility—related party.

Interest expense—related party, net was approximately $3 million for the year ended December 31, 2018 compared to $17 million for the year ended December 31, 2017. During the year ended December 31, 2018, interest expense—related party, net was lower than the prior year as the result of the repayment of the $200 million term loan facility—related party on March 13, 2018. Interest expense—related party, net was related to interest expense and commitment fees on the unused portion of the revolving credit facility—related party and interest expense on our term loan facility—related party, both payable to OCI USA. The revolving credit facility—related party and term loan facility—related party were terminated effective as of March 13, 2018.

Loss on extinguishment of debt

Loss on extinguishment of debt was approximately $4 million for the year ended December 31, 2018. This loss was due to the repayment of our borrowings under the original term loan B credit facility in March 2018 and the resulting recognition of an expense for all remaining unamortized deferred financing fees. There were no such losses on extinguishment of debt during the year ended December 31, 2017.

Loss on the disposition of fixed assets

Loss on the disposition of fixed assets was approximately $1 million during the year ended December 31, 2018 and $2 million during the year ended December 31, 2017.

Comparison of the Results of Operations for the Years Ended December 31, 2017 and 2016:

Revenues

	For the Years Ended December 31,	
	2017	2016
	(in thousands)	
Total revenues	$ 343,325	$ 258,229

	For the Year Ended December 31, 2017		For the Year Ended December 31, 2016	
	Metric Tons	Revenue	Metric Tons	Revenue
	(in thousands)		(in thousands)	
Revenues:				
Ammonia	318.9	$ 76,546	325.1	$ 83,978
Methanol	821.8	266,764	818.7	174,236
Other	—	15	—	15
Total	1,140.7	$ 343,325	1,143.8	$ 258,229

Our total revenues were approximately $343 million for the year ended December 31, 2017 compared to approximately $258 million for the year ended December 31, 2016. Our methanol revenues were approximately $267 million for the year ended December 31, 2017 compared to approximately $174 million for the year ended December 31, 2016, which is a 53% increase. The increase in methanol revenues is due to the increase in the average sales price per metric ton of methanol. Our ammonia revenues were approximately $77 million for the year ended December 31, 2017 compared to approximately $84 million for the year ended December 31, 2016, representing a 9% decrease. The decrease in ammonia revenues is due to a decrease in the average sales price per metric ton of ammonia and a decrease in ammonia sales volumes for the year ended December 31, 2017 compared to the year ended December 31, 2016.

We sold approximately 821,800 metric tons of methanol during the year ended December 31, 2017 compared to approximately 818,700 metric tons of methanol during the year ended December 31, 2016. The average sales prices per metric ton of methanol sold during the year ended December 31, 2017 was $325 per metric ton compared to $213 per metric ton for the year ended December 31, 2016, representing an increase of 53%. During 2017, global supply disruptions caused by plant outages and production issues coupled with increases in global demand resulted in an increase in our average methanol sales price. Sales of methanol comprised approximately 78% of our total revenues for the year ended December 31, 2017 compared to 67% of our total revenues for the year ended December 31, 2016.

Set forth below is a table showing average methanol sales prices per metric ton, per quarter for the previous twelve fiscal quarters.

	Average Methanol Sales Prices		
	2017	2016	2015
For the Three-Months Ended:			
March 31	$ 353	$ 189	$ 366
June 30	$ 331	$ 192	$ 362
September 30	$ 299	$ 214	$ 330
December 31	$ 319	$ 257	$ 282

We sold approximately 318,889 metric tons of ammonia during the year ended December 31, 2017 compared to approximately 325,100 metric tons of ammonia during the year ended December 31, 2016. The average sales prices per metric ton of ammonia sold during the year ended December 31, 2017 was $240 per metric ton compared to $258 per metric ton for the year ended December 31, 2016, which represents a decrease of 7%. The price decrease is attributed to global supply and demand variations. Sales of ammonia comprised approximately 22% of our total revenues for the year ended December 31, 2017 compared to 33% of our total revenues for the year ended December 31, 2016.

Set forth below is a table showing average ammonia sales prices per metric ton, per quarter for the previous twelve fiscal quarters.

	Average Ammonia Sales Prices		
	2017	2016	2015
For the Three-Months Ended:			
March 31	$ 247	$ 295	$ 509
June 30	$ 291	$ 301	$ 447
September 30	$ 185	$ 235	$ 418
December 31	$ 246	$ 199	$ 378

Cost of Sales (exclusive of depreciation)

	For the Year Ended December 31, 2017		For the Year Ended December 31, 2016	
	$ in thousands	% of Total	$ in thousands	% of Total
Natural Gas	$ 116,423	58.5%	$ 97,616	54.5%
Hydrogen	21,592	10.9%	22,061	12.3%
Nitrogen	7,403	3.7%	10,194	5.7%
Maintenance	16,001	8.0%	17,520	9.8%
Labor	16,273	8.2%	16,064	9.0%
Procured methanol and ammonia	3,279	1.6%	—	—%
Other	17,879	9.1%	15,614	8.7%
Total	$ 198,850	100.0%	$ 179,069	100.0%

Cost of goods sold (exclusive of depreciation) was approximately $199 million and 58% of revenue for the year ended December 31, 2017 compared to cost of goods sold (exclusive of depreciation) of approximately $179 million and 69% of revenues for the year ended December 31, 2016. Cost of goods sold (exclusive of depreciation) was higher than the comparable period primarily due to an increase in natural gas prices. Our purchase price for natural gas increased from an average of $2.57 per MMBtu for the year ended December 31, 2016 to an average of $3.13 per MMBtu for the year ended December 31, 2017, an increase of 22%. The increase in cost of natural gas was partially offset by a decrease in nitrogen feedstock costs of $3 million, due to an amendment of our nitrogen supply contract as part of an ongoing cost savings program initiated by management during the fourth quarter of 2016.

Set forth below is a table showing our purchase price for natural gas per MMBtu, per quarter for the previous twelve fiscal quarters.

	Natural Gas Purchase Prices		
	2017	2016	2015
For the Three-Months Ended:			
March 31	$ 3.15	$ 2.13	$ 3.15
June 30	$ 3.32	$ 2.13	$ 2.87
September 30	$ 3.08	$ 2.88	$ 2.88
December 31	$ 3.00	$ 3.10	$ 2.32

Depreciation Expense

Depreciation expense was approximately $61 million for the year ended December 31, 2017 compared to approximately $61 million for the year ended December 31, 2016, which represents an increase of 1%.

Selling, General and Administrative Expense

Selling, general and administrative expenses were approximately $12 million for the year ended December 31, 2017 compared to approximately $16 million for the year ended December 31, 2016, which represents a decrease of 22%. The decrease in selling, general and administrative expenses was primarily due to a decrease in our insurance expense and property taxes as part of an ongoing cost savings program initiated by management during the fourth quarter of 2016.

Our selling, general and administrative expenses—related party were approximately $3 million for the year ended December 31, 2017 compared to approximately $4 million for the year ended December 31, 2016.

Interest Expense

Interest expense was approximately $23 million for the year ended December 31, 2017 compared to $45 million for the year ended December 31, 2016. During the year ended December 31, 2017, interest expense was lower than the prior year as the result of the $200 million principal prepayment made on November 30, 2016 in which OCIB utilized the funds borrowed under the term loan facility—related party to prepay $200 million of term loans under the original term loan B credit facility.

Interest expense—related party, net was approximately $17 million for both the year ended December 31, 2017 compared to $2 for the year ended December 31, 2016. During the year ended December 31, 2017, interest expense—related party, net was higher than the prior year as the result of $200.0 million in borrowings on November 30, 2016 under the Term Loan Facility—Related Party to prepay a portion of the original term loan B credit facility.

Loss on the disposition of fixed assets

Loss on the disposition of fixed assets was approximately $2 million during the year ended December 31, 2017 and $1 million during the year ended December 31, 2016.

LIQUIDITY AND CAPITAL RESOURCES

Our principal liquidity requirements are to finance current operations, pay cash distributions, fund capital expenditures and service our debt. We believe that our current and expected sources of liquidity will be adequate to fund these operating needs and capital expenditures for the next 12 months. Our sources of liquidity include cash flow from operations, cash on hand and the Revolving Credit Facility described below. However, our future capital expenditures and other cash requirements could be higher than we currently anticipate as a result of various factors. Additionally, our ability to generate sufficient cash from our operating activities depends on our future performance, which is subject to general economic, political, financial, competitive and other factors outside our control.

Depending on the needs of our business, we may for time to time seek to incur additional debt, modify the terms of our existing debt, or otherwise refinance our existing debt. There can be no assurance that we will be able to do any of the foregoing on terms acceptable to us or at all.

Credit Facilities

Described below are the credit facilities under which OCIB had available borrowing capacity as of December 31, 2018. Please read Item 3—"Financial Statements and Supplementary Data", and note 8 to the consolidated financial statements included in this report for additional information relating to OCIB's credit facilities.

Term Loan Facility

On March 13, 2018, the Partnership successfully completed the closing of a $455 million secured term loan credit facility (the "Term Loan Facility") and a $40 million revolving credit facility (the "Revolving Credit Facility") established pursuant to a Credit Agreement, dated as of March 13, 2018 (the "Credit Agreement"), among the Partnership, the lenders party thereto from time to time and Bank of America, N.A., as administrative agent. As of December 31, 2018, the principal outstanding under the Term Loan Facility was $452 million. Interest on the Term Loan Facility accrues, at Partnership's option, at LIBOR plus 4.00% per annum or the alternate base rate of 3.00% plus the highest of (i) LIBOR plus 1.00%, (ii) the prime rate of interest, or (iii) the federal funds rate plus 0.5%. The respective interest rate margins are subject to increases or decreases based on changes in our consolidated total net leverage ratio as discussed in note 8 to the consolidated financial statements included in this report.

The Term Loan Facility contains customary covenants and conditions based on the maintenance of certain senior secured net leverage ratios (see note 8 to the consolidated financial statements for a complete description). As a result of such covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. In addition, to the extent that we are unable to refinance our debt at maturity on favorable terms, or at all, our ability to fund our operations and our ability to make cash distributions could be adversely affected. Upon the occurrence of certain events of default under the Term Loan Facility, the Partnership's obligations under the Term Loan Facility may be accelerated which could impair our ability to fund our operations and our ability to make cash distributions.

Revolving Credit Facility

The Revolving Credit Facility has a borrowing capacity of up to $40 million, including a $20 million sublimit for letters of credit. The Revolving Credit Facility has a two-year term that expires on March 13, 2020 and may be extended for additional one-year periods subject to the consent of the lenders. As of December 31, 2018, outstanding principal amounts under the Revolving Credit Facility bear interest at the Partnership's option at either LIBOR plus a margin of 3.25% or a base rate plus a margin of 2.25%. The Partnership pays a commitment fee of 0.375% per annum on the unused portion of the Revolving Credit Facility. The respective interest rate margins are subject to increases or decreases based on changes in our consolidated first lien net leverage ratio as discussed in note 8 to the consolidated financial statements included in this report.

The Revolving Credit Facility contains customary covenants and conditions based on the maintenance of certain senior secured net leverage ratios and interest coverage ratios (see note 8 to the consolidated financial statements for a more detailed description). As a result of such covenants, we will be limited in the manner in which we conduct our business and our ability to finance future operations or capital needs. In addition, to the extent that we are unable to extend the term of our Revolving Credit Facility at maturity on favorable terms, or at all, our ability to fund our operations and our ability to make cash distributions could be adversely affected. Upon the occurrence of certain events of default under the Revolving Credit Facility, the Partnership's obligations under the Revolving Credit Facility may be accelerated which could impair our ability to fund our operations and our ability to make cash distributions. As of December 31, 2018, OCIB had no amounts outstanding under the Revolving Credit Facility.

Debt Ratings

On February 13, 2018, Moody's Investors Service raised our corporate credit rating to “B1” from “B2”, assigned a “B1” rating to the Term Loan Facility and Revolving Credit Facility and affirmed its stable outlook. On February 15, 2018, Standard & Poor's Global Ratings affirmed our corporate credit rating of “B-”, assigned a “B+” rating to the Term Loan Facility and Revolving Credit Facility and revised its outlook to positive from stable.

On April 11, 2018, Standard & Poor's Global Ratings raised our corporate credit rating to “B+” from “B-”, raised our Term Loan Facility and Revolving Credit Facility rating to “BB” from “B+” and revised its outlook to stable.

On February 28, 2019, Moody's Investors Service affirmed our corporate credit rating of “B1” and its stable outlook.

Our ability to obtain additional external financing and the related cost of borrowing may be affected by our debt ratings, which are periodically reviewed by the major credit rating agencies. The ratings are subject to change or withdrawal at any time by the respective credit rating agencies.

Capital Expenditures

We divide our capital expenditures into two categories: maintenance capital expenditures and expansion capital expenditures. Maintenance capital expenditures are capital expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets or for the acquisition of existing or the construction or development of new capital assets) made to maintain, including over the long term, our production capacity, operating income or asset base (including capital expenditures relating to turnarounds), or to comply with environmental, health, safety or other regulations. Maintenance capital expenditures that are required to comply with regulations may also improve the output, efficiency or reliability of our facility. Major maintenance capital expenditures that extend the life or improve the safety or efficiency of the asset are capitalized and amortized over the period of expected benefits. Routine maintenance costs are expensed as incurred. A turnaround is capitalized and amortized until the next planned turnaround, which ranges from three to six years. Expansion capital expenditures are capital expenditures incurred for acquisitions or capital improvements that we expect will increase our production capacity, operating income or asset base over the long term. Expansion capital expenditures are capitalized and amortized over the period of expected benefits.

For the years ended December 31, 2018 and 2017, we incurred approximately $7 million and $1 million, respectively, in maintenance capital expenditures related to our capital spares project and other budgeted maintenance capital projects. We expect to perform maintenance turnarounds approximately every three to six years, which will typically last approximately four to five weeks for our methanol production facility and approximately three to four weeks for our ammonia production facility and cost approximately $26 million per turnaround. We will perform significant maintenance capital projects at our facility during a turnaround to minimize disruption to our operations. We will capitalize the costs related to these projects as property, plant and equipment and will classify the amounts as maintenance capital expenditures. We executed a turnaround as part of our debottlenecking project which was completed in April 2015. We expect the next turnaround to occur in 2020.

For the year ended December 31, 2018, we incurred approximately $1 million in expansion capital expenditures. We did not have any expansion capital expenditures during the year ended December 31, 2017.

Working Capital

Working capital is the amount by which total current assets exceed total current liabilities. Our working capital requirements have been, and we expect will continue to be, primarily driven by changes in accounts receivable and accounts payable. Factors impacting changes in accounts receivable and accounts payable could include the changes in the market prices of methanol and ammonia, timing of collections from customers, payments to suppliers, as well as the level of spending for capital expenditures and changes in the market prices of raw materials that we purchase in the normal course of business.

Working capital at December 31, 2018 was a surplus of $13 million, consisting of $71 million in total current assets and $58 million in total current liabilities. Working capital at December 31, 2017 was a surplus of $8 million, consisting of $65 million in total current assets and $57 million in total current liabilities. The increase in the working capital surplus was primarily due to the use of operating cash flows to reduce our short-term indebtedness.

CASH FLOWS

Our profits, operating cash flows and cash distributions are subject to changes in the prices of our products and natural gas, which is our primary feedstock. Our products and feedstocks are commodities and, as such, their prices can be volatile in response to numerous factors outside of our control.

The following table summarizes our consolidated statements of cash flows:

	For the Year Ended December 31,	
	2018	2017
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 160,826	$ 71,572
Investing activities	(15,662)	(2,101)
Financing activities	(158,276)	(61,276)
Net increase (decrease) in cash and cash equivalents	$ (13,112)	$ 8,195

Operating Activities

Net cash provided by operating activities for the year ended December 31, 2018 was $161 million. We had net income of $88 million for the year ended December 31, 2018. During this period, we recorded depreciation expense of $62 million, amortization of debt issuance costs of $1 million, loss on extinguishment of debt of $4 million, loss on disposition of fixed assets of $1 million and a non-cash loss on our natural gas derivatives of $6 million. Accounts receivable, which is approximately equal to one month of revenue, decreased by $9 million during the year ended December 31, 2018. The decrease in accounts receivable is due to the derecognition of receivables sold under the securitization agreement. Please read note 8 —"Debt" to the consolidated financial statements included in this report for additional information. Accounts receivable—related party increased by $8 million due to sales new sales agreements entered into with N-7 and OCI Methanol Marketing. Inventories decreased by $2 million due to high sales volumes during December 2018 which caused a decrease in end of year methanol and ammonia inventory volumes. Advances due from related parties increased by $13 million primarily due to unreimbursed expenses incurred on behalf of OCI Methanol Marketing. Accounts payable increased by $8 million due to an increase in December 2018 raw material prices and due to the receipt of our industrial property tax invoices.

Net cash provided by operating activities for the year ended December 31, 2017 was $72 million. We had net income of $24 million for the year ended December 31, 2017. During this period, we recorded depreciation expense of $61 million and amortization of debt issuance costs of $2 million. Accounts receivable, which is approximately equal to one month of revenue, increased by $10 million during the year ended December 31, 2017. The increase in accounts receivable is due to an increase in realized methanol and ammonia sales prices in December 2017 as compared to December 2016. Accounts receivable—related party increased by $5 million due to sales to OCI Fertilizer Trade & Supply B.V. Inventories decreased by $2 million due to high sales volumes during December 2017 which caused a decrease in end of year methanol and ammonia inventory volumes. Accounts payable decreased by $5 million due to the use of operating cash flows to reduce our accounts payable balances.

Investing Activities

Net cash used in investing activities was approximately $16 million and $2 million, respectively, for the years ended December 31, 2018 and 2017.

Financing Activities

Net cash used in financing activities was approximately $158 million for the year ended December 31, 2018. During the year ended December 31, 2018, we received $455 million in proceeds from the Term Loan Facility and subsequently repaid the outstanding balance of the Original Term Loan B Credit Facility of $231.8 million, the outstanding balance of the Term Loan Facility—related party of $200.0 million, remitted $9.3 million of transferred trade receivables to OCI USA and paid $8.2 million in deferred financing costs associated with the Credit Agreement. In addition, during January 2018 we repaid borrowings of $16.0 million on the Original Revolving Credit Facility. As of December 31, 2018, $17 million was recorded as collections of sold receivables under securitization agreement. Please read note 8—"Debt" to the consolidated financial statements included in this report for additional information. We repaid borrowings of $3 million on the Term Loan Facility and paid cash distributions to unitholders of $162 million during the year ended December 31, 2018.

Net cash used in financing activities was approximately $61 million for the year ended December 31, 2017. During the year ended December 31, 2017, we received $103 million in proceeds from the Revolving Credit Facility and subsequently repaid $87 million, leaving $16 million outstanding under the Revolving Credit Facility as of December 31, 2017. We received $5 million in proceeds from the Revolving Credit Facility—Related Party and subsequently repaid borrowings of $40 million under the facility, leaving no amounts outstanding under the Revolving Credit Facility—Related Party as of December 31, 2017. We repaid borrowings of $4 million on the Original Term Loan B Credit Facility and paid cash distributions to unitholders of $37 million.

CONTRACTUAL OBLIGATIONS

The following table lists our significant contractual obligations and their future payments at December 31, 2018:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(in thousands)		
Term Loan Facility—Principal Payments	$ 451,588	$ 4,550	$ 9,100	$ 9,100	$ 428,838
Interest Payments on third party debt(1)	189,036	31,182	61,233	59,863	36,758
Hydrogen supply contract(2)	40,434	11,044	29,390	—	—
Natural gas supply contract(2)	9,583	9,583	—	—	—
Nitrogen supply contract(2)	42,751	7,622	22,867	12,262	—
Purchase commitments	18,645	11,250	7,395	—	—
Total	$ 752,037	$ 75,231	$ 129,985	$ 81,225	$ 465,596

(1) Interest rate on floating rate debt is based on the rate of 4.00% plus LIBOR for the Term Loan Facility.
(2) Quantities of feedstock to be purchased are subject to change based on our current and expected production, market dynamics and market reports

OFF-BALANCE SHEET ARRANGEMENTS

We have no material off-balance sheet arrangements.

RECENTLY ISSUED ACCOUNTING STANDARDS

Refer to note 3 to the consolidated financial statements, "New Accounting Pronouncements," to our Consolidated Financial Statements as set forth in Part I, Item 3 of this Annual Report.

Critical Accounting Policies

Refer to note 2 to the consolidated financial statements, "Summary of Significant Accounting Policies," to our Consolidated Financial Statements as set forth in Part I, Item 3 of this Annual Report.

ITEM 2. SELECTED FINANCIAL DATA

The following table includes selected summary financial data for the years ended December 31, 2018, 2017, 2016, 2015 and 2014. The selected financial information presented below under the caption "Statements of Operations Data" for the fiscal years ended December 31, 2018, 2017, 2016, 2015 and 2014 and the selected financial information presented below under the caption "Balance Sheet Data" as of December 31, 2018 and 2017 have been derived from our audited financial statements included elsewhere in this report. The data below should be read in conjunction with Item 1—"Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 3—"Financial Statements and Supplementary Data." The data below is in thousands, except for product pricing.

	Years Ended December 31,				
	2018	2017	2016	2015	2014
STATEMENTS OF OPERATIONS DATA					
Revenues	$ 354,616	$ 324,883	$ 247,234	$ 298,690	$ 402,780
Revenues—related party	83,725	18,442	10,995	10,753	—
Total revenue	438,341	343,325	258,229	309,443	402,780
Cost of goods sold (exclusive of depreciation)	193,789	181,466	162,810	149,463	205,529
Cost of goods sold (exclusive of depreciation)—related party	38,135	17,384	16,259	16,353	13,266
Total cost of goods sold (exclusive of depreciation)	231,924	198,850	179,069	165,816	218,795
Selling, general and administrative	13,500	12,322	15,856	16,906	17,928
Selling, general and administrative —related party	4,927	3,476	4,160	4,326	4,428
Total selling, general and administrative expenses	18,427	15,798	20,016	21,232	22,356
Depreciation expense	61,980	61,045	61,441	49,663	23,105
Income (loss) from operations before interest expense, other income and income tax expense	126,010	67,632	(2,297)	72,732	138,524
Interest expense	29,564	22,857	45,096	20,018	18,250
Interest expense—related party, net	2,656	17,339	1,777	203	203
Loss on extinguishment of debt	3,501	—	—	—	—
(Gain) loss on disposition of fixed assets, net	1,280	2,070			
Other income (expense)	87	(12)	(10)	107	941
Income (loss) from operations before tax expense	89,096	25,354	(49,747)	52,634	121,012
Income tax expense	772	875	806	613	1,564
Net income (loss)	$ 88,324	$ 24,479	$ (50,553)	$ 52,021	$ 119,448

	Years Ended December 31,				
	2018	2017	2016	2015	2014
BALANCE SHEET DATA					
Cash and cash equivalents	$ 3,163	$ 16,275	$ 8,080	$ 13,238	$ 71,810
Total assets	573,405	624,104	663,742	733,610	664,317
Total liabilities	506,308	483,783	510,491	496,747	476,253
Total partners' capital	67,097	140,321	153,251	236,863	188,064
OTHER FINANCIAL DATA					
Adjusted EBITDA(1)	$ 197,503	$ 129,652	$ 58,567	$ 122,518	$ 162,570
Capital expenditures for property, plant and equipment	4,416	2,155	6,785	233,540	152,160
Total debt (excluding accrued interest)	444,764	443,885	465,228	450,193	381,557
KEY OPERATING DATA					
Products sold (thousand tons):					
Ammonia	302.5	318.9	325.1	234.2	252.2
Methanol	873.7	821.8	818.7	644.8	614.2
Products pricing (average dollars per ton):					
Ammonia	$ 295	$ 240	$ 258	$ 425	$ 503
Methanol	$ 399	$ 325	$ 213	$ 325	$ 449
Production (thousand tons):					
Ammonia	290.2	312.4	331.5	234.7	259.2
Methanol	822.8	822.0	823.0	652.3	617.0
Days in Operations:					
Ammonia	311	335	358	269	338
Methanol	333	331	340	272	320
Capacity Utilization Rate(2)**:**					
Ammonia	82%	88%	93%	89%	98%
Methanol	90%	90%	90%	94%	85%
Price of Natural Gas(3)**:**	**$3.23**	**$3.13**	**$2.57**	**$2.73**	**$4.52**

(1) Adjusted EBITDA is defined as net income (loss), plus interest expense and other financing costs, interest expense—related party, net, loss on extinguishment of debt, income tax expense, depreciation expense, (gain) loss on disposition of fixed assets, net, unrealized natural gas hedging loss, net, transaction costs, and other adjustments that are unusual or infrequent or are not indicative of ongoing operational performance. Adjusted EBITDA is used as a supplemental financial measure by management and by external users of our financial statements, such as investors and commercial banks, to assess:

a. the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; and

b. our operating performance and return on invested capital compared to other companies in our industry, without regard to financing methods and capital structure.

(2) Calculated by total production volumes for a production unit for a given period, divided by the production capacity of that production unit. The 2015 amounts exclude planned downtime associated with the debottlenecking project.

(3) Average purchase price of natural gas ($ per MMBtu) which is the Houston Ship Channel price plus a delivery fee, for a given period, and the realized portion of our natural gas hedging activities.

Adjusted EBITDA is a non-GAAP measure and should not be considered an alternative to net income (loss), operating income (loss), net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted EBITDA may have material limitations as a performance measure because it excludes items that are necessary elements of our costs and operations. In addition, Adjusted EBITDA presented by other companies may not be comparable to our presentation, since each company may define this term differently.

The table below reconciles Adjusted EBITDA to net income (loss) for the periods ended December 31, 2018, 2017, 2016, 2015 and 2014 (dollars in thousands).

	Years Ended December 31,				
	2018	2017	2016	2015	2014
Net income (loss)	$ 88,324	$ 88,324	$ (50,553)	$ 52,021	$ 119,448
Add:					
Interest expense	29,564	22,857	45,096	20,018	18,250
Interest expense—related party, net	2,656	17,339	1,777	203	203
Loss on extinguishment of debt	3,501	—	—	—	—
Income tax expense	772	875	806	613	1,564
Depreciation expense	61,980	61,045	61,441	49,663	23,105
(Gain) Loss on disposition of fixed assets, net	1,280	2,070	567	(16)	—
Unrealized natural gas hedging loss, net	5,929	987	—	—	—
Transaction costs[1]	1,927	—	—	—	—
Other adjustments[2]	1,570	—	—	—	—
Adjusted EBITDA	$ 197,503	$ 129,652	$ 59,134	$ 122,502	$ 162,570

(1) Represents costs associated with the tender offer and subsequent Buyout by OCI. We do not consider these items to be indicative of our ongoing operating performance.

(2) Represents costs incurred for an end of service compensation payment made to our former Chief Financial Officer. We do not consider this item to be indicative of our ongoing operating performance.

ITEM 3. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

OCI PARTNERS LP
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

The Board of Directors
OCI Partners LP:

We have audited the accompanying consolidated financial statements of OCI Partners LP and its subsidiary (the "Partnership"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, partners' capital, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes to the consolidated financial statements (collectively, the consolidated financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in accordance with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Houston, Texas
March 15, 2019

OCI PARTNERS LP
Consolidated Balance Sheets
December 31, 2018 and 2017
(Dollars in thousands, except unit data)

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 3,163	$ 16,275
Accounts receivable	22,706	32,032
Accounts receivable—related party	14,242	6,503
Inventories	4,356	6,041
Advances due from related parties	12,880	188
Notes receivables—related party	11,265	—
Other current assets and prepaid expenses	2,658	3,917
Total current assets	71,270	64,956
Property, plant, and equipment, net of accumulated depreciation of $288,091 and $227,050 respectively	501,072	558,206
Other non-current assets	1,063	942
Total assets	$ 573,405	$ 624,104
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	$ 24,060	$ 14,812
Accounts payable—related party	7,091	14,268
Other payables and accruals	20,359	2,652
Revolving credit facility, net	—	15,977
Current maturities of the term loan facility	4,550	4,480
Accrued interest	78	2,402
Accrued interest—related party	—	1,468
Other current liabilities	1,527	1,150
Total current liabilities	57,665	57,209
Term loan facility, net	440,214	223,428
Term loan facility—related party	—	200,000
Other non-current liabilities	8,429	3,146
Total liabilities	506,308	483,783
Partners' capital:		
Common unitholders—86,997,590 units issued and outstanding at December 31, 2018 and 2017	67,097	140,321
General partner's interest	—	—
Total partners' capital	67,097	140,321
Total liabilities and partners' capital	$ 573,405	$ 624,104

See accompanying notes to consolidated financial statements.

OCI PARTNERS LP
Consolidated Statements of Operations
Years Ended December 31, 2018, 2017 and 2016
(Dollars in thousands)

	2018	2017	2016
Revenues	$ 354,616	$ 324,883	$ 247,234
Revenues—related party	83,725	18,442	10,995
Total Revenue	438,341	343,325	258,229
Cost of goods sold (exclusive of depreciation)	193,789	181,466	162,810
Cost of goods sold (exclusive of depreciation)—related party	38,135	17,384	16,259
Total cost of goods sold (exclusive of depreciation)	231,924	198,850	179,069
Selling, general, and administrative expenses	13,500	12,322	15,856
Selling, general, and administrative expenses—related party	4,927	3,476	4,160
Total selling, general, and administrative expenses	18,427	15,798	20,016
Depreciation expense	61,980	61,045	61,441
Income (loss) from operations before interest expense, other income (expense) and income tax expense	126,010	67,632	(2,297)
Interest expense	29,564	22,857	45,096
Interest expense—related party, net	2,656	17,339	1,777
Loss on extinguishment of debt	3,501	—	—
Loss on disposition of fixed assets, net	1,280	2,070	567
Other income (expense)	87	(12)	(10)
Income (loss) from operations before tax expense	89,096	25,354	(49,747)
Income tax expense	772	875	806
Net income (loss)	$ 88,324	$ 24,479	$ (50,553)

See accompanying notes to consolidated financial statements.

OCI PARTNERS LP
Consolidated Statements of Partners' Capital
Years Ended December 31, 2018, 2017 and 2016
(Dollars in thousands, except unit data)

	Common Units		Total Partners' Capital
	Units	Amount	
Balance, January 1, 2016	86,997,590	$ 236,863	$ 236,863
Distributions	—	(6,650)	(6,650)
Distributions—related party	—	(26,409)	(26,409)
Net loss	—	(50,553)	(50,553)
Balance, December 31, 2016	86,997,590	$ 153,251	$ 153,251
Distributions	—	(7,525)	(7,525)
Distributions—related party	—	(29,884)	(29,884)
Net income	—	24,479	24,479
Balance, December 31, 2017	86,997,590	$ 140,321	$ 140,321
Distributions	—	$ (6,645)	$ (6,645)
Distributions—related party	—	$ (154,903)	$ (154,903)
Net income	—	$ 88,324	$ 88,324
Balance, December 31, 2018	86,997,590	$ 67,097	$ 67,097

See accompanying notes to consolidated financial statements.

OCI Partners LP
Consolidated Statements of Cash Flows
Years Ended December 31, 2018, 2017 and 2016
(Dollars in thousands)

	2018	2017	2016
Cash flows from operating activities:			
Net income (loss)	$ 88,324	$ 24,479	$ (50,553)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation expense	61,980	61,045	61,441
Amortization of debt issuance costs	1,410	2,273	11,552
Loss on extinguishment of debt	3,501	—	—
Loss on disposition of fixed assets, net	1,280	2,043	567
Deferred income tax expense	(46)	557	855
Non-cash loss on natural gas derivatives, net	5,929	987	—
Decrease (increase) in:			
Accounts receivable	9,326	(9,862)	6,384
Accounts receivable—related party	(7,739)	(5,181)	3,858
Inventories	1,685	1,502	(1,569)
Advances due from related parties	(12,692)	337	(469)
Other non-current assets, other current assets and prepaid expenses	1,495	(971)	2,021
Increase (decrease) in:			
Accounts payable	7,761	(4,681)	491
Accounts payable—related party	2,150	1,162	861
Other payables, accruals, and current liabilities	254	(1,790)	(4,710)
Accrued interest	(2,324)	(121)	(893)
Accrued interest—related party	(1,468)	(207)	1,776
Net cash provided by operating activities	160,826	71,572	31,612
Cash flows from investing activities:			
Purchase of property, plant, and equipment	(4,416)	(2,128)	(6,785)
Proceeds from sale of scrap equipment	19	27	24
Loans to affiliates	(11,265)	—	—
Net cash used in investing activities	(15,662)	(2,101)	(6,761)

	2018	2017	2016
Cash flows from financing activities:			
Proceeds from term loan facility	$ 455,000	$ —	$ —
Repayment of term loan facility	(3,413)	—	—
Repayment of term loan B credit facility	(231,825)	(4,480)	(204,480)
Proceeds from revolving credit facility	—	102,500	69,500
Repayment of revolving credit facility	(16,000)	(86,500)	(94,500)
Proceeds from term loan facility—related party	—	—	200,000
Repayment of term loan facility—related party	(200,000)	—	—
Proceeds from revolving credit facility—related party	—	5,000	69,170
Repayment of revolving credit facility—related party	—	(40,000)	(34,170)
Debt issuance costs	(8,152)	(136)	(2,038)
Securitization collections	16,989	—	—
Remittance of cash to OCI USA for transferred trade receivables	(9,327)	(251)	(432)
Distribution to Unitholders	(6,645)	(7,525)	(6,650)
Distribution to Unitholders—related party	(154,903)	(29,884)	(26,409)
Net cash used in financing activities	(158,276)	(61,276)	(30,009)
Net increase (decrease) in cash and cash equivalents	(13,112)	8,195	(5,158)
Cash and cash equivalents, beginning of period	16,275	8,080	13,238
Cash and cash equivalents, end of period	$ 3,163	$ 16,275	$ 8,080
Supplemental cash disclosures:			
Cash paid for income taxes	$ 175	$ —	$ 100
Cash paid for interest, net of amount capitalized	30,058	20,654	34,376
Cash paid for interest, net of amount capitalized—related party	4,936	17,546	—
Supplemental non-cash disclosures:			
Accruals of property, plant and equipment purchases	$ 2,067	$ 338	$ 1,359
Noncash settlement for accrued interest—related party	—	—	304

See accompanying notes to consolidated financial statements.

Note 1—Description of Business

Description of Business

OCI Partners LP (the "Partnership," "OCIP," "we," "us," or "our") is a Delaware limited partnership formed on February 7, 2013 whose focus is on the production, marketing and distribution of methanol and anhydrous ammonia. Our production facility is strategically located on the U.S. Gulf Coast near Beaumont, Texas and commenced full operations during August 2012. Our facility has pipeline connections to adjacent customers, port access with dedicated methanol and ammonia import/export jetties, allowing us to ship both products along the Gulf Coast, and truck loading facilities for both methanol and ammonia.

We are currently one of the larger merchant methanol producers in the United States with an annual methanol production design capacity of approximately 912,500 metric tons and an annual ammonia production design capacity of approximately 331,000 metric tons.

Tender Offer and Buyout from OCI N.V.

On June 4, 2018, OCI N.V. commenced a tender offer to acquire all of the outstanding publicly held common units representing limited partner interest in OCIP. On July 3, 2018, OCI N.V. exercised the right to purchase all of the remaining common units that were not tendered in the tender offer and remained outstanding on July 3, 2018 (the "Buyout"). Upon the exercise of the Buyout, OCI N.V. owns all of the economic interests of the Partnership and 100% of the total Partnership common units outstanding. On July 26, 2018, the common units were delisted from the New York Stock Exchange. OCI N.V, through its subsidiaries, is a leading global producer and distributor of natural gas-based fertilizers and industrial chemicals based in the Netherlands. OCI N.V is listed on the Euronext in Amsterdam and trades under the symbol "OCI."

Presentation

The consolidated financial statements include the accounts of the Partnership and its subsidiary. A subsidiary is an entity over which the Partnership has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Partnership and are deconsolidated from the date that control ceases.

Note 2—Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accuracy of estimates is based on accuracy of information used. Described below are the most significant policies we apply in preparing our financial statements, some of which are subject to alternative treatments under GAAP. We also describe the most significant estimates and assumptions we make in applying these policies.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of balances held in the Partnership's bank accounts less outstanding payments.

(c) Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The Partnership maintains a customer-specific allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers customers' financial condition, the amount of receivables in dispute, the current receivables aging, and current payment patterns. The Partnership reviews its allowance for doubtful accounts monthly. Past–due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. There was no allowance for doubtful accounts and no bad debt write-offs during the years ended December 31, 2018, 2017 and 2016. The Partnership does not have any off-balance-sheet credit exposure related to its customers. During the years ended December 31, 2018, 2017 and 2016, the following customers accounted for 10% or more of the Partnership's revenues:

	Percentage of Revenues		
Customer name	**2018**	**2017**	**2016**
Customer A	35%	40%	35%
Customer B	*	14%	*
Customer C	14%	*	24%
Customer D	*	*	14%

* Customer accounted for less than 10% of the Partnership's revenues for the period presented.

The loss of any one or more of the Partnership's significant customers noted above may have a material adverse effect on the Partnership's future results of operations.

(d) Inventories

Inventories are stated at the lower of cost or net realizable value, using standard cost method for finished goods, work in process, raw materials, and supplies inventory. The standard cost of finished goods is the product of the standard cost of our raw materials and quantities of raw materials consumed, based on normal capacity. We review our standard costs monthly and update them as appropriate to approximate actual costs. We also allocate a portion of fixed production overhead to inventory based on the normal capacity of our production facilities. Normal capacity is defined as "the production expected to be achieved over a number of periods under normal circumstances, taking into account the loss of capacity resulting from planned maintenance." The Partnership records variances, abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) as current period charges. The Partnership's raw materials are consumed immediately upon receipt.

(e) Revenue Recognition

Effective January 1, 2018, the Partnership adopted Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606) using the modified retrospective transition method. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments.

Revenue is recognized based on contracts or other persuasive evidence of an arrangement with the customer that has the approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue from sales of our products is measured based on a consideration specified in a contract with a customer. The Partnership recognizes revenue when it satisfies a performance obligation by transferring control over our products to a customer. The majority of the Partnership's agreements for the sale of methanol or ammonia that are delivered via chartered barge, vessel or truck are sold on a Free on Board ("FOB") shipping point basis, with title and risk of loss transferring when product crosses the inlet flange of the barge/vessel/truck when loaded at OCIB's facility. Agreements involving delivery via pipeline are shipped on a FOB destination point basis, with title and risk of loss transferring at the valve connection between the Partnership's pipeline and the customer's owned/leased pipeline. Regardless of the method of delivery, each metric ton of methanol and ammonia is determined to be a separate performance obligation as each unit is capable of being distinct within the context of the contract.

At present, all of the Partnership's contracts for the sale of methanol or ammonia include index based pricing terms that reflect a specified discount for each unit to a published monthly benchmark. The presence of index based pricing indicates that the transaction price can vary due to factors outside of the Partnership's influence (such as market volatility). Therefore, the total transaction price is variable due to index based pricing terms which will be constrained until the uncertainty of the index price is resolved. The Partnership has elected to use ASC 606-10-32-28 allocation exception that allows an entity to allocate variable consideration to one or more performance obligations instead of using the relative standalone selling price method. Under the allocation exemption, the Partnership will allocate the transaction price to each distinct unit of product transferred to the customer based on the published index price during the corresponding month of transfer. All revenue for the sale of methanol and ammonia is recognized at a point in time regardless of the method of transportation.

Provisions in customer contracts relating to meter calibration and third-party inspections do not transfer a good or service to the customer but, instead, are considered activities required to fulfill the Partnership's promise of delivering methanol or ammonia to the customer. As such, these activities are not identified as separate performance obligations. When third-party inspections are paid directly by the Partnership, they will be treated as a cost to fulfill and will be expensed to cost of goods sold (exclusive of depreciation) when incurred as the costs do not generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future. Furthermore, these activities do not constitute delivery of a service as it is a requirement to fulfill the contract. However, in cases where the customer pays a third party for an inspection and is subsequently reimbursed by OCIP, the Partnership will account for the reimbursed inspection fees as an element of variable consideration (i.e., consideration paid to a customer) and recognize it as a reduction of the transaction price. Meter recalibration fees will be treated as costs to fulfill and qualify for capitalization as the costs generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future. However, the period between meter calibrations is every three months and the costs of the meter calibrations is immaterial, therefore, these costs will be expensed as incurred to cost of goods sold (exclusive of depreciation).

Demurrage is a form of liquidated damages for breaching the lay time allotted for the chartered barge, vessel or truck to load the product sold. Demurrage charges are payable by the party at fault which can be either the customer or the Partnership. In the event the Partnership is obligated to reimburse the customer for demurrage charges, the Partnership will record the consideration payable to the customer as a reduction of transaction price. Since the Partnership may be reimbursed varying amounts for demurrage charges depending on factors that are out of the Partnership's controls, such reimbursements are considered variable consideration.

Barges, vessels or trucks chartered by the Partnership to ship product to customers commence their activity after the customer obtains control of the product and, therefore, represent a promised service to the customer. The Partnership has elected to treat shipping and handling charges incurred by it as costs to fulfill the promise to transfer the products to the customer. Shipping and handling charges are thus not capitalized as they do not generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future.

Commissions paid to OCI Fertilizers USA, LLC and N-7, LLC for the sale of ammonia are not incremental costs incurred in order to obtain a contract, but are incremental costs to fulfill a contract and are expensed to cost of goods sold (exclusive of depreciation)—related party as incurred as these costs do not generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future.

Contract modifications may exist as a change order or amendment. Generally, modifications increase or decrease the requested quantity of product or extend the agreement for additional periods. In either case, the modification relates to distinct goods that will always be priced commensurate with their stand-alone selling prices due to the application of index based pricing. As such, each contract modification will be accounted for prospectively as a separate contract.

A. Nature of our products

The goods included in OCIP's contracts are units of methanol or ammonia which are global commodities, with little or no product differentiation, and customers make their purchasing decisions principally based on delivered price and availability of the product. As part of its ordinary business activities, OCIP is currently party to methanol and ammonia sales contracts with a small number of significant customers.

B. Disaggregation of revenue

In the following table, revenue is disaggregated by major product line.

	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017		For the Year Ended December 31, 2016	
	Sales Volumes	Revenue	Sales Volumes	Revenue	Sales Volumes	Revenue
	(in metric tons)	(in thousands)	(in metric tons)	(in thousands)	(in metric tons)	(in thousands)
Revenues:						
Ammonia	302.5	89,382	318.9	$ 76,546	325.1	$ 83,978
Methanol	873.7	348,903	821.8	266,764	818.7	174,236
Other	—	56	—	15	—	15
Total	1,176.2	438,341	1,140.7	$ 343,325	1,143.8	$ 258,229

C. Contract balances

Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets include amounts related to our contractual right to consideration for completed performance objectives not yet invoiced. Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract. We had no asset impairment charges related to contract assets during the year ended December 31, 2018 and 2017. We had no contract assets or contract liabilities as of December 31, 2018 and 2017. The following table provides information about our accounts receivable and accounts receivable—related party from contracts with customers.

	As of	
	December 31, 2018	December 31, 2017
	(in thousands)	
Accounts receivable:		
Ammonia	$ 4,386	$ 5,154
Methanol	18,316	26,781
Other	4	97
Total	$ 22,706	$ 32,032
Accounts receivable—related party:		
Ammonia	$ 6,580	$ 6,503
Methanol	7,662	—
Other	—	—
Total	$ 14,242	$ 6,503

D. Performance obligations

The Partnership recognizes revenue when it satisfies a performance obligation by transferring control over our products to a customer. The majority of OCIP's agreements for the sale of methanol or ammonia that are delivered via chartered barge, vessel or truck are sold on a FOB shipping point basis, with title and risk of loss transferring when product crosses the inlet flange of the barge/vessel/truck when loaded at OCIB's facility. Agreements involving delivery via pipeline are shipped on a FOB destination point basis, with title and risk of loss transferring at the valve connection between OCIP's pipeline and the customer's owned/leased pipeline. OCIP's performance obligations are satisfied at the point in time at which OCIP transfers control of the product to the customer.

Payment terms under OCIP's sales contracts range from net 10 to net 30 days from the date the invoice is received.

Most of the Partnership's contracts allow for customer returns if the product delivered is outside standard product specifications. However, OCIP performs quality assurance at its facilities to ensure that products are within product specification guidelines prior to shipment. In addition, a third-party inspection is generally required before shipment to confirm the quantity and specification of the product are in accordance with the terms of the contract.

E. Transaction price allocated to the remaining performance obligations

In accordance with ASC 606-10-50-13, the Partnership is required to include disclosure on its remaining performance obligations as of the end of the current reporting period. Due to the nature of Partnership's customer contracts, these reporting requirements are not applicable. The Partnership's contracts meet certain exemptions as defined in ASC 606-10-50-14 through ASC 606-10-50-14A, including (i) performance obligation is part of a contract that has an original expected duration of one year or less and (ii) variable consideration related to unsatisfied performance obligations that is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer distinct goods or services as part of a performance obligation. For the Partnership's contracts that pertain to these exemptions: (i) the remaining performance obligations relate to the sale of methanol and ammonia; (ii) the estimated remaining duration of these performance obligations ranges from the remainder of the current calendar year to five years; and (iii) variable consideration for these contracts primarily includes index-based pricing terms that fluctuates throughout the contract.

(f) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is computed using principally the straight-line method over the estimated useful life of the various classes of depreciable assets. The estimated useful lives used in computing depreciation and amortization expense are based on estimates of the period over which the assets will be of economic benefit to us. Estimated lives are based on historical experience, manufacturers' or engineering estimates, valuation or appraisal estimates and future business plans. Factors affecting the fair value of our assets may also affect the estimated useful lives of our assets and these factors can change. Therefore, we review the depreciable lives assigned to our property, plant and equipment on a periodic basis, and change our estimates to reflect the results of those reviews.

The lives used in computing depreciation for such assets are as follows:

Asset	Range of Useful Lives, in Years
Buildings	30
Machinery and equipment	4 to 30
Vehicles	3 to 5
Furniture, fixtures & office equipment	5
Computer hardware & software	3 to 7

In the accompanying consolidated statements of operations, the Partnership’s policy is to exclude depreciation expense from cost of sales.

(g) Maintenance Costs

The Partnership incurs maintenance costs on its facilities and equipment. Routine repair and maintenance costs are expensed as incurred. For the years ended December 31, 2018, 2017 and 2016, we expensed approximately $16,971, $16,001 and $17,520, respectively, of routine repair and maintenance costs. The cash outflows related to these costs are included in operating cash flows in the Consolidated Statement of Cash Flows, since the cash outflow relates to expenditures related to routine repair, maintenance and related labor costs.

(h) Turnaround Costs

Plant turnarounds are the scheduled and required shutdowns of specific production facilities in order to perform planned major maintenance activities to help ensure the long-term reliability and safety of integrated plant machinery at our continuous process production facility. Preceding a turnaround, facilities experience decreased efficiency in resource conversion to finished products. Replacement or overhaul of equipment and items such as compressors, turbines, pumps, motors, valves, piping and other parts that have an estimated useful life of at least three years, the internal assessment of production equipment, replacement of aged catalysts, and new installation/recalibration of measurement and control devices result in increased production output and/or improved plant efficiency after the turnaround. Turnaround activities are betterments that either extend equipment useful life, or increase the output and/or efficiency. As a result, we follow the deferral method of accounting for major maintenance costs; and thus, expenditures associated with the turnaround are capitalized as property, plant and equipment and amortized on a straight-line basis until the next planned turnaround, which ranges from three to six years. Should the estimated period between turnarounds change, we may be required to amortize the remaining cost of the turnaround over a shorter period, which would lead to higher depreciation and amortization costs. For the year ended December 31, 2018 and 2017, we capitalized approximately $7 million and $1 million, respectively, in maintenance capital expenditures related to our capital spares project and other budgeted maintenance capital projects.

The cash outflows related to these costs are included in investing activities under the caption “Purchase of property, plant, and equipment” in the Consolidated Statement of Cash Flows, since this cash outflow relates to expenditures related to long-lived productive assets.

(i) Income Taxes

The Partnership is a Delaware limited partnership and is not a taxable entity; however, the Partnership is subject to Texas Margin Taxes. Each partner of a partnership is required to take into account his or her share of items of income, gain, loss and deduction of the Partnership in computing his or her federal income tax liability. As of December 31, 2018, the tax basis of our assets and liabilities were $409,792 less than the reported amount of our assets and liabilities. OCIB is a Texas limited liability company with disregarded tax status (i.e., nontaxable pass-through entity) for U.S. federal income tax purposes and, therefore, is not subject to U.S. federal income taxes; however, OCIB is subject to Texas Margin Taxes. As of and for the years ended December 31, 2018, 2017 and 2016, we recorded Texas Margin Taxes of $772, $875 and $806, respectively, in income tax expense in the accompanying consolidated statements of operations.

(j) Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs not within the scope of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 410, *Asset Retirement and Environmental Obligations*, arising from claims, assessments, litigation, fines, and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

Legal costs incurred in connection with loss contingencies are expensed as incurred.

Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of expected future expenditures for environment remediation obligations are not discounted to their present value. We regularly assess the likelihood of material adverse judgments or outcomes as well as potential ranges or probability of losses. We determine the amount of accruals required, if any, for contingencies after carefully analyzing each individual matter. Actual costs incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating environmental exposures. As of December 31, 2018, 2017 and 2016, the Partnership had no environmental remediation obligations.

(k) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset group. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Partnership first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. Assessing the potential impairment of long-lived assets involves estimates that require significant management judgment, and include inherent uncertainties that are often interdependent and do not change in isolation. Factors that management must estimate include, among others, industry and market conditions, the economic life of the asset, sales volume and prices, inflation, raw materials costs, cost of capital, and capital spending. No events or changes in circumstances occurred during the years ended December 31, 2018, 2017 and 2016, that indicated the carrying amount of an asset may not be recoverable.

Note 3—New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification is the sole source of authoritative GAAP other than SEC issued rules and regulations that apply only to SEC registrants. The FASB issues Accounting Standards Updates ("ASU") to communicate changes to the codification. The Partnership considers the applicability and impact of all ASU's. The following are those ASU's that are relevant to the Partnership.

On August 29, 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance on the cash flow reporting of certain issues that were either unclear or not addressed under existing U.S. GAAP. The standard requires the retrospective transition method. The adoption of ASU 2016-15 did not have any impact on the Partnership's consolidated financial statements or disclosures.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 2014-09, which supersedes the revenue recognition requirements in ASU Topic 605, Revenue Recognition. Under the new guidance, it requires an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers. It also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue, cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The adoption of ASU 2014-09 on January 1, 2018, using the modified retrospective approach, had no significant impact on our results of operations, cash flows or financial position. Revenue continues to be recognized at a point in time for our product sales when products are delivered to or picked up by the customer. No transition adjustment was necessary upon adoption. Additional information and disclosures required by this new standard are contained in note 2—"Summary of Significant Accounting Policies".

On February 25, 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes Accounting Standards Codification ("ASC") 840, Leases. Subsequent to the issuance of ASU 2016-02, ASC 842 was amended by various updates that amend and clarify the impact and implementation of the aforementioned update. These updates require lessees to recognize a lease liability and a right-of-use asset for all leases, including both finance and operating leases, with a term greater than 12 months on its balance sheet at the lease commencement date and recognize expenses on the income statement in a similar manner to the current guidance in ASC 840, Leases. The lease liability will be measured at the present value of the lease payments not yet paid and the right-of-use asset will be derived from the calculation of the lease liability. These updates also expand the required quantitative and qualitative disclosures surrounding leases. The new lease standard requirements are effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period, and early adoption is permitted. We plan to early adopt this ASU beginning on January 1, 2019 using the modified retrospective transition approach, which requires application of the new guidance for all periods presented. The Partnership does not expect this ASU to have a material impact on our consolidated financial statements or disclosures.

On January 5, 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The new standard is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal periods beginning after December 15, 2019, and early adoption is permitted. Upon adoption, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. We plan to adopt this ASU beginning on January 1, 2019.

Note 4—Derivative Financial Instruments

Natural Gas Derivatives

Natural gas is the primary feedstock for the Partnership's production of methanol and ammonia. Operating at full capacity, our methanol and ammonia production units together require approximately 110,000 to 120,000 MMBtu per day of natural gas, as of December 31, 2018. Accordingly, our profitability depends in large part on the cost of our natural gas feedstock. The Partnership utilizes financial derivative instruments primarily to manage its exposure to natural gas price fluctuations, protect its return on investments and achieve a more predictable cash flow from operations. We do not designate our commodity derivative financial instruments as hedging instruments for financial accounting purposes and, as a result, we recognize the change in the respective instruments' fair value in earnings. This accounting results in significant volatility in earnings due to the impact market prices have on the market positions and derivative instruments that we have entered into.

Settlements in the normal course of maturities of our derivative financial instrument contracts result in cash receipts from, or cash disbursements to, our derivative contract counterparties. Changes in the fair value of our derivative financial instrument contracts, which include both cash settlements and non-cash changes in fair value, are included in earnings as a component of cost of goods sold (exclusive of depreciation) in the consolidated statement of operations with a corresponding increase or decrease in the consolidated balance sheets fair value amounts.

Our natural gas derivative instruments have historically been comprised of the following instruments:

Swaps: These contracts, which can be applied to any underlying index, allow us to exchange a floating market price for a fixed price or fixed basis over an agreed upon time period. A basis expresses the price difference between certain physical locations in the market, such as the Henry Hub and the Houston Ship Channel natural gas delivery locations. With respect to basis swap contracts held at period end, the counterparty is required to make a payment to the Partnership if the floating market basis price is greater than the fixed basis price, and the Partnership is required to make a payment to the counterparty if the fixed basis price is greater than the floating market basis.

Collars: A collar is a combination of options including a purchased call and a sold put. These contracts provide us with downside protection through the ceiling of the call option and allow us to participate in the upside of commodity prices through the floor of the put option. If the market price is above the strike price of the purchased call (ceiling price) at the time of settlement then the counterparty pays us the excess. If the market price is below the strike price of the sold put (floor price) at the time of settlement, we pay the counterparty the excess. Neither party is required to make a payment to the other party if the settlement price for any settlement period is between the floor price and the ceiling price. These transactions were conducted contemporaneously with a single counterparty and resulted in a net cashless transaction.

As of the years ended December 31, 2018 and 2017, the Partnership had natural gas derivative contracts outstanding, as set forth in the table below, none of which were designated as hedging instruments. The volumes reflected below represent an aggregation of multiple derivative contracts having similar remaining durations expected to be realized ratably over the period indicated.

Type of Contract and Period	Index	MMBtu's per day
Natural gas collars		
December 2017 - April 2018	NYMEX Henry Hub	35,000
December 2018 - March 2019	NYMEX Henry Hub	80,000
April 2019 - December 2019	NYMEX Henry Hub	90,000
January 2020 - December 2021	NYMEX Henry Hub	60,000
January 2022 - December 2023	NYMEX Henry Hub	20,000
Type of Contract and Period	**Index**	**MMBtu's per day**
Natural gas basis swaps		
December 2018 - March 2019	Basis between Henry Hub and Houston Ship Channel	10,000
December 2018 - December 2021	Basis between Henry Hub and Houston Ship Channel	20,000

The following table provides detail regarding the natural gas derivative assets and liabilities presented in the consolidated balance sheets for the periods presented, all at fair value.

		Years Ended December 31,	
	Consolidated Balance Sheet Location	2018	2017
Natural gas derivative contracts	Other current assets and prepaid expenses	$ 361	$ —
Natural gas derivative contracts	Other payables and accruals	1,596	1,412
Natural gas derivative contracts	Other non-current liabilities	5,329	—

Natural Gas Derivatives gains and losses

Cash receipts and payments in the following table reflect the gain or loss on derivative contracts which matured during the period, calculated as the difference between the contract price and the market settlement price of matured contracts. Non-cash gains and losses below represent the change in fair value of derivative instruments which continue to be held at period end, if any, and the reversal of previously recognized non-cash gains or losses on derivative contracts that matured during the period.

	Years Ended December 31,		
	2018	2017	2016
Cash received (paid) on derivatives:			
Natural gas fixed price swaps	(78)	—	—
Natural gas collars	2,405	(409)	(666)
Cash received on derivatives, net	2,327	(409)	(666)
Non-cash gain (loss) on derivatives:			
Natural gas fixed price swaps	(792)	—	—
Natural gas collars	(5,137)	(987)	—
Non-cash gain (loss) on derivatives, net	(5,929)	(987)	—
Gain (loss) on natural gas derivatives, net	$ (3,602)	$ (1,396)	$ (666)

Our natural gas derivative financial instruments covered approximately 37% and 3% of consumption volumes for the years ended December 31, 2018 and 2017.

Note 5—Fair Value

Accounting standards pertaining to fair value measurements establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

Level 1, defined as observable inputs such as quoted prices in active market;

Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable;

Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of December 31, 2018, the Partnership held certain items that are required to be measured at a fair value on a recurring basis. The Partnership's receivables and payables are short-term in nature and, therefore, the carrying values approximate their respective values as of December 31, 2018. Debt accrues interest at a variable rate, and as such, the fair value approximates its carrying value as of December 31, 2018.

The Partnership's natural gas derivative instruments consist of over-the-counter contracts, which are not traded on a public exchange. Natural gas derivative instruments include swaps, as well as different types of option contracts. The fair values of swap and option contracts are determined based on inputs that can be derived from information available in publicly quoted markets. Therefore, the Partnership has categorized these swap and option contracts as Level 2.

	Year Ended December 31, 2018			
	Fair Value Measurement Using			
Assets	Level 1	Level 2	Level 3	Assets and Liabilities at Fair Value
Natural gas derivative contracts				
Swap Contracts	—	9	—	9
Collar Contracts	—	352	—	352
Total Assets	—	361	—	361
Liabilities				
Swap Contracts	—	801	—	801
Collar Contracts	—	6,124	—	6,124
Total Liabilities	—	6,925	—	6,925

	Year Ended December 31, 2017			
	Fair Value Measurement Using			
Assets	Level 1	Level 2	Level 3	Assets and Liabilities at Fair Value
Natural gas derivative contracts				
Collar Contracts	—	—	—	—
Total Assets	—	—	—	—
Liabilities				
Collar Contracts	—	1,412	—	1,412
Total Liabilities	—	1,412	—	1,412

Note 6—Property, Plant and Equipment

	2018	2017
Land	$ 3,371	$ 3,371
Plant and equipment	764,837	765,651
Buildings	14,203	14,933
Vehicles	145	55
Furniture, Fixtures & Office Equipment	578	629
Computer hardware & software	286	—
Construction in progress	5,743	617
	789,163	785,256
Less: accumulated depreciation	288,091	227,050
	$ 501,072	$ 558,206

Note 7—Inventories

As of December 31, 2018 and 2017, the Partnership's inventories consisted of finished goods produced from normal production, and the Partnership had no raw materials and/or work-in-progress inventories. Below is a summary of inventories balances by product as of December 31, 2018 and 2017:

	2018	2017
Ammonia	$ 1,980	$ 2,050
Methanol	2,376	3,991
Total	$ 4,356	$ 6,041

Note 8—Debt

(a) Debt—Related Party

The intercompany revolving credit facility between OCIB and OCI USA (the "Revolving Credit Facility—Related Party") became effective on November 30, 2016 and had a borrowing capacity of $40,000 and a maturity date of January 20, 2020. The amount that could be drawn under the Revolving Credit Facility—Related Party was limited by the Original Revolving Credit Facility (as defined below) to $40,000 minus the amount of indebtedness outstanding under the Original Revolving Credit Facility. Borrowings under the Revolving Credit Facility—Related Party accrued interest at a rate equal to the sum of (i) the rate per annum applicable to the Original Revolving Credit Facility (including as such per annum rate may fluctuate from time to time in accordance with the terms of the agreement governing the Original Revolving Credit Facility) discussed in note 8(b), plus (ii) 0.25%. OCIB paid a commitment fee to OCI USA under the Revolving Credit Facility—Related Party on the undrawn available portion at a rate of 0.5% per annum, which was included as a component of interest expense—related party, net in the consolidated statements of operations. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement (see note 8(b)), in part, to repay in full the $7 of commitment fees outstanding under the Revolving Credit Facility—Related Party. The Revolving Credit Facility—Related Party was terminated effective as of March 13, 2018.

The intercompany term loan facility between OCIB and OCI USA (the "Term Loan Facility—Related Party") became effective on November 30, 2016 and had a borrowing capacity of $200,000 and a maturity date of January 20, 2020. Borrowings under the Term Loan Facility—Related Party accrued interest at a rate equal to the sum of (i) the rate per annum applicable to the Original Term Loan B Credit Facility (including as such per annum rate may fluctuate from time to time in accordance with the terms of the agreement governing the Original Term Loan B Credit Facility) discussed in note 8(b) plus (ii) 0.25%. On November 30, 2016, OCIB borrowed $200,000 under the Term Loan Facility—Related Party to prepay a portion of the Term B Loans. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement (see note 8(b)), in part, to repay in full the $200,000 of principal and $639 of accrued interest outstanding under the Term Loan Facility—Related Party. The Term Loan Facility—Related Party was terminated effective as of March 13, 2018.

(b) Debt—Third Party

	December 31, 2018	Interest Rate		Interest Rate as of December 31, 2018	Maturity Date
Revolving Credit Facility (1)	$ —	3.25% +	LIBOR	—%	March 13, 2020

(1) Unamortized debt issue costs related to the revolving credit facility is $357 as of December 31, 2018 and is presented as a component of other non-current assets in the the accompanying consolidated balance sheets.

	December 31, 2018	Interest Rate		Interest Rate as of December 31, 2018	Maturity Date
Term Loan Facility	$ 451,588	4.00% +	LIBOR	6.80%	March 31, 2025
Less: Current Portion	4,550				
Less: Unamortized Discount and Debit Issue Costs	6,824				
Term Loan Facility, Net	$ 440,214				

	December 31, 2017	Interest Rate		Interest Rate as of December 31, 2017	Maturity Date
Original Term Loan B Credit Facility	$ 231,825	6.75% +	Adjusted LIBOR	8.17%	August 20, 2019
Less: Current Portion	4,480				
Less: Unamortized Discount and Debit Issue Costs	3,917				
Term Loan Facility, Net	$ 223,428				

Original Term Loan B Credit Facility and Amendments Thereto

On August 20, 2013, OCIB and OCI USA entered into a senior secured term loan facility agreement (as amended, supplemented or restated from time to time, the "Original Term Loan B Credit Facility") with a syndicate of lenders. The Partnership subsequently became a party to the Original Term Loan B Credit Facility through a credit agreement joinder, dated as of October 18, 2013. The Original Term Loan B Credit Facility was comprised of three tranches of term debt in the amounts of $235,000 (the "Term B-2 Loan"), $165,000 (the "Term B-3 Loan") and $50,000 (the "Term B-4 Loan" and, together with the Term B-2 Loan and Term B-3 Loan, the "Term B Loans") which were scheduled to mature on August 20, 2019. Interest on the Original Term Loan B Credit Facility accrued, at OCIB's option, at adjusted LIBOR plus 6.75% per annum or the alternative base rate plus 5.75%. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement (as defined below), in part, to repay in full the outstanding principal of approximately $231,825 and accrued interest of approximately $1,385 under the Original Term B Loan Credit Facility.

Original Revolving Credit Facility

On April 4, 2014, OCIB as borrower, the Partnership as a guarantor, Bank of America, N.A. as administrative agent and a syndicate of lenders entered into a revolving credit facility agreement (as amended, supplemented or restated from time to time, the "Original Revolving Credit Facility"), with an initial aggregate borrowing capacity of up to $40,000 (less any amounts borrowed under the Revolving Credit Facility—Related Party (as defined in note 8(a)), including a $20,000 sublimit for letters of credit. The Original Revolving Credit Facility was set to expire on March 31, 2018. Outstanding principal amounts under the Original Revolving Credit Facility accrued interest at OCIB's option at either LIBOR plus a margin of 4.75% or a base rate plus a margin of 3.75%. OCIB also paid a commitment fee of 1.40% per annum on the unused portion of the Original Revolving Credit Facility. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement, in part, to repay in full the $80 of commitment fees outstanding under the Original Revolving Credit Facility.

Credit Agreement

On March 13, 2018, the Partnership successfully completed the closing of a $455,000 secured term loan credit facility (the "Term Loan Facility") and a $40,000 revolving credit facility (the "Revolving Credit Facility") established pursuant to a Credit Agreement, dated as of March 13, 2018 (the "Credit Agreement"), among the Partnership, the lenders party thereto from time to time and Bank of America, N.A., as administrative agent. The Revolving Credit Facility includes a $20,000 letter of credit sub-limit. All proceeds from the Revolving Credit Facility will be used by the Partnership for working capital, capital expenditures and other general corporate purposes.

The Partnership used the $455,000 proceeds of the Credit Agreement to (a) repay in full the existing indebtedness of OCIB, pursuant to the (i) Original Term Loan B Credit Facility of $231,825 in outstanding principal and $1,385 of accrued interest, and (ii) Original Revolving Credit Facility of $80 in commitment fees outstanding, (b) repay in full the existing intercompany debt, pursuant to the (i) Term Loan Facility—Related Party of $200,000 in outstanding principal and $639 of accrued interest, (ii) Revolving Credit Facility—Related Party of $7 in commitment fees outstanding, and (iii) the intercompany payables owed by OCIB to OCI USA Inc. of $9,327, and (c) for general corporate purposes.

The Term Loan Facility matures on March 31, 2025, and amortizes in quarterly installments equal to 0.25% of the original principal amount thereof, or $1,138 payable at the end of each fiscal quarter. The initial interest rate on the Term Loan Facility accrues interest at a rate equal to, at the Partnership's option, LIBOR plus 4.25% or a base rate plus 3.25%. The respective interest rate margins are subject to reductions based on changes in our consolidated total net leverage ratio as outlined in the table below. As of December 31, 2018, the interest rate on the Term Loan Facility is LIBOR plus 4.00%.

Interest Rate on the Term Loan Facility

Consolidated Total Net Leverage Ratio	LIBO Rate Loans	Base Rate Loans
Less than 2.75 to 1.00	4.00%	3.00%
Greater than or equal to 2.75 to 1.00	4.25%	3.25%

The Revolving Credit Facility matures on March 13, 2020 and outstanding principal amounts under the Revolving Credit Facility bear interest at an initial interest rate of, at the Partnership's option, LIBOR plus 3.75% or a base rate plus 2.75%. The respective interest rate margins are subject to reductions based on changes in our consolidated first lien net leverage ratio as outlined in the table below. As of December 31, 2018, the interest rate on the Revolving Credit Facility is LIBOR plus 3.25%.

Interest Rate on the Revolving Credit Facility

Consolidated First Lien Net Leverage Ratio	LIBO Rate Loans	Base Rate Loans
Less than 2.50 to 1.00	3.25%	2.25%
Less than 3.00 to 1.00 and greater than or equal to 2.50 to 1.00	3.50%	2.50%
Greater than or equal to 3.00 to 1.00	3.75%	2.75%

The Partnership pays a commitment fee of 0.50% per annum on the unused portion of the Revolving Credit Facility, that steps down to 0.375% if the first lien net leverage ratio is less than or equal to 3.00 to 1.00. On May 8, 2018 and in connection with our 10Q filing with the Securities and Exchange Commission, we achieved the step down commitment fee rate of 0.375%. As of December 31, 2018, the Partnership's consolidated total net leverage ratio and consolidated first lien net leverage ratio were both 2.15 to 1.00.

Scheduled amortization payments of the secured Term Loan Facility with respect to the Credit Agreement at December 31, 2018 are as follows:

Fiscal Year	
2019	$ 4,550
2020	4,550
2021	4,550
2022	4,550
2023	4,550
2024	4,550
2025	424,288
Total	$ 451,588

The Credit Agreement, as well as related fees and expenses, are unconditionally guaranteed by OCIB. The Credit Agreement, and related fees and expenses, are secured by a first priority lien on substantially all of OCIB's and the Partnership's assets, subject to customary exceptions.

The Credit Agreement contains customary covenants which the Partnership must abide and default provisions for the benefit of the lenders, including a requirement that the Partnership maintain, on a quarterly basis, (i) a consolidated senior secured net leverage ratio not in excess of 5.25 to 1.00 and (ii) at times when any revolving loans or revolving loan commitments are outstanding, a consolidated interest coverage ratio of not less than 2.00 to 1.00. As of December 31, 2018, the Partnership's consolidated senior secured net leverage ratio was 2.15 to 1.00, and its consolidated interest coverage ratio was 7.50 to 1.00. The Credit Agreement permits the Partnership to make distributions so long as no event of default has occurred and is continuing and the Partnership is in pro forma compliance with its financial maintenance covenants. Upon the occurrence of certain events of default under the Credit Agreement, Partnership's obligations under the Credit Agreement may be accelerated.

The Credit Agreement also contains various non-financial covenants, which include, among others, undertakings with respect to reporting requirements, maintenance of specified insurance coverage, and compliance with applicable laws and regulations. As of December 31, 2018, the Partnership was in compliance with all these covenants.

The Credit Agreement contains events of default customary for credit facilities of this nature, including, but not limited to, the failure to pay any principal, interest or fees when due, failure to satisfy any covenant, untrue representations or warranties, impairment of liens, events of default under any other loan document, default under any other material debt agreements, insolvency, certain bankruptcy proceedings, change of control and material litigation resulting in a final judgment against any borrower or subsidiary guarantor. Upon the occurrence and during the continuation of an event of default under the Credit Agreement the lenders may, among other things, accelerate and declare the outstanding loans to be immediately due and payable and exercise remedies against the Partnership and the collateral as may be available to the lenders under the Credit Agreement and other loan documents.

(c) *Debt Issuance Costs*

Original Term Loan B Credit Facility

The Original Term Loan B Credit Facility and amendments thereto included debt issuance costs that were withheld from the proceeds of the loans, arranger fees, as well as legal and structuring fees. These debt issuance costs were written off in connection with the repayment of the Original Term Loan B Credit Facility on March 13, 2018, resulting in a loss on extinguishment of debt during the year ended December 31, 2018 of $3,501.

OCIB amortized debt issuance costs related to the Original Term Loan B Credit Facility of $415, $2,161 and $11,419 during the years ended December 31, 2018, 2017 and 2016, respectively. The amortization of the debt issuance costs is presented as a component of interest expense in the accompanying consolidated statements of operations.

Original Revolving Credit Facility

The Original Revolving Credit Facility and amendments thereto included consent fees, legal fees and other expenses. OCIB recorded the debt issuance costs as a reduction of short-term debt in the accompanying consolidated balance sheets and amortized them over the term of the Original Revolving Credit Facility using the effective-interest method.

OCIB amortized debt issuance costs related to the Original Revolving Credit Facility of $24, $112 and $103 during the years ended December 31, 2018, 2017 and 2016, respectively. The amortization of the debt issuance costs is presented as a component of interest expense in the accompanying consolidated statement of operations.

Credit Agreement

The Term Loan Facility under the Credit Agreement included approximately $7,589 of debt issuance costs. The debt issuance costs were recorded as a reduction of long-term debt in the accompanying consolidated balance sheets and will be amortized over the term of the terms loans under the Credit Agreement using the effective-interest method.

The Revolving Credit Facility under the Credit Agreement included approximately $600 of debt issuance costs. The debt issuance costs associated with the Revolving Credit Facility were recorded as an other non-current assets in the accompanying consolidated balance sheets and will be amortized over the term of the Revolving Credit Facility under the Credit Agreement using the effective-interest method.

OCIB amortized debt issuance costs related to the Credit Agreement of $971 during the year ended December 31, 2018. No amounts were amortized during the years ended December 31, 2017 and 2016 as the Credit Agreement was entered into on March 13, 2018. The amortization of the debt issuance costs is presented as a component of interest expense in the accompanying consolidated statements of operations.

(d) ***Trade Receivable Securitization Arrangement***

On September 20, 2018, OCIB entered into a master framework agreement with a third party financial institution to sell eligible trade receivables generated from the sale of methanol or ammonia to a third party purchaser. OCIB accounts for the trade receivables sold under this agreement as a sale of financial assets pursuant to ASC 860 “Transfers and Servicing” and derecognizes these trade receivables from the consolidated balance sheet. Due to a short average collection cycle for such trade receivables, the fair value of the sold trade receivables approximates the book value, and as a result, no gain or loss on the sale of trade receivables is recorded. Although OCIB continues to service, administer and collect the trade receivables on behalf of the purchaser, a servicing asset or liability is not recognized due to any financial statement impact associated with the servicing asset or liability being immaterial. Cash collections from customers for the sold trade receivables are presented as a component of other payables and accruals in the accompanying consolidated balance sheets until they are remitted to the purchaser. The financing element of the program is presented as a component of interest expense in the accompanying consolidated statements of operations.

During the year ended December 31, 2018, OCIB sold trade receivables having an aggregate face value of $76,760 to the purchaser in exchange for cash proceeds of $76,371, of which $55,484 was funded by re-invested collections. Related fees for the period were $389. As of December 31, 2018, the outstanding principal amount of trade receivables sold under this facility amounted to $21,277, of which $16,989 represents cash collections from customers for trade receivables previously sold to the purchaser. OCIB records cash flows related to proceeds from the purchaser for the sale of trade receivables as operating activities in its statements of cash flows, and reflects cash flows related to the collection of the trade receivables as well as the amount of collections OCIB remits to the purchaser as financing activities in its statements of cash flows.

Note 9—Related Party Transactions

The Partnership has maintained and been involved with certain arrangements and transactions with OCI and its affiliates. The material effects of such arrangements and transactions are reported in the accompanying consolidated financial statements as related party transactions.

The following table represents the effect of related party transactions of the consolidated results of operations for the years ended December 31, 2018, 2017 and 2016:

	Years Ended December 31,		
	2018	2017	2016
Revenue	$ 83,725	$ 18,442	$ 10,995
Cost of goods sold (exclusive of depreciation) (1)	38,135	17,384	16,259
Selling, general and administrative expenses (2)	4,927	3,476	4,160
Interest expense, net	2,656	17,339	1,777

(1) Amounts represented in cost of goods sold (exclusive of depreciation) were incurred to the following related parties:

	Years Ended December 31,		
	2018	2017	2016
OCI GP LLC	$ 16,689	$ 15,264	$ 16,259
OCI Methanol Marketing, LLC	12,119	—	—
OCI Fuels Limited	6,942	—	—
N-7, LLC	1,975	—	—
Iowa Fertilizer Company, LLC	305	—	—
OCI Fertilizer USA, LLC	105	—	—
OCI USA	—	2,120	—
Total cost of goods sold (exclusive of depreciation)—related party	$ 38,135	$ 17,384	$ 16,259

(2) Amounts represented in selling, general and administrative expense were incurred to the following related parties:

	Years Ended December 31,		
	2018	2017	2016
OCI GP LLC	$ 2,412	$ 2,467	$ 3,044
OCI Nitrogen B.V.	7	20	24
OCI Personnel B.V.	—	30	308
OCI USA	726	300	—
Contrack International Inc.	1,584	641	700
OCI Fertilizers BV	27	18	40
Iowa Fertilizer Company, LLC	133	—	—
OCI N.V.	38	—	—
OCI Fertilizer Trade & Supply B.V.	—	—	44
Total selling, general and administrative expenses—related party	$ 4,927	$ 3,476	$ 4,160

Our Agreements with OCI

Omnibus Agreement

We are party to an omnibus agreement with OCI, OCI USA, OCI GP LLC and OCIB (the "Omnibus Agreement"). The Omnibus Agreement addresses certain aspects of the Partnership's relationship with OCI and OCI USA, including: (i) certain indemnification obligations, (ii) the provision by OCI USA to the Partnership of certain services, including selling, general and administrative services and management and operating services relating to operating the Partnership's business, (iii) the Partnership's use of the name "OCI" and related marks and (iv) the allocation among the Partnership and OCI USA of certain tax attributes.

Under the Omnibus Agreement, OCI USA has agreed to provide, or cause one or more of its affiliates to provide, the Partnership with such selling, general and administrative services and management and operating services as may be necessary to manage and operate the business and affairs of the Partnership. Pursuant to the Omnibus Agreement, the Partnership has agreed to reimburse OCI USA for all reasonable direct or indirect costs and expenses incurred by OCI USA or its affiliates in connection with the provision of such services, including the compensation and employee benefits of employees of OCI USA or its affiliates.

During the years ended December 31, 2018, 2017 and 2016, costs totaling $19,101, $17,731 and $19,303, respectively, were incurred under this contract and payable to OCI GP LLC in connection with reimbursement of providing selling, general and administrative services and management and operating services to manage and operate the business and affairs of the Partnership. Of these amounts, the wages directly attributable to revenue-producing operations were included in cost of goods sold (exclusive of depreciation)—related party and the remaining amounts incurred were included in selling, general and administrative expense—related party. During the years ended December 31, 2018, 2017 and 2016, $16,689, $15,264 and $16,259, respectively, were recorded in cost of goods sold (exclusive of depreciation)—related party and $2,412, $2,467 and $3,044, respectively, were recorded in selling, general and administrative expense—related party. Accounts payable—related party include amounts incurred but unpaid to OCI GP LLC of $5,547 and $4,433 as of December 31, 2018 and December 31, 2017, respectively.

As shown in the table above, the Partnership recorded amounts due to (i) OCI Nitrogen B.V. ("OCI Nitrogen"), an indirect, wholly-owned subsidiary of OCI, (ii) OCI Personnel B.V., an indirect, wholly-owned subsidiary of OCI, (iii) Contrack International Inc., an affiliate of OCI, (iv) OCI Fertilizers BV, an indirect, wholly-owned subsidiary of OCI ("OCI Fertilizers"), and (v) OCI Fertilizer Trade & Supply B.V., an indirect, wholly-owned subsidiary of OCI Fertilizers ("OCI Fertilizer Trade & Supply"), in selling, general and administrative expense as shown on the consolidated statement of operations, in relation to officers' salaries, wages and travel expenses, and asset management information-technology-related project expenses in the amount of $2,515, $1,009 and $1,116 during the years ended December 31, 2018, 2017 and 2016, respectively. Accounts payable—related party include amounts incurred but unpaid to the aforementioned parties of $350 and $506 as of December 31, 2018 and December 31, 2017, respectively.

Advances due from Related Parties

Advances due from related parties represent unreimbursed expenses incurred on behalf of OCI and its affiliates. These advances are unsecured, non-interest bearing and are due on demand. As of December 31, 2018 and December 31, 2017, the Partnership had $12,880 and $188, respectively, due from related parties.

Set forth below is a table showing the amounts due from the following related parties:

	Years Ended December 31,	
	2018	2017
OCI N.V.	$ 1,070	$ 27
OCI Methanol Marketing, LLC (1)	11,189	—
OCI Fuels Limited (2)	583	—
NatGasoline, LLC (3)	9	150
Iowa Fertilizer Company LLC (4)	13	—
OCI USA	4	—
OCI Fertilizer BV	12	—
Orascom E&C USA Inc. (5)	—	7
Texam, LLC (6)	—	4
Total advances due from related party	$ 12,880	$ 188

(1) OCI Methanol Marketing, LLC is an indirect, wholly-owned subsidiary of OCI.
(2) OCI Fuels Limited is an indirect, wholly-owned subsidiary of OCI.
(3) OCI indirectly owns a 50% interest in NatGasoline, LLC.
(4) Iowa Fertilizer Company LLC is an indirect, wholly-owned subsidiary of OCI.
(5) Orascom E&C USA Inc. is an affiliate of OCI.
(6) Texam, LLC is an indirect, wholly-owned subsidiary of OCI.

Related Party Sales - Ammonia

On May 12, 2015, OCIB entered into an ammonia supply and sales agreement with OCI Fertilizers USA LLC ("OCI Fertilizers USA"), an indirect, wholly-owned subsidiary of OCI that is a wholesaler of ammonia, to supply OCI Fertilizers USA with commercial grade anhydrous ammonia. OCI Fertilizers USA purchases the ammonia to resell to third parties. The term of the original agreement began on June 1, 2015 and ended on May 31, 2017 and renewed automatically on an annual basis unless a party cancels with 90 days' notice. Under the terms of the agreement, OCI Fertilizers USA was paid a 1.5% commission of the sales price to third parties. During the years ended December 31, 2018, 2017 and 2016, we had related party sales of $7,689, $10,080 and $7,731, respectively, for the sale of ammonia to OCI Fertilizers USA. Accounts Receivable—related party includes amounts due from OCI Fertilizers USA of $1,382 as of December 31, 2017. No amounts were due from OCI Fertilizers USA as of December 31, 2018. On July 1, 2018, OCIB and OCI Fertilizers USA mutually agreed to terminate the ammonia supply and sales agreement.

On July 1, 2017, OCIB entered into an ammonia supply and sales agreement with OCI Fertilizer Trade & Supply to supply OCI Fertilizer Trade & Supply with approximately 22,500 metric tons of commercial grade anhydrous ammonia during July and August of 2017. On December 20, 2017, OCIB entered into an ammonia supply and sales agreement with OCI Fertilizer Trade & Supply to supply OCI Fertilizer Trade & Supply with approximately 16,300 metric tons of commercial grade anhydrous ammonia during December of 2017. During the years ended December 31, 2017 and 2016, we had related party sales of $8,362 and $3,265, respectively, for the sale of ammonia to OCI Fertilizer Trade & Supply. Accounts Receivable—related party includes amounts due from OCI Fertilizer Trade & Supply of $5,121 as of December 31, 2017. We had no related party sales of ammonia to OCI Fertilizer Trade & Supply during the year ended December 31, 2018 and no amounts were due from OCI Fertilizer Trade & Supply as of December 31, 2018.

On February 19, 2018, OCIB entered into an agreement with Iowa Fertilizer Company, LLC ("Iowa Fertilizer Company") to supply Iowa Fertilizer Company with up to 60,000 metric tons per year of commercial grade anhydrous ammonia, at OCIB's option (the "IFCo Agreement"). Pursuant to an exchange agreement with a third party, we delivered the anhydrous ammonia to the third party's barge on an FOB basis and an equal amount of product was delivered by the third party to Iowa Fertilizer's facility. During the year ended December 31, 2018, we had $5,802 of related party sales of ammonia to Iowa Fertilizer Company. We had no related party sales of ammonia to Iowa Fertilizer Company during the years ended December 31, 2017 and 2016 . No amounts were due from Iowa Fertilizer Company as of as of December 31, 2018. On May 18, 2018 OCIB and Iowa Fertilizer Company became parties to the ammonia marketing agreement with N-7, LLC and pursuant to the agreement with N-7, OCIB and Iowa Fertilizer Company mutually agreed to terminate the IFCo Agreement.

On May 18, 2018, OCIB and Iowa Fertilizer Company entered into an ammonia marketing agreement with N-7, LLC ("N-7"), a Delaware limited liability company that OCI owns an indirect 50% interest in, whose purpose is to market its suppliers' (including OCIB, Iowa Fertilizer Company and an unaffiliated third party) commercial grade anhydrous ammonia and other products to third parties. The initial term of the ammonia marketing agreement began on May 18, 2018 and ends on December 31, 2020 and can be renewed for an additional twenty-four month period upon the written agreement of both parties at least 90 days in advance of the expiration of the initial term. Under the terms of the agreement, N-7 markets OCIB's commercial grade anhydrous ammonia and pays OCIB an agreed upon index price, net of transportation (that is, a netback arrangement). N-7 is also paid a commission for the sale of ammonia. The commission and transportation costs are recorded in cost of goods sold (exclusive of depreciation)—related party as these are fulfillment costs. N-7 began operations on July 1, 2018 and during the year ended December 31, 2018, we had $24,705 of related party sales of ammonia to N-7. Accounts receivable—related party includes amounts due from N-7 of $6,581 as of December 31, 2018. During the year ended December 31, 2018, we recorded commission and transportation costs due to N-7 of $1,975. Accounts payable—related party includes amounts due to N-7 of $832 as of December 31, 2018. We had no related party sales of ammonia to N-7 during the years ended December 31, 2017 and 2016. No amounts were recorded as commission and transportation costs due to N-7 during the years ended December 31, 2017 and 2016. No amounts were due to or from N-7 as of as of December 31, 2017.

On June 4, 2018, OCIB with Iowa Fertilizer Company, N-7 and an unaffiliated third party executed a letter agreement (the "Letter Agreement") whereby Iowa Fertilizer Company pays all the costs associated with selling the commercial grade anhydrous ammonia and OCIB reimburses Iowa Fertilizer Company for a portion of those fees, net of any commissions paid to N-7. OCIB records these fees in cost of goods sold (exclusive of depreciation)—related party. During the year ended December 31, 2018, we recorded selling expense reimbursements due to Iowa Fertilizer Company of $305. Accounts payable—related party includes amounts due to Iowa Fertilizer Company for selling expense reimbursements of $88 as of December 31, 2018. No amounts were recorded as selling expense reimbursements due to Iowa Fertilizer Company during the years ended December 31, 2017 and 2016. No amounts were due to Iowa Fertilizer Company as of December 31, 2017.

Methanol Supply and Sales Agreement

On May 18, 2017, in order to fulfill its contracted sales commitments during the unplanned shutdown that occurred in April and May of 2017, OCIB entered into a methanol purchase and sale agreement with OCI USA pursuant to which OCI USA agreed to sell and deliver a methanol volume of approximately 7,000 metric tons to OCIB, and OCIB agreed to purchase and receive the methanol volume at the spot price during the month of delivery. During the year ended December 31, 2017, the cost of the methanol purchased from OCI USA of approximately $2,120 was included in cost of goods sold (exclusive of depreciation)—related party in the accompanying consolidated statements of operations. No methanol was purchased from OCI USA during the years ended December 31, 2018 or 2016. No amounts were payable to OCI USA in relation to the methanol supply and sales agreement as of December 31, 2018 or December 31, 2017.

On January 20, 2018, OCIB entered into a tolling agreement with OCI Fuels Limited ("OCI Fuels"). Under the agreement, OCIB charges OCI Fuels a tolling fee to process the natural gas purchased and delivered to OCIB's facility by OCI Fuels for the production of methanol. Natural gas received from OCI Fuels is recorded in cost of goods sold (exclusive of depreciation)—related party in the consolidated statement of operations as this relates directly to the production of methanol. During the year ended December 31, 2018, $6,942 of natural gas was delivered to our facility by OCI Fuels for the production of methanol. During the year ended December 31, 2018, we had $20,375 of related party sales of methanol to OCI Fuels. Accounts receivable—related party includes amounts due from OCI Fuels of $7,662 as of December 31, 2018. We had no related party sales of methanol to OCI Fuels during the years ended December 31, 2017 and 2016. No amounts were due from OCI Fuels as of as of December 31, 2017.

On November 26, 2018, OCIB entered into a methanol offtake agreement with OCI Methanol Marketing, LLC ("OCI Methanol Marketing"), an indirect, wholly-owned subsidiary of OCI. Under the terms of the agreement, OCIB agreed to sell and deliver methanol to OCI Methanol Marketing and OCI Methanol Marketing agreed to purchase and receive the methanol. The initial term of the methanol offtake agreement began on November 26, 2018 and ends on December 31, 2019 and will be automatically renewed for successive period of one calendar year, except upon written notice on or before the 1st day of November of the year preceding the year for which the party will not renew. OCI Methanol Marketing began operations on July 1, 2018 and sales made to OCI Methanol Marketing prior to the entering into the methanol offtake agreement were considered spot sales whereby OCI Methanol Marketing purchased methanol from OCIB at the spot price during the month of delivery. During the year ended December 31, 2018, we had $25,154 of related party sales of methanol to OCI Methanol Marketing. No amounts were due from OCI Methanol Marketing as of December 31, 2018. We had no related party sales of methanol to OCI Methanol Marketing during the years ended December 31, 2017 and 2016. No amounts were due from OCI Methanol Marketing as of as of December 31, 2017.

During the year ended December 31, 2018, and in order fulfill our contracted sales commitments during unplanned downtime that occurred, OCIB entered into a methanol purchase and sales agreement with OCI Methanol Marketing, pursuant to which, OCI Methanol Marketing agreed to sell and deliver a methanol volume of approximately 33,255 metric tons, and OCIB agreed to purchase and receive the methanol volume. Under the terms of the agreement, OCIB purchased the methanol from OCI Methanol Marketing at the market spot price on the day of delivery to the Beaumont facility. During the year ended December 31, 2018, the cost of the methanol purchased from OCI Methanol Marketing of $12,119 was included in cost of goods sold (exclusive of depreciation)—related party in the accompanying consolidated statements of operations. No amounts were payable to OCI Methanol Marketing in relation to the methanol supply and sales agreement as of December 31, 2018. We had no related party purchases of methanol from OCI Methanol Marketing during the years ended December 31, 2017 and 2016. No amounts were payable to OCI Methanol Marketing as of as of December 31, 2017.

Loans to Affiliates

On December 31, 2018, the Partnership agreed to provide OCI with an $5,000 intercompany note on an unsecured basis and as a result, notes receivable—related party, short term includes amounts due from OCI of $5,000 as of December 31, 2018. Borrowings under the intercompany note accrue interest at a rate equal to the sum of (i) the rate per annum applicable to the Term Loan Facility (including as such per annum rate fluctuated from time to time in accordance with the terms of the agreement governing the Term Loan Facility) discussed in note 8(b), plus (ii) 0.50%. The note was paid in full on January 2, 2019.

On September 28, 2018, the Partnership agreed to provide OCI Methanol Marketing with revolving loans on an unsecured basis with a maximum borrowing capacity of $50,000 and a maturity date of January 1, 2020. Borrowings under the facility accrue interest at a rate equal to the sum of (i) the rate per annum applicable to the Term Loan Facility (including as such per annum rate fluctuated from time to time in accordance with the terms of the agreement governing the Term Loan Facility) discussed in note 8(b), plus (ii) 0.50%. Notes receivable—related party, short term includes amounts due from OCI Methanol Marketing of $5,480 in principal withdrawals from the revolving facility as of December 31, 2018.

We recorded interest income of $812 for the year ended December 31, 2018 for interest earned on the intercompany notes due from OCI and revolving loan due from OCI Methanol Marketing. Interest income is presented as a component of interest expense—related party, net in the accompanying consolidated statement of operations. Interest receivable—related party of $785 is presented as a component of notes receivable—related party, short term in the accompanying consolidated balance sheet.

Distributions and Payments to OCI USA and Its Affiliates

Prior to the completion of our initial public offering, certain assets of OCIB were distributed to OCI USA including $27,560 of trade receivables. All collections of transferred trade receivables have been received by the Partnership and remitted to OCI USA. On March 13, 2018, the Partnership used a portion of the proceeds from the Credit Agreement (as discussed in note 8(b)) to repay in full all amounts owed to OCI USA of $9,327. During the years ended December 31, 2018 and 2017, we remitted $9,327 and $251, respectively, of the collections of the transferred trade receivables to OCI USA. Accounts payable—related party includes amounts incurred but unpaid to OCI USA of $9,329 as of December 31, 2017. No amounts were due to OCI USA for collections of the transferred trade receivables as of December 31, 2018.

Revolving Credit Facility—Related Party and Term Loan Facility—Related Party

As indicated above in note 8(a), OCIB recorded interest expense—related party during the years ended December 31, 2018, 2017 and 2016 of $3,468, $17,339 and $1,777, respectively. Interest expense—related party relates to interest expense and commitment fees on the unused portion of the Revolving Credit Facility—Related Party and interest expense on our Term Loan Facility—Related Party, both payable to OCI USA. On March 13, 2018, the Partnership used a portion of the proceeds from the Credit Agreement (as discussed in note 8(b)) to repay in full all accrued interest—related party owed to OCI USA and as a result, no amounts were recorded as interest expense—related party for the remainder of 2018 and no amounts are due to OCI USA as of December 31, 2018. Accrued interest—related party includes amounts incurred but unpaid to OCI USA of $1,468 as of December 31, 2017.

Other Transactions with Related Parties

Guarantee of Original Term Loan B Credit Facility

The term loans under the Original Term Loan B Credit Facility and related fees and expenses were unconditionally guaranteed by OCI USA. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement to repay in full the outstanding principal and accrued interest under the Original Term B Loan Credit Facility. The guarantee by OCI USA of the Original Term Loan B Credit Facility was terminated on March 13, 2018 in connection with the repayment in full of the Original Term Loan B Credit Facility.

Note 10—Commitments, Contingencies and Legal Proceedings

Litigation: In the ordinary course of business, we are, and will continue to be, involved in various claims and legal proceedings, some of which are covered in whole or in part by insurance. We may not be able to predict the timing or outcome of these or future claims and proceedings with certainty, and an unfavorable resolution of one or more of such matters could have a material adverse effect on our financial condition, results of operations or cash flows. Currently, we are not party to any legal proceedings that, individually or in the aggregate, are reasonably likely to have a material adverse effect on our financial condition, results of operations or cash flows.

Environmental: The Partnership's facilities could be subject to potential environmental liabilities primarily relating to contamination caused by current and/or former operations at those facilities. Some environmental laws could impose on the Partnership the entire costs of cleanup regardless of fault, legality of the original disposal or ownership of the disposal site. In some cases, the governmental entity with jurisdiction could seek an assessment for damage to the natural resources caused by contamination from those sites. The Partnership had no significant operating expenditures for environmental fines, penalties or government-imposed remedial or corrective actions during the years ended December 31, 2018 and 2017.

Contractual Purchase Commitments: We are obligated to make payments under contractual purchase commitments, including unconditional purchase obligations. Our unconditional purchase obligations relates to the supply of hydrogen and nitrogen. These contracts requires the purchase of minimum quantities of hydrogen and nitrogen, at current market prices. We have estimated our payment obligations under the existing contracts using current market prices and currently expect our purchases to exceed our minimum payment obligations. Our obligations to make future payments under the hydrogen and nitrogen supply contracts as of December 31, 2018 are summarized in the following table:

	Total	2019	2020	2021	2022	2023	Thereafter
Purchase Obligations	$ 83,182	$ 18,666	$ 23,995	$ 20,638	$ 7,622	$ 7,622	$ 4,639

Total payments relating to our hydrogen and nitrogen supply contracts were approximately $33,612 in 2018, $28,995 in 2017 and $32,255 in 2016.

Note 11—Subsequent Events

The Partnership has evaluated all events or transactions that occurred after December 31, 2018, up through March 15, 2019, which is the date the Partnership issued the audited consolidated financial statements. During the period, the Partnership did not have any material recognizable subsequent events.