

ADAMS RESOURCES & ENERGY, INC.
Form 10-K
March 11, 2016

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

(Mark One)

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

For the Fiscal Year ended December 31, 2015

OR

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

Commission File Number 1-7908

ADAMS RESOURCES & ENERGY, INC.

(Exact name of registrant as specified in its charter)

| | | | |
|-----------------------------|---|---|------------|
| Delaware | 74-1753147 | 17 South Briar Hollow Lane Suite 100 Houston, Texas | 77027 |
| (State of Incorporation) | (I.R.S. Employer Identification No.) | (Address of Principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: (713) 881-3600
Securities registered pursuant to Section 12(b) of the Act:

| | |
|--|---|
| Title of each class Common Stock, \$.10 Par Value | Name of each exchange on which registered NYSE MKT |
|--|---|

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ___ NO

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES ___ NO

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

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

YES NO ___

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

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

Large accelerated filer _____

Accelerated filer

Non-accelerated filer _____

Smaller reporting company _____

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act).

YES ___ NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of the close of business on June 30, 2015 was \$89,541,323 based on the closing price of \$44.60 per one share of common stock as reported on the NYSE MKT for such date. A total of 4,217,596 shares of Common Stock were outstanding at March 1, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held May 18, 2016 are incorporated by reference into Part III of this report.

PART I

Forward-Looking Statements –Safe Harbor Provisions

This annual report on Form 10-K for the year ended December 31, 2015 contains certain forward-looking statements covered by the safe harbors provided under federal securities law and regulations. To the extent such statements are not recitations of historical fact; such forward-looking statements involve risks and uncertainties. In particular, statements under the captions (a) Production and Reserve Information, (b) Regulatory Status and Potential Environmental Liability, (c) Management’s Discussion and Analysis of Financial Condition and Results of Operations, (d) Critical Accounting Policies and Use of Estimates, (e) Quantitative and Qualitative Disclosures about Market Risk, (f) Income Taxes, (g) Concentration of Credit Risk, (h) Price Risk Management Activities, and (i) Commitments and Contingencies, among others, contain forward-looking statements. Where the Company expresses an expectation or belief regarding future results or events, such expression is made in good faith and believed to have a reasonable basis in fact. However, there can be no assurance that such expectation or belief will actually result or be achieved.

With the uncertainties of forward looking statements in mind, the reader should consider the risks discussed elsewhere in this report and other documents filed by the Company with the Securities and Exchange Commission (the “SEC”) from time to time and the important factors described under “Item 1A. Risk Factors” that could cause actual results to differ materially from those expressed in any forward-looking statement made by or on behalf of the Company.

Items 1 and 2. BUSINESS AND PROPERTIES

Business Activities

Adams Resources & Energy, Inc. (“ARE”), a Delaware corporation organized in 1973, and its subsidiaries (collectively, the “Company”), are engaged in the business of crude oil marketing, tank truck transportation of liquid chemicals, and oil and gas exploration and production. The Company’s headquarters are located in 27,932 square feet of office space located at 17 South Briar Hollow Lane Suite 100, Houston, Texas 77027 and the telephone number of that address is (713) 881-3600. The revenues, operating results and identifiable assets of each industry segment for the three years ended December 31, 2015 are set forth in Note (8) to the Consolidated Financial Statements included elsewhere herein.

Marketing Segment Subsidiary

Gulfmark Energy, Inc. (“Gulfmark”), a subsidiary of ARE, purchases crude oil and arranges sales and deliveries to refiners and other customers. Activity is concentrated primarily onshore in Texas and Louisiana with additional operations in Michigan and North Dakota. Gulfmark operates 207 tractor-trailer rigs and maintains over 120 pipeline inventory locations or injection stations. Gulfmark has the ability to barge oil from four oil storage facilities along the intercoastal waterway of Texas and Louisiana and maintains 400,000 barrels of storage capacity at the dock facilities in order to access waterborne markets for its products. During 2015, Gulfmark purchased approximately 106,400 barrels per day of crude oil at the field (wellhead) level. Gulfmark delivers physical supplies to refiner customers or enters into commodity exchange transactions when the cost to exchange is less than the alternate cost to transport or store the crude oil. During 2015, Gulfmark had sales to two customers that comprised 24.4 percent and 13.8 percent, respectively, of total Company wide revenues. Management believes alternative market outlets for its commodity sales are readily available and a loss of any of these customers would not have a material adverse effect on the Company’s operations. See discussion under “Concentration of Credit Risk” in Note (3) to Consolidated Financial

Statements.

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Operating results for the marketing segment are sensitive to a number of factors. Such factors include commodity location, grades of product, individual customer demand for grades or location of product, localized market price structures, availability of transportation facilities, actual delivery volumes that vary from expected quantities, and the timing and costs to deliver the commodity to the customer.

Transportation Segment Subsidiary

Service Transport Company ("STC"), a subsidiary of ARE, transports liquid chemicals on a "for hire" basis throughout the continental United States and Canada. Transportation service is provided to over 400 customers under multiple load contracts in addition to loads covered under STC's standard price list. Pursuant to regulatory requirements, STC holds a Hazardous Materials Certificate of Registration issued by the United States Department of Transportation ("DOT"). STC operates 324 truck tractors of which 293 are Company owned with 31 independent owner-operator units. The Company also owns and operates 580 tank trailers. In addition, STC operates truck terminals in Houston, Corpus Christi, and Nederland, Texas as well as Baton Rouge (St. Gabriel), Louisiana, St. Rose, Louisiana and Mobile (Saraland), Alabama. Transportation operations are headquartered at a terminal facility situated on 26.5 Company-owned acres in Houston, Texas. This property includes maintenance facilities, an office building, tank wash rack facilities and a water treatment system. The St. Gabriel, Louisiana terminal is situated on 11.5 Company-owned acres and includes an office building, maintenance bays and tank cleaning facilities.

STC is compliant with International Organization for Standardization ("ISO") 9001:2000 Standard. The scope of this Quality System Certificate covers the carriage of bulk liquids throughout STC's area of operations as well as the tank trailer cleaning facilities and equipment maintenance. STC's quality management process is one of its major assets. The practice of using statistical process control covering safety, on-time performance and customer satisfaction aids continuous improvement in all areas of quality service. In addition to its ISO 9001:2000 practices, the American Chemistry Council recognizes STC as a Responsible Care® Partner. Responsible Care Partners serve the chemical industry and implement and monitor the seven Codes of Management Practices. The seven codes address compliance and continuing improvement in (1) Community Awareness and Emergency Response, (2) Pollution Prevention, (3) Process Safety, (4) Distribution, (5) Employee Health and Safety, (6) Product Stewardship, and (7) Security.

Oil and Gas Segment Subsidiary

Adams Resources Exploration Corporation ("AREC"), a subsidiary of ARE, is actively engaged in the exploration and development of domestic oil and natural gas properties primarily in Texas and the south central region of the United States. AREC's offices are maintained in Houston and the Company holds an interest in 513 producing wells of which 26 are Company operated.

Producing Wells--The following table sets forth the Company's gross and net productive wells as of December 31, 2015. Gross wells are the total number of wells in which the Company has an interest, while net wells are the sum of the fractional interests owned.

| | Oil Wells | | Gas Wells | | Total Wells | |
|-------|-----------|------|-----------|-------|-------------|-------|
| | Gross | Net | Gross | Net | Gross | Net |
| Texas | 242 | 7.49 | 164 | 11.35 | 406 | 18.84 |
| Other | 82 | 1.11 | 25 | .61 | 107 | 1.72 |
| | 324 | 8.60 | 189 | 11.96 | 513 | 20.56 |

Drilling Activity--The following table sets forth the Company's drilling activity for each of the three years ended December 31, 2015. All drilling activity was onshore in Texas, Louisiana and Kansas.

| | 2015 | | 2014 | | 2013 | |
|---------------------------|-------|-----|-------|------|-------|------|
| | Gross | Net | Gross | Net | Gross | Net |
| Exploratory wells drilled | | | | | | |
| - Productive | - | - | - | - | - | - |
| - Dry | 1 | .10 | 4 | .40 | 3 | .38 |
| Development wells drilled | | | | | | |
| - Productive | 13 | .16 | 46 | .83 | 77 | 1.40 |
| - Dry | - | - | 3 | .43 | - | - |
| | 14 | .26 | 53 | 1.66 | 80 | 1.78 |

Production and Reserve Information--The Company's estimated net quantities of proved oil and natural gas reserves, establish future net cash flows before income taxes and the standardized measure of discounted future net cash flows, calculated at a 10% discount rate, for the three years ended December 31, 2015, are presented in the table below (in thousands):

| | As of December 31, | | |
|--|--------------------|-----------|-----------|
| | 2015 | 2014 | 2013 |
| Crude oil (thousands of barrels) | 226 | 318 | 368 |
| Natural gas (thousands of mcf) | 4,835 | 5,611 | 6,286 |
| Future net cash flows before income taxes | \$8,413 | \$ 41,396 | \$ 45,169 |
| Standardized measure of oil and gas reserves | \$3,527 | \$ 15,744 | \$ 17,836 |

The estimated value of oil and natural gas reserves and future net revenues derived therefrom are highly dependent upon oil and gas commodity price assumptions. In such estimates, the Company's independent petroleum engineers assumed market prices as presented in the table below (in thousands):

| | 2015 | 2014 | 2013 |
|---|---------|---------|---------|
| Assumed market price | | | |
| Crude oil per barrel | \$45.83 | \$89.60 | \$94.99 |
| Natural gas per thousand cubic feet (mcf) | \$2.62 | \$5.42 | \$4.69 |

Such prices were based on the unweighted arithmetic average of the prices in effect on the first day of the month for each month of the respective twelve month periods as required by SEC regulations. The prices reported in the reserve disclosures for natural gas include the value of associated natural gas liquids. Oil and gas reserve values and future net cash flow estimates are very sensitive to pricing assumptions and will vary accordingly.

Reserve estimates are based on many subjective factors. The accuracy of these estimates depends on the quantity and quality of geological data, production performance data, reservoir engineering data, the pricing assumptions utilized as well as the skill and judgment of petroleum engineers in interpreting such data. The process of estimating reserves requires frequent revision as additional information is made available through drilling, testing, reservoir studies and acquiring historical pressure and production data. In addition, the discounted present value of estimated future net revenues should not be construed as the fair market value of oil and natural gas producing properties. Such reserve valuations do not necessarily portray a realistic assessment of current value or future performance of such properties.

These calculations are based on estimates as to the timing of oil and natural gas production, and there is no assurance that the actual timing of production will conform to or approximate such calculations. Also, certain assumptions have been made with respect to pricing. The estimates assume prices will remain constant from the date of the engineer's assessment, except for changes reflected under natural gas sales contracts. There can be no assurance that actual future prices will not vary as industry conditions, governmental regulation and other factors impact the market price for oil and natural gas.

The Company's net oil and natural gas production for the three years ended December 31, 2015 was as follows:

| Years Ended December 31, | Crude Oil (barrels) | Natural Gas (mcf) |
|-----------------------------|------------------------|----------------------|
| 2015 | 99,500 | 889,000 |
| 2014 | 127,300 | 1,133,000 |
| 2013 | 102,300 | 1,608,000 |

Certain financial information relating to the Company's crude oil and natural gas exploration division revenues and earnings is summarized as follows:

| | Years Ended December 31, | | |
|--|--------------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Average oil and condensate sales price per barrel(1) | \$28.94 | \$63.64 | \$79.15 |
| Average natural gas sales price per mcf | \$2.46 | \$4.65 | \$3.75 |
| Average production cost, per equivalent barrel, charged to expense | \$24.64 | \$21.42 | \$15.54 |

(1) Average oil and condensate prices include the value of associated natural gas liquids.

The Company had no reports to federal authorities or agencies of estimated oil and gas reserves. The Company is not obligated to provide any fixed and determinable quantities of oil or gas in the future under existing contracts or agreements associated with its oil and gas exploration and production segment.

Investment

In December 2015 the Company formed a new wholly owned subsidiary Adams Resources Medical Management, Inc. (ARMM) and in January 2016 ARMM acquired a 30% member interest in Bencap LLC (Bencap) for a \$2,200,000 cash payment. Bencap provides medical insurance brokerage and medical claims auditing services to employers utilizing ERISA governed employee benefit plans. The Company will account for this investment on the equity method of accounting.

Environmental Compliance and Regulation

The Company is subject to an extensive variety of evolving federal, state and local laws, rules and regulations governing the storage, transportation, manufacture, use, discharge, release and disposal of product and contaminants into the environment, or otherwise relating to the protection of the environment. Presented below is a non-exclusive listing of the environmental laws that potentially impact the Company's activities.

- The Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended.
- Comprehensive Environmental Response, Compensation and Liability Act of 1980 (" CERCLA" or " Superfund"), as amended.
 - The Clean Water Act of 1972, as amended.
 - Federal Oil Pollution Act of 1990, as amended.
 - The Clean Air Act of 1970, as amended.
 - The Toxic Substances Control Act of 1976, as amended.
 - The Emergency Planning and Community Right-to-Know Act.
 - The Occupational Safety and Health Act of 1970, as amended.
 - Texas Clean Air Act.
 - Texas Solid Waste Disposal Act.
 - Texas Water Code.
- Texas Oil Spill Prevention and Response Act of 1991, as amended.

Railroad Commission of Texas (" RRC")--The RRC regulates, among other things, the drilling and operation of oil and natural gas wells, the operation of oil and gas pipelines, the disposal of oil and natural gas production wastes, and certain storage of unrefined oil and gas. RRC regulations govern the generation, management and disposal of waste from such oil and natural gas operations and provide for the clean up of contamination from oil and natural gas operations.

Louisiana Office of Conservation--This agency has primary statutory responsibility for regulation and conservation of oil, gas, and other natural resources in the State of Louisiana. Their objectives are to (i) regulate the exploration and production of oil, natural gas and other hydrocarbons, (ii) control and allocate energy supplies and distribution thereof, and (iii) protect public safety and the environment from oilfield waste, including the regulation of underground injection and disposal practices.

State and Local Government Regulation--Many states are authorized by the United States Environmental Protection Agency (" EPA") to enforce regulations promulgated under various federal statutes. In addition, there are numerous other state and local authorities that regulate the environment, some of which impose more stringent environmental standards than federal laws and regulations. The penalties for violations of state law vary, but typically include injunctive relief and recovery of damages for injury to air, water or property as well as fines for non-compliance.

Oil and Gas Operations--The Company's oil and gas drilling and production activities are subject to laws and regulations relating to environmental quality and pollution control. One aspect of the Company's oil and gas operation is the disposal of used drilling fluids, saltwater, and crude oil sediments. In addition, low-level naturally occurring radiation may, at times, occur with the production of crude oil and natural gas. The Company's policy is to comply with environmental regulations and industry standards. Environmental compliance has become more stringent and the Company, from time to time, may be required to remediate past practices. Management believes that such required remediation in the future, if any, will not have a material adverse impact on the Company's financial position or results of operations.

All states in which the Company owns producing oil and gas properties have statutory provisions regulating the production and sale of crude oil and natural gas. Regulations typically require permits for the drilling of wells and regulate the spacing of wells, the prevention of waste, protection of correlative rights, the rate of production, prevention and clean-up of pollution, and other matters.

Trucking Activities --The Company's marketing and transportation businesses operate truck fleets pursuant to authority of the DOT and various state authorities. Trucking operations must be conducted in accordance with various laws relating to pollution and environmental control as well as safety requirements prescribed by states and the DOT. Matters such as weight and dimension of equipment are also subject to federal and state regulations. These regulations also require mandatory drug testing of drivers and require certain tests for alcohol levels in drivers and other safety personnel. The trucking industry is subject to possible regulatory and legislative changes such as increasingly stringent environmental requirements or limits on vehicle weight and size. Regulatory change may affect the economics of the industry by requiring changes in operating practices or by changing the demand for private and common or contract carrier services or the cost of providing truckload services. In addition, the Company's tank wash facilities are subject to increasingly stringent local, state and federal environmental regulations.

The Company has implemented security procedures for drivers and terminal facilities. Satellite tracking transponders installed in the power units are used to communicate emergencies to the Company and to maintain constant information as to the unit's location. If necessary, the Company's terminal personnel will notify local law enforcement agencies. In addition, the Company is able to advise a customer of the status and location of their loads. Remote cameras and better lighting coverage in the staging and parking areas have augmented terminal security.

Regulatory Status and Potential Environmental Liability--The operations and facilities of the Company are subject to numerous federal, state, and local environmental laws and regulations including those described above, as well as associated permitting and licensing requirements. The Company regards compliance with applicable environmental regulations as a critical component of its overall operation, and devotes significant attention to providing quality service and products to its customers, protecting the health and safety of its employees, and protecting the Company's facilities from damage. Management believes the Company has obtained or applied for all permits and approvals required under existing environmental laws and regulations to operate its current business. Management has reported that the Company is not subject to any pending or threatened environmental litigation or enforcement actions which could materially and adversely affect the Company's business. The Company has, where appropriate, implemented operating procedures at each of its facilities designed to assure compliance with environmental laws and regulation. However, given the nature of the Company's business, the Company is subject to environmental risks and the possibility remains that the Company's ownership of its facilities and its operations and activities could result in civil or criminal enforcement and public as well as private actions against the Company, which may necessitate or generate mandatory clean up activities, revocation of required permits or licenses, denial of application for future permits, and/or significant fines, penalties or damages, any and all of which could have a material adverse effect on the Company. See "Item 1A. Risk Factors – Environmental liabilities and environmental regulations may have an adverse effect on the Company." At December 31, 2015, the Company is unaware of any unresolved environmental issues for which additional accounting accruals are necessary.

Employees

At December 31, 2015, the Company employed 809 persons, 10 of whom were employed in the exploration and production of oil and gas, 348 in the marketing of crude oil, 433 in transportation operations, and 18 in administrative capacities. None of the Company's employees are represented by a union. Management believes its employee relations are satisfactory.

Federal and State Taxation

The Company is subject to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"). In accordance with the Code, the Company computes its income tax provision based on a 35 percent tax rate. The Company's operations are, in large part, conducted within the State of Texas. Texas operations are subject to a one-half percent state tax on its revenues net of cost of goods sold as defined by the state. Oil and gas activities are also subject to state and local income, severance, property and other taxes. Management believes the Company is currently in compliance with all federal and state tax regulations.

Available Information

The Company is required to file periodic reports as well as other information with the SEC within established deadlines. Any document filed with the SEC may be viewed or copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Additional information regarding the Public Reference Room can be obtained by calling the SEC at (800) SEC-0330. The Company's SEC filings are also available to the public through the SEC's web site located at <http://www.sec.gov>.

The Company maintains a corporate website at <http://www.adamsresources.com>, on which investors may access free of charge the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as is reasonably practicable after filing or furnishing such material with the SEC. Additionally, the Company has adopted and posted on its website a Code of Business Ethics designed to reflect requirements of the Sarbanes-Oxley Act of 2002, NYSE MKT Exchange rules and other applicable laws, rules and regulations. The Code of Business Ethics applies to all of the Company's directors, officers and employees. Any amendment to the Code of Business Ethics will be posted promptly on the Company's website. The information contained on or accessible from the Company's website does not constitute a part of this report and is not incorporated by reference herein. The Company will provide a printed copy of any of these aforementioned documents free of charge upon request by calling ARE at (713) 881-3600 or by writing to:

Adams Resources & Energy, Inc.
ATTN: Richard B. Abshire
17 South Briar Hollow Lane, Suite 100
Houston, Texas 77027

Item 1A. RISK FACTORS

Fluctuations in oil and gas prices could have an adverse effect on the Company.

The Company's future financial condition, revenues, results of operations and future rate of growth are materially affected by oil and natural gas prices that historically have been volatile and are likely to continue to be volatile in the future. Moreover, oil and natural gas prices depend on factors outside the control of the Company. These factors include:

- supply and demand for oil and gas and expectations regarding supply and demand;
- political conditions in other oil-producing countries, including the possibility of insurgency or war in such areas;
 - economic conditions in the United States and worldwide;
 - governmental regulations and taxation;
 - impact of energy conservation efforts;
 - the price and availability of alternative fuel sources;
 - weather conditions;
- availability of local, interstate and intrastate transportation systems; and

- market uncertainty.

The current market environment is such that the Company has been adversely effected by the sudden and significant declines in the commodity price for hydrocarbons.

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Economic developments could damage operations and materially reduce profitability and cash flows.

Potential disruptions in the credit markets and concerns about global economic growth could have a significant adverse impact on global financial markets and commodity prices. Such factors could contribute to a decline in the Company's stock price and corresponding market capitalization. Should commodity prices experience a period of rapid decline, or a prolonged period of low commodity prices, future earnings will be reduced. Since the Company has neither bank debt obligations nor covenants tied to its stock price, potential declines in the Company's stock price do not affect the Company's liquidity or overall financial condition. Should the capital and credit markets experience volatility and the availability of funds become limited, the Company's customers and suppliers may incur increased costs associated with issuing commercial paper and/or other debt instruments and this, in turn, could adversely affect the Company's ability to secure supply and make profitable sales.

General economic conditions could reduce demand for chemical based trucking services.

Customer demand for the Company's products and services is substantially dependent upon the general economic conditions for the United States which are cyclical in nature. In particular, demand for liquid chemical truck transportation services is dependent on activity within the petrochemical sector of the U.S. economy. Chemical sector demand typically varies with the housing and auto markets as well as the relative strength of the U.S. dollar to foreign currencies. A relatively strong U.S. dollar exchange rate may be adverse to the Company's transportation operation since it tends to suppress export demand for petrochemicals. Conversely, a weak U.S. dollar exchange rate tends to stimulate export demand for petrochemicals.

The Company's business is dependent on the ability to obtain trade and other credit.

The Company's future development and growth depends, in part, on its ability to successfully obtain credit from suppliers and other parties. Trade credit arrangements are relied upon as a significant source of liquidity for capital requirements not satisfied by operating cash flow. Should global financial markets and economic conditions disrupt and reduce stability in general, and the solvency of creditors specifically, the availability of funding from credit markets would be reduced as many lenders and institutional investors would enact tighter lending standards, refuse to refinance existing debt on terms similar to current debt or, in some cases, cease to provide funding to borrowers. These issues coupled with weak economic conditions would make it more difficult for the Company and its suppliers and customers to obtain funding. If the Company is unable to obtain trade or other forms of credit on reasonable and competitive terms, the ability to continue its marketing and exploration businesses, pursue improvements, and continue future growth will be limited. There is no assurance that the Company will be able to maintain future credit arrangements on commercially reasonable terms.

The financial soundness of customers could affect the Company's business and operating results

Constraints in the financial markets and other macro-economic challenges that might affect the economy of the United States and other parts of the world could cause the Company's customers to experience cash flow concerns. As a result, if customers' operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, customers would not be able to pay, or may delay payment of, accounts receivable owed to the Company. Any inability of current and/or potential customers to pay for services may adversely affect the Company's financial condition and results of operations.

Counterparty credit default could have an adverse effect on the Company.

The Company's revenues are generated under contracts with various counterparties and results of operations could be adversely affected by non-performance under the various contracts. A counterparty's default or non-performance could be caused by factors beyond the Company's control. A default could occur as a result of circumstances relating directly to the counterparty, or due to circumstances caused by other market participants having a direct or indirect relationship with such counterparty. The Company seeks to mitigate the risk of default by evaluating the financial strength of potential counterparties; however, despite mitigation efforts, contractual defaults may occur from time to time.

Potentially escalating diesel fuel prices could have an adverse effect on the Company

As an integral part of the Company's marketing and transportation businesses, the Company operates approximately 500 truck-tractors and diesel fuel costs are a significant component of operating expense. Such costs generally fluctuate with increasing and decreasing world crude oil prices. During periods of high prices, the Company attempts to recoup rising diesel fuel costs through the pricing of its services; however to the extent such costs escalate, operating earnings will generally be adversely affected.

Revenues are generated under contracts that must be renegotiated periodically.

Substantially all of the Company's revenues are generated under contracts which expire periodically or which must be frequently renegotiated, extended or replaced. Whether these contracts are renegotiated, extended or replaced is often subject to factors beyond the Company's control. Such factors include sudden fluctuations in oil and gas prices, counterparty ability to pay for or accept the contracted volumes and, most importantly, an extremely competitive marketplace for the services offered by the Company. There is no assurance that the costs and pricing of the Company's services can remain competitive in the marketplace or that the Company will be successful in renegotiating its contracts.

Anticipated or scheduled volumes will differ from actual or delivered volumes.

The Company's crude oil marketing operation purchases initial production of crude oil at the wellhead under contracts requiring the Company to accept the actual volume produced. The resale of such production is generally under contracts requiring a fixed volume to be delivered. The Company estimates its anticipated supply and matches such supply estimate for both volume and pricing formulas with committed sales volumes. Since actual wellhead volumes produced will never equal anticipated supply, the Company's marketing margins may be adversely impacted. In many instances, any losses resulting from the difference between actual supply volumes compared to committed sales volumes must be absorbed by the Company.

Environmental liabilities and environmental regulations may have an adverse effect on the Company.

The Company's business is subject to environmental hazards such as spills, leaks or any discharges of petroleum products and hazardous substances. These environmental hazards could expose the Company to material liabilities for property damage, personal injuries, and/or environmental harms, including the costs of investigating and rectifying contaminated properties.

Environmental laws and regulations govern many aspects of the Company's business, such as drilling and exploration, production, transportation and waste management. Compliance with environmental laws and regulations can require significant costs or may require a decrease in production. Moreover, noncompliance with these laws and regulations could subject the Company to significant administrative, civil, and/or criminal fines and/or penalties.

Operations could result in liabilities that may not be fully covered by insurance.

Transportation of hazardous materials and the exploration and production of crude oil and natural gas involves certain operating hazards such as well blowouts, automobile accidents, explosions, fires and pollution. Any of these operating hazards could cause serious injuries, fatalities or property damage, which could expose the Company to liability. The payment of any of these liabilities could reduce, or even eliminate, the funds available for exploration, development, and acquisition, or could result in a loss of the Company's properties and may even threaten survival of

the enterprise.

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Consistent with the industry standard, the Company's insurance policies provide limited coverage for losses or liabilities relating to pollution, with broader coverage provided for sudden and accidental occurrences. Insurance might be inadequate to cover all liabilities. Moreover, from time to time, obtaining insurance for the Company's line of business can become difficult and costly. Typically, when insurance cost escalates, the Company may reduce its level of coverage and more risk may be retained to offset cost increases. If substantial liability is incurred and damages are not covered by insurance or exceed policy limits, the Company's operation and financial condition could be materially adversely affected.

Changes in tax laws or regulations could adversely affect the Company.

The Internal Revenue Service, the United States Treasury Department, Congress and the states frequently review federal or state income tax legislation. The Company cannot predict whether, when, or to what extent new federal or state tax laws, regulations, interpretations or rulings will be adopted. Any such legislative action may prospectively or retroactively modify tax treatment and, therefore, may adversely affect taxation of the Company.

The Company's business is subject to changing government regulations.

Federal, state or local government agencies may impose environmental, labor or other regulations that increase costs and/or terminate or suspend operations. The Company's business is subject to federal, state and local laws and regulations. These regulations relate to, among other things, the exploration, development, production and transportation of oil and natural gas. Existing laws and regulations could be changed, and any changes could increase costs of compliance and costs of operations.

Several proposals are before state legislators and the U.S. Congress that, if implemented, would either prohibit the practice of hydraulic fracturing or subject the process to regulation under state regulation or the Safe Drinking Water Act. The Company routinely participates in wells where fracturing techniques are utilized to expand the available space for natural gas and oil to migrate toward the well-bore. This is typically done at substantial depths in very tight formations. Although it is not possible at this time to predict the final outcome of the legislation regarding hydraulic fracturing, any new state or federal restrictions could result in increased compliance costs or additional operating restrictions.

Estimating reserves, production and future net cash flow is difficult.

Estimating oil and natural gas reserves is a complex process requiring significant interpretations of technical data and assumptions relating to economic factors such as future commodity prices, production costs, severance and excise taxes, capital expenditures and remedial costs, and the assumed effect of governmental regulation. As a result, actual results may differ from the Company's estimates. Also, the use of a 10 percent discount factor for reporting purposes, as prescribed by the SEC, may not necessarily represent the most appropriate discount factor, given actual interest rates and risks to which the Company's business is subject. Any significant variations from the Company's valuations could cause the estimated quantities and net present value of the Company's reserves to differ materially.

The reserve data included in this report is only an estimate. The reader should not assume that the present values referred to in this report represent the current market value of the Company's estimated oil and natural gas reserves. The timing of the production and the expenses from development and production of oil and natural gas properties will affect both the timing of actual future net cash flows from the Company's proved reserves and their present value.

The Company's exploration operations are dependent on the ability to replace reserves.

Future success depends in part on the Company's ability to find, develop and acquire additional oil and natural gas reserves. Absent ongoing successful acquisition or exploration activities, reserves and revenues will decline as a result of current reserves being depleted by production. The successful acquisition, development or exploration of oil and natural gas properties is dependent upon an assessment of recoverable reserves, future oil and natural gas prices and operating costs, potential environmental and other liabilities, and other factors. These factors are necessarily inexact. As a result, the Company may not recover the purchase price and/or the development costs of a property from the sale of production from the property, or may not recognize an acceptable return from properties acquired. In addition, exploration and development operations may not result in any increases in reserves. Exploration or development may be delayed or cancelled as a result of inadequate capital, compliance with governmental regulations, price controls or mechanical difficulties. In the future, the cost to find or acquire additional reserves may become prohibitive.

Oil and gas segment revenues are dependent on the ability to successfully complete drilling activity.

Drilling and exploration are one of the main methods of replacing reserves. However, drilling and exploration operations may not result in any increases in reserves for various reasons. Drilling and exploration may be curtailed, delayed or cancelled as a result of:

- lack of acceptable prospective acreage;
 - inadequate capital resources;
 - weather;
 - title problems;
- compliance with governmental regulations; and
 - mechanical difficulties.

Moreover, the costs of drilling and exploration may greatly exceed initial estimates. In such a case, the Company would be required to make additional expenditures to develop its drilling projects. Such additional and unanticipated expenditures could adversely affect the Company's financial condition and results of operations.

Security issues exist relating to drivers, equipment and terminal facilities.

The Company transports liquid combustible materials including petrochemicals, and such materials may be a target for terrorist attacks. While the Company employs a variety of security measures to mitigate risks, no assurance can be given that such events will not occur.

Current and future litigation could have an adverse effect on the Company.

The Company is currently involved in certain administrative and civil legal proceedings as part of the ordinary course of its business. Moreover, as incidental to operations, the Company sometimes becomes involved in various lawsuits and/or disputes. Lawsuits and other legal proceedings can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Although insurance is maintained to mitigate these costs, there can be no assurance that costs associated with lawsuits or other legal proceedings will not exceed the limits of insurance policies. The Company's results of operations could be adversely affected if a judgment, penalty or fine is not fully covered by insurance.

The Company is subject to risks associated with climate change.

Potential climate change and efforts to regulate “greenhouse gas” (GHG) emissions have the potential to adversely affect the Company’s business including negatively impacting the costs it incurs in providing its products and services, including costs to operate and maintain its facilities, install new emission controls on its facilities, acquire allowances to authorize its GHG emissions, pay any taxes related to GHG emissions, administer and manage a GHG emissions program, pay higher insurance premiums or accept greater risk of loss in areas affected by adverse weather and coastal regions in the event of rising sea levels. In addition, the demand for and consumption of its products and services (due to change in both costs and weather patterns), and the economic health of the regions in which the Company operates, could have a material adverse effect on the Company’s business, financial condition, results of operations and cash flows.

The Company is subject to risks related to cybersecurity.

The Company is subject to cybersecurity risks and may incur increasing costs in connection with its efforts to enhance and ensure security and in response to actual or attempted cybersecurity attacks.

Substantial aspects of the Company’s business depend on the secure operation of its computer systems and websites. Security breaches could expose the Company to a risk of loss, misuse, or interruption of sensitive and critical information and functions, including its own proprietary information and that of its customers, suppliers and employees. Such breaches could result in operational impacts, reputational harm, competitive disadvantage, litigation, regulatory enforcement actions, and liability. While the Company devotes substantial resources to maintaining adequate levels of cybersecurity, there can be no assurance that it will be able to prevent all of the rapidly evolving types of cyber attacks. Actual or anticipated attacks and risks may cause the Company to incur increasing costs for technology, personnel and services to enhance security or to respond to occurrences.

If the Company’s security measures are circumvented, proprietary information may be misappropriated, its operations may be disrupted, and its computers or those of its customers or other third parties may be damaged. Compromises of the Company’s security may result in an interruption of operations, violation of applicable privacy and other laws, significant legal and financial exposure, damage to its reputation, and a loss of confidence in its security measures.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 3. LEGAL PROCEEDINGS

AREC is named as a defendant in a number of Louisiana based suits involving alleged environmental contamination from prior drilling operations. Such suits typically allege improper disposal of oilfield wastes in earthen pits with one suit alleging subsidence contributing of the formation of a sink hole. AREC is currently involved in three such suits. The suits are styled LePetit Chateau Deluxe v. Adams Resources Exploration Corporation dated March 2004, Gustave J. LaBarre, Jr., et. al. v. Adams Resources Exploration Corporation et al dated October 2012 and Henning Management, LLC v. Adams Resources Exploration Corporation dated November 2013. Each suit involves multiple industry defendants with substantially larger proportional interest in the properties except all the larger defendants have settled their claims in the LePetit Chateau Deluxe matter. The plaintiffs in each of these matters are seeking unspecified compensatory and punitive damages. While management does not believe that a material adverse effect will result from the claims, significant attorney fees will be incurred to defend these items. As of December 31, 2015 and 2014, the Company has accrued \$500,000 of future legal and/or settlement costs for these matters.

From time to time as incident to its operations, the Company becomes involved in various accidents, lawsuits and/or disputes. Primarily as an operator of an extensive trucking fleet, the Company is a party to motor vehicle accidents, worker compensation claims or other items of general liability as are typical for the industry. In addition, the Company has extensive operations that must comply with a wide variety of tax laws, environmental laws and labor laws, among others. Should an incident occur, management evaluates the claim based on its nature, the facts and circumstances and the applicability of insurance coverage. To the extent management believes that such event may impact the financial condition of the Company, management will estimate the monetary value of the claim and make appropriate accruals or disclosure as provided in the appropriate accounting literature guidelines.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

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

The Company's common stock is traded on the NYSE MKT under the ticker symbol "AE". The following table sets forth the high and low sales prices of the common stock as reported by the NYSE MKT for each calendar quarter since January 1, 2014.

| | American Stock Exchange | |
|----------------|-------------------------|---------|
| | High | Low |
| 2015 | | |
| First Quarter | \$73.28 | \$47.31 |
| Second Quarter | 70.00 | 39.00 |
| Third Quarter | 48.60 | 38.88 |
| Fourth Quarter | 46.86 | 33.55 |
| 2014 | | |
| First Quarter | \$90.28 | \$57.19 |
| Second Quarter | 81.50 | 56.08 |
| Third Quarter | 79.61 | 44.26 |
| Fourth Quarter | 50.54 | 38.58 |

The Company has no securities authorized for issuance under equity compensation plans. The Company made no repurchases of its stock during 2015 and 2014.

During each of March, June, September and December 2015 and 2014, respectively, the Company paid to its common shareholders a quarterly cash dividend of \$.22 per common share as follows:

Performance Graph

The performance graph shown below was prepared under the applicable rules of the SEC based on data supplied by Research Data Group. The purpose of the graph is to show comparative total stockholder returns for the Company versus other investment options for a specified period of time. The graph was prepared based upon the following assumptions:

1. \$100.00 was invested on December 31, 2010 in the Company's common stock, the S&P 500 Index, and the S&P 500 Integrated Oil and Gas Index.
2. Dividends are reinvested on the ex-dividend dates.

Note: The stock price performance shown on the graph below is not necessarily indicative of future price performance.

| | 12/10 | 12/11 | 12/12 | 12/13 | 12/14 | 12/15 |
|--------------------------------|--------|--------|--------|--------|--------|--------|
| Adams Resources & Energy, Inc. | 100.00 | 122.39 | 150.26 | 296.69 | 219.60 | 171.98 |
| S&P 500 | 100.00 | 102.11 | 118.45 | 156.82 | 178.29 | 180.75 |
| S&P Integrated Oil & Gas | 100.00 | 114.77 | 117.30 | 142.56 | 132.96 | 114.53 |

Item 6. SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA

| | Years Ended December 31, | | | | |
|--|---------------------------------------|-------------|-------------|-------------|-------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | (In thousands, except per share data) | | | | |
| Revenues: | | | | | |
| Marketing | \$1,875,885 | \$4,050,497 | \$3,863,057 | \$3,292,948 | \$2,961,176 |
| Transportation | 63,331 | 68,968 | 68,783 | 67,183 | 63,501 |
| Oil and natural gas | 5,063 | 13,361 | 14,129 | 15,954 | 14,060 |
| | \$1,944,279 | \$4,132,826 | \$3,945,969 | \$3,376,085 | \$3,038,737 |
| Operating earnings (loss): | | | | | |
| Marketing | \$22,895 | \$20,854 | \$40,369 | \$46,145 | \$49,237 |
| Transportation | 3,701 | 4,750 | 5,180 | 10,253 | 8,521 |
| Oil and gas operations | (19,016) | (10,038) | (2,113) | (5,835) | (16,797) |
| Oil and gas property sale | - | 2,528 | - | 2,203 | 2,923 |
| General and administrative | (9,939) | (8,613) | (9,060) | (8,810) | (8,678) |
| | (2,359) | 9,481 | 34,376 | 43,956 | 35,206 |
| Other income (expense): | | | | | |
| Interest income | 327 | 301 | 198 | 190 | 237 |
| Interest expense | (13) | (2) | (24) | (10) | (8) |
| Earnings (loss) from continuing operations before income taxes | (2,045) | 9,780 | 34,550 | 44,136 | 35,435 |
| Income tax (provision) benefit | 770 | (3,561) | (12,429) | (16,664) | (12,717) |
| Earnings (loss) from continuing operations | (1,275) | 6,219 | 22,121 | 27,472 | 22,718 |
| Earnings (loss) from discontinued operations, net of taxes | - | 304 | (511) | 319 | 213 |
| Net earnings (loss) | \$(1,275) | \$6,523 | \$21,610 | \$27,791 | \$22,931 |
| Earnings (Loss) Per Share | | | | | |
| From continuing operations | \$(.30) | \$1.48 | \$5.24 | \$6.51 | \$5.39 |
| From discontinued operations | - | .07 | (.12) | .08 | (.05) |
| Basic and diluted earnings per share | \$(.30) | \$1.55 | \$5.12 | \$6.59 | \$5.34 |
| Dividends per common share | .88 | \$.88 | \$.66 | \$.62 | \$.57 |
| Financial Position | | | | | |
| Cash | \$91,877 | \$80,184 | \$60,733 | \$47,239 | \$37,066 |
| Net working capital | 96,340 | 82,342 | 79,561 | 58,474 | 48,871 |
| Total assets | 243,215 | 340,814 | 448,082 | 419,501 | 378,840 |
| Long-term debt | - | - | - | - | - |
| Shareholders' equity | 152,510 | 157,497 | 154,685 | 135,858 | 110,682 |
| Dividends on common shares | 3,712 | 3,711 | 2,783 | 2,615 | 2,404 |

Notes:

In 2014, 2012 and 2011, certain oil and natural gas producing properties were sold for \$4.1 million, \$3.6 million and \$6.6 million producing net gains of \$2.5 million, \$2.2 million and \$2.9 million, respectively.

The 2015, 2014, 2013, 2012 and 2011 oil and gas operating losses include property impairments totaling \$12.1 million, \$8.0 million, \$2.6 million, \$4.7 million and \$14.8 million, respectively. These impairments were recorded following declining crude oil prices in 2015 following crude oil price declines in 2014, unfavorable drilling results in 2013 and declining natural gas prices in 2012 and 2011.

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

Results of Operations

- Marketing

Crude oil marketing revenues, operating earnings and selected costs were as follows (in thousands):

| | 2015 | 2014 | 2013 |
|--------------------|-------------|-------------|-------------|
| Revenues | \$1,875,885 | \$4,050,497 | \$3,863,057 |
| Operating earnings | \$22,895 | \$20,854 | \$40,369 |
| Depreciation | \$11,097 | \$9,626 | \$7,682 |
| Driver commissions | \$22,262 | \$21,744 | \$19,478 |
| Insurance | \$8,732 | \$7,446 | \$7,659 |
| Fuel | \$9,928 | \$14,851 | \$13,808 |

Supplemental volume and price information:

| | 2015 | 2014 | 2013 |
|-----------------------------------|---------|---------|---------|
| Field Level Purchases per day (1) | | | |
| Crude Oil – barrels | 106,400 | 117,100 | 106,000 |
| Average Purchase Price | | | |
| Crude Oil – per barrel | \$45.41 | \$89.40 | \$99.57 |

(1) Reflects the volume purchased from third parties at the field level of operations.

Beginning in late 2011, crude oil purchase volumes and hence revenues started to increase following new production established by the Company's customer base, primarily in the Eagle Ford shale of South Texas. This trend continued into late 2014 supported by a relatively high market price for crude oil in the \$90 per barrel range. Beginning in November 2014, crude oil prices began to decline significantly and the Company's average crude oil purchase price dropped to \$54 per barrel by December 2014 from \$90 per barrel in September 2014. Declining prices continued into 2015 curtailing new drilling efforts. The combination of reduced prices and volumes caused revenues to fall 54 percent in 2015 relative to 2014.

- Field Level Operating Earnings (Non GAAP Measure)

Two significant factors affecting comparative crude oil segment operating earnings are inventory valuations and forward commodity contract (derivatives or mark-to-market) valuations. As a purchaser and shipper of crude oil, the Company holds inventory in storage tanks and third-party pipelines. Inventory sales turnover occurs approximately

every three days, but the quantity held in stock at the end of a given period is reasonably consistent. As a result, during periods of increasing crude oil prices, the Company recognizes inventory liquidation gains while during periods of falling prices, the Company recognizes inventory liquidation and valuation losses. Over time, these gains and losses tend to offset and have limited impact on cash flow. While crude oil prices fluctuated from 2013 through 2015, the net impact yielded inventory valuation losses in each of the years presented.

Crude oil marketing operating earnings are also affected by the valuations of the Company's forward month commodity contracts (derivative instruments) as of the various report dates. Such non-cash valuations are calculated and recorded at each period end based on the underlying data existing as of such date. The Company generally enters into these derivative contracts as part of a pricing strategy based on crude oil purchases at the wellhead (field level). Only those contracts qualifying as derivative instruments are accorded fair value treatment while the companion contracts to purchase crude oil at the wellhead (field level) are not subject to fair value treatment. The valuation of derivative instruments at period end requires recognition of "mark-to-market" gains and losses.

The impact on crude oil segment operating earnings of inventory liquidations and derivative valuations is summarized in the following reconciliation from a GAAP to a non-GAAP measure (in thousands):

| | 2015 | 2014 | 2013 |
|--|----------|----------|----------|
| As reported segment operating earnings | \$22,895 | \$20,854 | \$40,369 |
| Add (less) - | | | |
| Inventory liquidation (gains) losses | 5,357 | 14,247 | 3,824 |
| Derivative valuation (gains) losses | 188 | (312) | 193 |
| Field level operating earnings(1) | \$28,440 | \$34,789 | \$44,386 |

(1) Such designation is unique to the Company and is not comparable to any similar measures developed by industry participants. The Company utilizes such data to evaluate the profitability of its operations.

The Company held crude oil inventory at a weighted average composite price in barrels as follows:

| | As of December 31, | | | |
|---------------------|--------------------|---------------|---------|---------------|
| | 2015 | | 2014 | |
| | Barrels | Average Price | Barrels | Average Price |
| Crude oil inventory | 261,718 | \$ 29.31 | 292,355 | \$ 46.11 |

Field level operating earnings and field level purchase volumes (see earlier table) depict the Company's day-to-day operation of acquiring crude oil at the wellhead, transporting the material, and delivering it to market sales points. Comparative field level operating earnings decreased in 2015 relative to 2014 and in 2014 relative to 2013 as competition and additional industry infrastructure development progressed in the region. The year 2015 also experienced volume declines and added margin pressure as crude oil prices continued to decline. Previously, a key factor in unit margins was the value difference between crude oil supplies in the mid-continent region of the United States versus crude oil supply costs in the eastern region of the United States. The Company was able to capture some of this value difference by shipping crude oil from the Texas Gulf Coast to points east. Due to competitive pressures during 2014, the opportunity for the Company to capture this location-based unit value difference evaporated which reduced earnings. Further, depreciation charges increased as new equipment was added and driver commissions increased in 2014 and 2015 as a result of driver shortages in 2014 and longer hauls in 2015, necessitated by the competition to retain volumes. An adverse claims experience increased insurance costs in 2015 but this experience cycle is not expected to recur in 2016. Initially in 2015, operating earnings benefited from reduced fuel costs but this advantage has been largely lost as competitive pressures necessitated passing such savings back to suppliers in the form of higher purchase prices.

Historically, prices received for crude oil have been volatile and unpredictable with price volatility expected to continue. See Item 1A, Risk Factors – Fluctuations in oil and gas prices could have an adverse effect on the Company”.

- Transportation

The transportation segment revenues and operating earnings were as follows (in thousands):

| | 2015 | | 2014 | | 2013 | |
|---------------------|----------|-----------|----------|-----------|----------|-----------|
| | Amount | Change(1) | Amount | Change(1) | Amount | Change(1) |
| Revenues | \$63,331 | (8.2)% | \$68,968 | .3 % | \$68,783 | 2 % |
| Operating earnings | \$3,701 | (22.1)% | \$4,750 | (8.3)% | \$5,180 | (49)% |
| Depreciation | \$7,554 | 1.9 % | \$7,416 | 4.5 % | \$7,099 | 20 % |
| Driver commissions | \$13,265 | (1.2)% | \$13,428 | 2.1 % | \$13,152 | 3 % |
| Insurance | \$4,543 | (18.5)% | \$5,574 | (6.1)% | \$5,937 | 20 % |
| Diesel fuel | \$8,134 | (39.7)% | \$13,487 | (9.0)% | \$14,813 | 2 % |
| Maintenance Expense | \$6,365 | 3.6 % | \$6,143 | 12.4 % | \$5,464 | 24.6 % |
| Mileage | 25,205 | (4.2)% | 26,314 | (3.4)% | 27,243 | 3.4 % |

(1) Represents the percentage increase (decrease) from the prior year.

The Company's revenue rate structure includes a component for fuel costs such that fuel cost fluctuations are largely passed through to the customer over time. To illustrate, a calculation of revenues net of fuel cost is presented below (in thousands):

| | 2015 | 2014 | 2013 |
|------------------------------|----------|-----------|-----------|
| Total transportation revenue | \$63,331 | \$68,968 | \$68,783 |
| Diesel fuel cost | (8,134) | (13,487) | (14,813) |
| Revenues net of fuel | \$55,197 | \$55,481 | \$53,970 |

Revenues net of fuel costs appear relatively flat while reported mileage as shown above has been decreasing from 2013 to 2015. This apparent paradox results because of rate increases necessitated by higher driver and equipment costs in the more recent years.

The operating earnings trend line has declined since 2013. This is caused by two primary factors. First and most recently, mileage is reduced reflecting a drop off in demand originating in the third quarter of 2015. Second, maintenance expense and depreciation following new equipment additions has steadily increased. Partially offsetting these higher costs is reduced insurance expense for 2015 resulting from favorable claims experience. The net result is still an adverse impact on operating earnings and management is working to reverse this situation. The demand problem is being addressed with increased marketing efforts. The cost problem is being addressed through sales of older inefficient equipment, a revamp of the approach to equipment maintenance and certain personnel layoffs that occurred in January 2016.

Equipment additions and retirement for the transportation fleet were as follows:

| | 2015 | 2014 | 2013 |
|------------------------------|----------|----------|----------|
| New truck-tractors purchased | 60 units | 40 units | - |
| Truck-tractors retired | - | 40 units | - |
| New trailers purchased | 12 units | 30 units | 35 units |
| Trailers retired | - | - | 17 units |

The sale of retired equipment produced gains of \$16,000 and \$432,000 in 2015 and 2014, respectively.

The Company's predominate customers are the domestic petrochemical industry. Contributing to customer demand is low natural gas prices (a basic feedstock cost for the petrochemical industry) and high export demand for petrochemicals. Lower natural gas prices beginning in 2011 stimulated and provided an opportunity for increased profitability and this was evident in 2011 and 2012 results. However, increased operating expenses and an industry wide shortage of qualified drivers affected the Company by suppressing revenues and results of operations during the heavy demand cycle of 2014 and early 2015. More recently, the United States economy appears to have weakened with demand slackening. In addition, the recent strengthening of the U.S. dollar relative to foreign currency may weaken demand for U.S. sourced petrochemical products. As transportation revenues increase or decrease, operating earnings will typically increase or decrease at an accelerated rate. This occurs because the fixed cost components of the Company's operation do not vary with changing revenues. As currently configured, operating earnings achieve break-even levels when annual revenues average approximately \$60 million. Above that level, operating earnings will grow and below that level, losses result.

Oil and Gas

Oil and gas segment revenues and operating earnings are primarily a function of crude oil and natural gas production volumes and prices. Comparative amounts for revenues, operating earnings and selected expenses were as follows (in thousands):

| | 2015 | | | 2014 | | | 2013 | | |
|--------------------------------|----------|-----------|---|----------|-----------|---|----------|-----------|---|
| | Amount | Change(1) | % | Amount | Change(1) | % | Amount | Change(1) | % |
| Revenues | \$5,063 | (62.1) | % | \$13,361 | (5.4) | % | \$14,129 | (11) | % |
| Operating earnings (loss)(2) | (19,016) | 153.2 | % | (7,510) | 255.4 | % | (2,113) | 42 | % |
| Depreciation and depletion | 5,066 | (33.1) | % | 7,573 | 1.1 | % | 7,494 | (15) | % |
| Dry hole expense | 817 | (21.0) | % | 1,034 | 343.8 | % | 233 | 441.9 | % |
| Prospect impairments | 1,758 | (56.1) | % | 4,008 | 218.9 | % | 1,257 | 46.8 | % |
| Producing property impairments | 10,324 | 158.0 | % | 4,001 | 191.4 | % | 1,373 | (71) | % |

(1) Represents the percentage increase (decrease) from the prior year.

(2) Includes gains from property sales of \$2.5 million in 2014.

As shown in the table below, declining crude oil, natural gas and natural gas liquid prices coupled with declining volumes acted to reduce revenues and earnings for the comparative years presented. The sales volume decrease followed normal production declines as persistently low prices curtailed the development of natural gas properties in 2013 and 2014 and curtailed crude oil properties in 2015. Contributing to operating losses were property impairments as shown above. Property impairments resulted in 2015 and 2014 following fourth quarter declines in crude oil prices while impairments in 2013 followed adverse drilling results.

Comparative volumes and prices were as follows:

| | 2015 | | 2014 | | 2013 | |
|---------------------------|---------|------|-----------|------|-----------|------|
| Production Volumes | | | | | | |
| - Crude oil | 50,000 | Bbls | 79,100 | Bbls | 84,400 | Bbls |
| - Natural gas | 889,000 | Mcf | 1,133,000 | Mcf | 1,608,000 | Mcf |
| - Natural gas liquids | 42,100 | Bbls | 45,900 | Bbls | 24,400 | Bbls |
| Average Price | | | | | | |
| - Crude oil | \$46.51 | Bbls | \$88.42 | Bbl | \$88.70 | Bbl |
| - Natural gas | \$2.46 | Mcf | \$4.65 | Mcf | \$3.75 | Mcf |
| - Natural gas liquids | \$12.70 | Bbls | \$28.83 | Bbl | \$25.06 | Bbl |

During 2015, the Company participated in the drilling of 14 wells with one dry hole. No wells were in process as of December 31, 2015 and no drilling is currently planned for 2016.

An independent evaluation of estimated oil and gas reserves and the estimated future income derived therefrom is prepared on an annual basis. See also Note (11) to Consolidated Financial Statements. The following estimates of future net income from oil and gas properties before income taxes based on average prices during 2015 is presented in such report as of December 31, 2015 as follows (in thousands):

| | As of December 31, 2015 |
|---------------------------------------|-------------------------------|
| Future net income before taxes | |
| - Estimate for the year 2016 | \$1,575 |
| - Estimate for the year 2017 | 992 |
| - Estimate for the year 2018 | 940 |
| - Estimate for the year 2019 | 816 |
| - Estimate for the year 2020 | 680 |
| Thereafter | 3,410 |
| Total future net income before taxes | \$8,413 |

Net capitalized oil and gas property costs (remaining net book value) associated with the projected future net income stream as of December 31, 2015 was as follows (in thousands):

| | As of December 31, 2015 |
|--|-------------------------------|
| Net capitalized cost of oil and gas properties | \$8,001 |

Capitalized oil and gas property costs are amortized against income as the underlying oil and gas reserves are produced (units-of-production method). Therefore as illustrated above, absent price increases, it is unlikely that the Company will report operating income from its oil and gas segment for the foreseeable future.

- Oil and gas property sales

During 2014, the Company sold its interest in certain Oklahoma and Texas properties for proceeds totaling \$2,553,000 and half of its interest in certain South Texas (Lavaca County) properties for proceeds totaling \$1,509,000. Combined, the Company recorded a \$2,528,000 pre-tax gain from these transactions. The Company retained an interest in the South Texas properties as development of such project continues, although the Company chose to reduce its level of risk associated with the development. The other Texas and Oklahoma properties were sold because they were nearing the end of their economic life.

- General and administrative expense, interest income and income tax

General and administrative expenses were elevated in 2015 due to a \$1.1 million lump sum payment made during the first quarter of 2015 to the Company's former President upon retirement and termination of his previous employment agreement. The provision for income taxes is based on federal and state tax rates and variations are consistent with taxable income in the respective accounting periods.

- Discontinued operations

During 2012, the Company sold certain assets associated with its then petroleum refined products marketing business and discontinued that operation. In 2014, the Company sold the warehouse and real estate used by the former operation for \$664,000 in cash resulting in a pre-tax gain on sale of \$533,000, with such gain reported in discontinued operations for 2014. In 2013, the Company completed an orderly wind-down and closure of its natural gas marketing business due to inadequate earnings. The Company incurred employee severance and other shut-down costs totaling \$416,000 as a result of this event. All obligations were satisfied and no further matters are anticipated.

Liquidity and Capital Resources

The Company's liquidity derives from net cash provided by operating activities and is dependent on the success of future operations. See discussion under "Item 1A. Risk Factors". The most significant source of liquidity, over time, is the cash yield from annual net earnings factoring in the non-cash book expense items for depreciation, depletion, amortization and impairments. The Company has no debt and funds all of its capital projects from this annual stream of cash. In most annual periods, the cash inflow from this source exceeds capital spending outflows. Should cash inflow subside or turn negative, the Company will curtail its capital spending accordingly.

Cash provided from operating activities was as follows (in thousands):

| | 2015 | 2014 | 2013 |
|---|----------|----------|----------|
| Net cash provided by operating activities | \$25,477 | \$47,133 | \$43,976 |

As of December 31, 2015 and 2014, the Company had no bank debt or other forms of debenture obligations. Cash balances are maintained in order to meet the timing of day-to-day cash needs and such amounts and working capital, the excess of current assets over current liabilities, were as follows (in thousands):

| | As of December 31, | |
|-----------------|--------------------|----------|
| | 2015 | 2014 |
| Cash | \$91,877 | \$80,184 |
| Working capital | \$96,340 | \$82,342 |

The Company relies on its ability to obtain open-line trade credit from its suppliers especially with respect to its crude oil marketing operation. In this regard, the Company generally maintains substantial cash balances and avoids debt obligations. Cash balances were increased during 2015 due to cash generated from operations given that depreciation, depletion and impairments are a non-cash expense.

At various times each month, the Company makes cash prepayments and/or early payments in advance of the normal due date to certain suppliers of crude oil within the marketing operations. Crude oil supply prepayments are recouped and advanced from month to month as the suppliers deliver product to the Company. In addition, in order to secure crude oil supply, the Company may also “early pay” its suppliers in advance of the normal payment due date of the twentieth of the month following the month of production. Such “early payments” reduce cash and accounts payable as of the balance sheet date. The Company also requires certain customers to make similar early payments or to post cash collateral with the Company in order to support their purchases from the Company. Early payments and cash collateral received from customer’s increases cash and reduces accounts receivable as of the balance sheet date.

The Company maintains a stand-by letter of credit facility with Wells Fargo Bank to provide for the issuance of up to \$60 million in stand-by letters of credit for the benefit of suppliers of crude oil. Stand-by letters of credit are issued as needed and are cancelled when the underlying purchase obligation is satisfied through cash payment when due. The issuance of stand-by letters of credit enables the Company to avoid posting cash collateral when procuring crude oil supply.

Early payments, collateral and letters of credit amounts were as follows (in thousands):

| | As of December 31, | |
|-------------------------------|--------------------|----------|
| | 2015 | 2014 |
| Early payments received | \$16,770 | \$57,404 |
| Cash collateral received | \$840 | \$8,594 |
| Prepayments to suppliers | \$167 | \$7,872 |
| Early payments to suppliers | \$11,645 | \$35,500 |
| Letters of credit outstanding | \$1,000 | \$15,300 |

The necessity for early payments, collateral posting and letters of credit is substantially reduced as of December 31, 2015, consistent with lower crude commodity prices.

Management believes current cash balances, together with expected cash generated from future operations, and the ease of financing truck and trailer additions through leasing arrangements (should the need arise) will be sufficient to meet short-term and long-term liquidity needs.

Quarterly dividends of \$.22 per common share or \$928,000 were paid during each quarter of 2015 and 2014 and during both the third and fourth quarters of 2013.

-

Capital projects

The Company utilizes cash from operations to make discretionary investments in its marketing, transportation and exploration businesses, which comprise substantially all of the Company’s investing cash outflows for each of the periods in this filing. The Company does not look to proceeds from property sales to fund its cash flow needs. Except for commitments totaling \$12,393,000 associated with barge affreightment contracts, storage tank terminal arrangements and office lease space, the Company’s future commitments and planned investments can be readily curtailed if operating cash flows contract.

A five year history of capital projects and planned 2016 spending is as follows (in thousands):

| | 2011 | 2012 | 2013 | 2014 | 2015 | Planned 2016 |
|-------------------------|----------|----------|----------|----------|----------|-----------------|
| Crude oil marketing | \$13,554 | \$12,391 | \$11,343 | \$13,598 | \$2,126 | \$- |
| Truck transportation | 14,118 | 15,538 | 3,165 | 8,994 | 6,579 | 5,500 |
| Oil and gas exploration | 24,580 | 23,083 | 13,094 | 7,931 | 2,369 | - |
| Medical management | - | - | - | - | - | 5,000 |
| | \$52,252 | \$51,012 | \$27,602 | \$30,523 | \$11,074 | \$10,500 |

Marketing segment spending levels were consistent for 2011 through 2014 backed by crude oil prices remaining strong, in the \$90 - \$100 per barrel range. In late 2014, crude prices fell and spending was curtailed into 2015 and prospective 2016.

For transportation, the 2011 and 2012 period saw stepped up equipment replacements as customer demand increased following a cut back in such activity following the 2008 national recession. The year 2013 was stable then expenditures ramped up in 2014 to add capacity tracking with the petrochemical industry expansion efforts stimulated by abundant low prices of natural gas. In late 2015 however, demand for truck services weakened and only previously planned expenditures will occur in 2016 for this segment. The major project for 2016 is improvements to the existing Houston terminal facility.

Oil and gas exploration capital spending was initially stimulated just prior to 2011 when natural gas prices exceeded \$5 per mmbtu. Capital spending in 2011 and 2012 was focused on natural gas development, but falling prices stopped such development in 2013. In 2013 and 2014, exploration spending was active due to high crude prices as development concentrated on crude oil properties. When crude oil prices dropped in 2015, all such activity was no longer economical.

Medical management is a January 2016 initiative where the Company acquired a 30% member interest in Ben Cap LLC (Bencap) for \$2,200,000. This investment evolved from the Company's efforts to manage employee medical insurance costs. Bencap provides medical insurance brokerage and medical claims auditing services to employers utilizing ERISA governed employee benefit plans. Unlike the traditional approach to employee medical insurance, Bencap's methodology audits and pays claims based on a multiplier which takes into consideration a premium over Medicare rates and/or a premium over the "Cost-to-Charge Ratio" which medical facility providers must file with the Federal government. The Company has utilized the Bencap methodology over the past three years to process and pay medical claims for its employees, including all management personnel. The Company believes the Bencap approach provides self-insured employers the opportunity for substantial savings over conventional medical insurance without sacrificing the level of employee benefits. In fact, employee benefits may improve since the individual employee is no longer locked into a narrow list of providers. Bencap will primarily use this funding to expand its back-office and sales support functions as it seeks to compete in the medical benefits marketplace.

Off-balance Sheet Arrangements and Contractual Cash Obligations

The Company maintains certain lease arrangements with independent truck owner-operators for use of their equipment and driver services on a month-to-month basis. In addition, the Company enters into office space and certain lease and terminal access contracts in order to provide tank storage and dock access for its crude oil marketing business. Such storage and access contracts require certain minimum monthly payments for the term of the contracts. All lease commitments qualify for off-balance sheet treatment. The Company has no capital lease obligations. Rental expense was as follows (in thousands):

25

| | Year Ended December 31, | | |
|----------------|-------------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Rental expense | \$11,168 | \$9,755 | \$8,281 |

As of December 31, 2015, rental obligations under long-term non-cancelable operating leases and terminal arrangements for the next five years and thereafter are payable as follows (in thousands):

| 2016 | 2017 | 2018 | 2019 | 2020 | Thereafter | Total |
|---------|---------|---------|-------|------|------------|----------|
| \$6,218 | \$4,160 | \$1,697 | \$318 | \$- | \$- | \$12,393 |

In addition to its lease obligations, the Company is also committed to purchase certain quantities of crude oil in connection with its marketing activities. Such commodity purchase obligations are the basis for commodity sales, which generate the cash flow necessary to meet such purchase obligations. Approximate commodity purchase obligations as of December 31, 2015 are as follows (in thousands):

| January | Remaining | | | | | Total |
|----------|-----------|------|------|------------|--|----------|
| 2016 | 2016 | 2017 | 2018 | Thereafter | | |
| \$68,830 | \$130 | \$- | \$- | \$- | | \$68,960 |

Insurance

From time to time, the marketplace for all forms of insurance enters into periods of severe cost increases. In the past, during such cyclical periods, the Company has seen costs escalate to the point where desired levels of insurance were either unavailable or unaffordable. The Company's primary insurance needs are workers' compensation, automobile and umbrella coverage for its trucking fleet and medical insurance for its employees. Insurance costs are as follows (in thousands):

| | 2015 | 2014 | 2013 |
|-----------------|----------|----------|----------|
| Insurance costs | \$15,570 | \$14,800 | \$14,900 |

Insurance rates may experience increases during 2016 subject to market conditions and claims experience. Because the Company is generally unable to pass on such cost increases, any increase must be absorbed by existing operations.

Competition

In all phases of its operations, the Company encounters strong competition from a number of entities. Many of these competitors possess financial resources substantially in excess of those of the Company. The Company faces competition principally in establishing trade credit, pricing of available materials and quality of service, as well as for the acquisition of mineral properties. The Company's marketing division competes with major oil companies and other large industrial concerns that own or control significant refining and marketing facilities. These major oil companies may offer their products to others on more favorable terms than those available to the Company. From time to time in recent years, there have been supply imbalances for crude oil and natural gas in the marketplace. This in turn has led to significant fluctuations in prices for crude oil and natural gas. As a result, there is a high degree of uncertainty regarding both the future market price for crude oil and natural gas and the available margin spread between wholesale acquisition costs and sales realization.

Outlook

Persistently low crude oil prices, coupled with declining oil production, are expected to adversely impact the Company's crude oil marketing operation. The goal is to maintain at least 85 percent of 2015 supply volumes, but such effort may come at the expense of reduced unit margins. Demand for transportation services remains uncertain. The focus in transportation, therefore, is on both aggressive marketing and cost containment. For the oil and gas segment, the effort is to reduce cost and optimize cash flow as reserves are produced. In January 2016, the Company invested in an employer-oriented medical management services firm and development of this investment area continues.

The Company has the following major objectives for 2016:

- Marketing—manage declining supply volumes and unit margins to maintain operating earnings at the \$15 million level, exclusive of inventory valuation changes.
- Transportation—increase truck utilization and improve cost efficiencies to maintain operating earnings at the \$3 million level.
 - Oil and gas—curtail all exploration activity; maintain oil and gas production; reduce operating overhead.
- Employer-oriented medical management services—develop earnings enhancement opportunities arising from employer and employee insurance coverage.

Critical Accounting Policies and Use of Estimates

Fair Value Accounting

The Company enters into certain forward commodity contracts that are required to be recorded at fair value and such contracts are recorded as either an asset or liability measured at its fair value. Changes in fair value are recognized immediately in earnings unless the derivatives qualify for, and the Company elects, cash flow hedge accounting. The Company had no contracts designated for hedge accounting during 2015, 2014 and 2013.

The Company utilizes a market approach to valuing its commodity contracts. On a contract by contract, forward month by forward month basis, the Company obtains observable market data for valuing its contracts that typically have durations of less than 18 months. As of December 31, 2015, all of the Company's market value measurements were based on either quoted prices in active markets (Level 1 inputs) or from inputs based on observable market data (Level 2 inputs). See discussion under "Fair Value Measurements" in Note (1) to the Consolidated Financial Statements.

The Company's fair value contracts give rise to market risk, which represents the potential loss that may result from a change in the market value of a particular commitment. The Company monitors and manages its exposure to market risk to ensure compliance with the Company's risk management policies. Such policies are regularly assessed to ensure their appropriateness given management's objectives, strategies and current market conditions.

Trade Accounts

Accounts receivable and accounts payable typically represent the most significant assets and liabilities of the Company. Particularly within the Company's energy marketing, oil and gas exploration, and production operations, there is a high degree of interdependence with and reliance upon third parties (including transaction counterparties) to provide adequate information for the proper recording of accounts receivable or payable. Substantially all such third

parties are larger firms providing the Company with the source documents for recording trade activity. It is commonplace for these entities to retroactively adjust or correct such documents. This typically requires the Company to absorb, benefit from, or pass along such corrections to another third party.

Due to the volume and complexity of transactions and the high degree of interdependence with third parties, this is a difficult area to control and manage. The Company manages this process by participating in a monthly settlement process with each of its counterparties. Ongoing account balances are monitored monthly and the Company attempts to gain the cooperation of such counterparties to reconcile outstanding balances. The Company also places great emphasis on collecting cash balances due and paying only bonafide and properly supported claims. In addition, the Company maintains and monitors its bad debt allowance. Nevertheless a degree of risk remains due to the custom and practices of the industry.

Oil and Gas Reserve Estimate

The value of the capitalized cost of oil and natural gas exploration and production related assets are dependent on underlying oil and natural gas reserve estimates. Reserve estimates are based on many subjective factors. The accuracy of these estimates depends on the quantity and quality of geological data, production performance data, reservoir engineering data, the pricing assumptions utilized as well as the skill and judgment of petroleum engineers in interpreting such data. The process of estimating reserves requires frequent revision (usually on an annual basis) as additional information becomes available. Calculations of estimated future oil and natural gas revenues are also based on estimates of the timing of oil and natural gas production, and there are no assurances that the actual timing of production will conform to or approximate such estimates. Also, certain assumptions must be made with respect to pricing. The Company's calculations assume prices will remain constant from the date of the engineer's estimates, except for changes reflected under natural gas sales contracts. There can be no assurance that actual future prices will not vary as industry conditions, governmental regulation, political conditions, economic conditions, weather conditions, market uncertainty, and other factors, impact the market price for oil and natural gas.

The Company follows the successful efforts method of accounting, so only costs (including development dry hole costs) associated with producing oil and natural gas wells are capitalized. Estimated oil and natural gas reserve quantities are the basis for the rate of amortization under the Company's units of production method for depreciating, depleting and amortizing oil and natural gas properties. Estimated oil and natural gas reserve values also provide the standard for the Company's periodic review of oil and natural gas properties for impairment.

Contingencies

AREC is named as a defendant in a number of Louisiana based lawsuits involving alleged environmental contamination from prior drilling operations. Such suits typically allege improper disposal of oilfield wastes in earthen pits with one suit alleging oil and gas production subsidence contributing to the formation of a sink hole. AREC is currently named as a defendant in three such suits. While management does not believe that a material adverse effect will result from the claims, significant attorney fees will be incurred to defend these items. As of December 31, 2015 and 2014, the Company has accrued \$500,000 of future legal and/or settlement costs for these matters.

From time to time as incident to its operations, the Company becomes involved in various accidents, lawsuits and/or disputes. Primarily as an operator of an extensive trucking fleet, the Company is a party to motor vehicle accidents, worker compensation claims or other items of general liability as are typical for the industry. In addition, the Company has extensive operations that must comply with a wide variety of tax laws, environmental laws and labor laws, among others. Should an incident occur, management evaluates the claim based on its nature, the facts and circumstances and the applicability of insurance coverage. To the extent management believes that such event may impact the financial condition of the Company, management will estimate the monetary value of the claim and make appropriate accruals or disclosure as provided in the appropriate accounting literature guidelines.

Revenue Recognition

The Company's crude oil marketing customers are invoiced monthly based on contractually agreed upon terms. Revenue is recognized in the month in which the physical product is delivered to the customer. Where required, the Company also recognizes fair value or mark-to-market gains and losses related to its commodity activities. See discussion under "Revenue Recognition" in Note (1) to the Consolidated Financial Statements.

Transportation segment customers are invoiced, and the related revenue is recognized as the service is provided. Oil and natural gas revenue from the Company's interests in producing wells is recognized as title and physical possession of the oil and natural gas passes to the purchaser.

Recent Accounting Pronouncements

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for annual periods ending after December 15, 2017. Early adoption is permitted. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. Management is currently evaluating the impact of these amendments on the Company's Consolidated Financial Statements and the transition alternatives.

In August 2014, the FASB issued guidance requiring management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. The standard also provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new guidance is effective for the annual period ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. Management does not expect the adoption of this guidance to have an impact on the Consolidated Financial Statements.

In July 2015, the FASB amended the existing accounting standards for inventory to provide for the measurement of inventory at the lower of cost or "net realizable value," as defined in the standard. The new guidance is effective for the annual period ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. Management does not expect the adoption of this guidance to have an impact on the Consolidated Financial Statements.

In November 2015, the FASB issued guidance to simplify the presentation of deferred taxes in the statement of financial position. The amendment requires that deferred tax assets and liabilities be classified as non-current in the balance sheet. The Company adopted this guidance on a prospective basis effective December 31, 2015.

Management believes the impact of other recently issued standards and updates, which are not yet effective, will not have a material impact on the Company's consolidated financial position, results of operations, or cash flows upon adoption.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk includes potential adverse changes in interest rates and commodity prices.

Interest Rate Risk

The Company had no long-term debt outstanding at December 31, 2015 and 2014. A hypothetical ten percent adverse change in the floating rate would not have a material effect on the Company's results of operations for the fiscal year ended December 31, 2015.

Commodity Price Risk

The Company's major market risk exposure is in the pricing applicable to its marketing and production of crude oil and natural gas. Realized pricing is primarily driven by the prevailing spot prices applicable to oil and gas. Commodity price risk in the Company's marketing operations represents the potential loss that may result from a change in the market value of an asset or a commitment. From time to time, the Company enters into forward contracts to minimize or hedge the impact of market fluctuations on its purchases of crude oil and natural gas. The Company may also enter into price support contracts with certain customers to secure a floor price on the purchase of certain supply. In each instance, the Company locks in a separate matching price support contract with a third party in order to minimize the risk of these financial instruments. Substantially all forward contracts fall within a six-month to eighteen-month term with no contracts extending longer than two years in duration.

Certain forward contracts are recorded at fair value, depending on management's assessments of numerous accounting standards and positions that comply with generally accepted accounting principles in the United States. The fair value of such contracts is reflected in the balance sheet as fair value assets and liabilities and any revaluation is recognized on a net basis in the Company's results of operations. See discussion under "Fair Value Measurements" in Note 1 to the Consolidated Financial Statements.

Historically, prices received for oil and natural gas sales have been volatile and unpredictable with price volatility expected to continue. From January 1, 2014 through December 31, 2015, the Company's crude oil monthly average wholesale purchase costs ranged from an average low of \$32.85 per barrel to a monthly average high of \$101.22 per barrel during the same period. A hypothetical ten percent additional adverse change in average hydrocarbon prices, assuming no changes in volume levels, would have reduced earnings by approximately \$1,273,000 and \$2,684,000 for the comparative years ended December 31, 2015 and 2014, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Adams Resources & Energy, Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheets of Adams Resources & Energy, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Adams Resources & Energy, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for deferred income taxes effective January 1, 2015 due to the adoption of FASB ASU 2015-17, Balance Sheet Classification of Deferred Taxes.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2016, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Houston, Texas
March 11, 2016

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

| ASSETS | December 31, | |
|--|----------------|----------------|
| | 2015 | 2014 |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$91,877 | \$80,184 |
| Accounts receivable, net of allowance for doubtful accounts of \$206 and \$179, respectively | 71,813 | 144,434 |
| Inventories | 7,671 | 13,481 |
| Fair value contracts | - | 936 |
| Income tax receivable | 2,587 | 970 |
| Prepayments | 2,589 | 10,940 |
| Total current assets | 176,537 | 250,945 |
| PROPERTY AND EQUIPMENT: | | |
| Marketing | 65,200 | 65,865 |
| Transportation | 70,732 | 63,239 |
| Oil and gas (successful efforts method) | 77,117 | 88,661 |
| Other | 187 | 186 |
| | 213,236 | 217,951 |
| Less – Accumulated depreciation, depletion and amortization | (153,521) | (133,080) |
| | 59,715 | 84,871 |
| OTHER ASSETS: | | |
| Cash deposits and other | 6,963 | 4,998 |
| | \$243,215 | \$340,814 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$74,117 | \$160,743 |
| Accounts payable – related party | 40 | 51 |
| Fair value contracts | 195 | 943 |
| Accrued and other liabilities | 5,845 | 6,208 |
| Current deferred income taxes | - | 658 |
| Total current liabilities | 80,197 | 168,603 |
| LONG-TERM DEBT | | |
| | - | - |
| OTHER LIABILITIES: | | |
| Asset retirement obligations | 2,469 | 2,464 |
| Deferred taxes and other liabilities | 8,039 | 12,250 |
| | 90,705 | 183,317 |
| COMMITMENTS AND CONTINGENCIES (NOTE 6) | | |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, \$1.00 par value, 960,000 shares authorized, none outstanding | - | - |

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| | | |
|---|-----------|-----------|
| Common stock, \$.10 par value, 7,500,000 shares authorized, 4,217,596 issued and outstanding for all periods presented | 422 | 422 |
| Contributed capital | 11,693 | 11,693 |
| Retained earnings | 140,395 | 145,382 |
| Total shareholders' equity | 152,510 | 157,497 |
| | \$243,215 | \$340,814 |

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

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

| | Years Ended December 31, | | |
|---|--------------------------|--------------|--------------|
| | 2015 | 2014 | 2013 |
| REVENUES: | | | |
| Marketing | \$ 1,875,885 | \$ 4,050,497 | \$ 3,863,057 |
| Transportation | 63,331 | 68,968 | 68,783 |
| Oil and natural gas | 5,063 | 13,361 | 14,129 |
| | 1,944,279 | 4,132,826 | 3,945,969 |
| COSTS AND EXPENSES: | | | |
| Marketing | 1,841,893 | 4,020,017 | 3,815,006 |
| Transportation | 52,076 | 56,802 | 56,504 |
| Oil and natural gas operations | 19,013 | 15,826 | 8,748 |
| Oil and natural gas property sale (gain) | - | (2,528) | - |
| General and administrative | 9,939 | 8,613 | 9,060 |
| Depreciation, depletion and amortization | 23,717 | 24,615 | 22,275 |
| | 1,946,638 | 4,123,345 | 3,911,593 |
| Operating (Loss) Earnings | (2,359) | 9,481 | 34,376 |
| Other Income (Expense): | | | |
| Interest income | 327 | 301 | 198 |
| Interest expense | (13) | (2) | (24) |
| Earnings (loss) from continuing operations before income taxes | (2,045) | 9,780 | 34,550 |
| Income Tax (Provision) Benefit: | | | |
| Current | (4,073) | (9,712) | (9,269) |
| Deferred | 4,843 | 6,151 | (3,160) |
| | 770 | (3,561) | (12,429) |
| Earnings (loss) from continuing operations | (1,275) | 6,219 | 22,121 |
| Earnings (loss) from discontinued operations net of tax (provision) benefit of zero, \$(163) and \$275 respectively | - | 304 | (511) |
| Net Earnings (Loss) | \$(1,275) | \$ 6,523 | \$ 21,610 |
| EARNINGS (LOSS) PER SHARE: | | | |
| From continuing operations | \$(.30) | \$ 1.48 | \$ 5.24 |
| From discontinued operations | - | .07 | (.12) |
| Basic and diluted net earnings per share | \$(.30) | \$ 1.55 | \$ 5.12 |
| Dividends declared per common share | \$.88 | \$.88 | \$.66 |

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

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
 (In thousands)

| | Common Stock | Contributed Capital | Retained Earnings | Total Shareholders' Equity |
|--------------------------------|-----------------|------------------------|----------------------|----------------------------------|
| BALANCE, January 1, 2013 | \$422 | \$ 11,693 | 123,743 | 135,858 |
| Net earnings | - | - | 21,610 | 21,610 |
| Dividends paid on common stock | - | - | (2,783) | (2,783) |
| BALANCE, December 31, 2013 | \$422 | \$ 11,693 | \$ 142,570 | \$ 154,685 |
| Net earnings | - | - | 6,523 | 6,523 |
| Dividends paid on common stock | - | - | (3,711) | (3,711) |
| BALANCE, December 31, 2014 | \$422 | \$ 11,693 | \$ 145,382 | \$ 157,497 |
| Net earnings (loss) | - | - | (1,275) | (1,275) |
| Dividends paid on common stock | - | - | (3,712) | (3,712) |
| BALANCE, December 31, 2015 | \$422 | \$ 11,693 | \$ 140,395 | \$ 152,510 |

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

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Years Ended December 31, | | |
|--|--------------------------|------------|-----------|
| | 2015 | 2014 | 2013 |
| CASH PROVIDED BY OPERATIONS: | | | |
| Net earnings (loss) | \$(1,275) | \$6,523 | \$21,610 |
| Adjustments to reconcile net earnings to net cash from operating activities- | | | |
| Depreciation, depletion and amortization | 23,717 | 24,615 | 22,275 |
| Property sales (gains) oil and gas | - | (2,528) | - |
| Property sale (gains) other | (535) | (1,028) | (683) |
| Dry hole costs incurred | 817 | 1,034 | 233 |
| Impairment of oil and natural gas properties | 12,082 | 8,009 | 2,630 |
| Provision for doubtful accounts | 27 | (73) | 46 |
| Deferred income taxes | (4,843) | (6,151) | 3,161 |
| Net change in fair value contracts | 188 | 402 | (389) |
| Decrease (increase) in accounts receivable | 72,594 | 99,749 | (4,770) |
| Decrease (increase) in inventories | 5,810 | 14,135 | 606 |
| Decrease (increase) in income tax receivable | (1,617) | 1,127 | (898) |
| Decrease (increase) in prepayments | 8,351 | 5,839 | (8,687) |
| Increase (decrease) in accounts payable | (87,404) | (104,887) | 7,809 |
| Increase (decrease) in accrued and other liabilities | (166) | 448 | (516) |
| Other changes, net | (2,269) | (81) | 1,549 |
| Net cash provided by operating activities | 25,477 | 47,133 | 43,976 |
| INVESTING ACTIVITIES: | | | |
| Property and equipment additions | (11,074) | (30,523) | (27,602) |
| Insurance and state collateral (deposits) refunds | 283 | (493) | (1,179) |
| Proceeds from property sales | 719 | 7,045 | 1,082 |
| Net cash (used in) investing activities | (10,072) | (23,971) | (27,699) |
| FINANCING ACTIVITIES: | | | |
| Dividend payments | (3,712) | (3,711) | (2,783) |
| Net cash (used in) financing activities | (3,712) | (3,711) | (2,783) |
| Increase (decrease) in cash and cash equivalents | 11,693 | 19,451 | 13,494 |
| Cash and cash equivalents at beginning of year | 80,184 | 60,733 | 47,239 |
| Cash and cash equivalents at end of year | \$91,877 | \$80,184 | \$60,733 |

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

ADAMS RESOURCES & ENERGY, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Adams Resources & Energy, Inc., a Delaware corporation ("ARE") together with its wholly owned subsidiaries (the "Company") after elimination of all intercompany accounts and transactions. The impact on the accompanying financial statements of events occurring after December 31, 2015 was evaluated through the date of issuance of these financial statements.

Nature of Operations

The Company is engaged in the business of crude oil marketing, tank truck transportation of liquid chemicals, and oil and gas exploration and production. Its primary area of operation is within the Gulf Coast region of the United States.

Cash and Cash Equivalents

Cash and cash equivalents include any Treasury bill, commercial paper, money market fund or federal funds with maturity of 90 days or less. Depending on cash availability and market conditions, investments in corporate and municipal bonds, which are classified as investments in marketable securities, may also be made from time to time. Cash and cash equivalents are maintained with major financial institutions and such deposits may exceed the amount of federally backed insurance provided. While the Company regularly monitors the financial stability of such institutions, cash and cash equivalents ultimately remain at risk subject to the financial viability of such institutions.

Allowance for Doubtful Accounts

Accounts receivable are the product of sales of crude oil and natural gas and the sale of trucking services. Marketing segment wholesale level sales of crude oil comprise in excess of 90 percent of total accounts receivable and under industry practices, such items are "settled" and paid in cash within 20 days of the month following the transaction date. For such receivables, an allowance for doubtful accounts is determined based on specific account identification. The balance of accounts receivable results primarily from the sale of trucking services. For this component of receivables, the allowance for doubtful accounts is determined based on a review of specific accounts combined with a review of the general status of the aging of all accounts.

Inventory

Inventory consists of crude oil held in storage tanks and at third-party pipelines as part of the Company's crude oil marketing operations. Crude oil inventory is carried at the lower of average cost or market. Due to declining crude oil prices, inventory valuation losses were as follows (in thousands):

| | 2015 | 2014 |
|--------------------------|---------|----------|
| Inventory valuation loss | \$5,357 | \$14,247 |

Prepayments

The components of prepayments and other are as follows (in thousands):

| | December 31, | |
|--|--------------|----------|
| | 2015 | 2014 |
| Cash collateral deposits for commodity purchases | \$ 167 | \$7,872 |
| Insurance premiums | 1,609 | 2,316 |
| Rents, license and other | 813 | 752 |
| | \$2,589 | \$10,940 |

Property and Equipment

Expenditures for major renewals and betterments are capitalized, and expenditures for maintenance and repairs are expensed as incurred. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets. When properties are retired or sold, the related cost and accumulated depreciation, depletion and amortization is removed from the accounts and any gain or loss is reflected in earnings.

Oil and gas exploration and development expenditures are accounted for in accordance with the successful efforts method of accounting. Direct costs of acquiring developed or undeveloped leasehold acreage, including lease bonus, brokerage and other fees, are capitalized. Exploratory drilling costs are initially capitalized until the properties are evaluated and determined to be either productive or nonproductive. Such evaluations are made on a quarterly basis. If an exploratory well is determined to be nonproductive, the costs of drilling the well are charged to expense. Costs incurred to drill and complete development wells, including dry holes, are capitalized. As of December 31, 2015 and 2014, the Company had no unevaluated or "suspended" exploratory drilling costs.

Depreciation, depletion and amortization of the cost of proved oil and gas properties is calculated using the unit-of-production method. The reserve base or denominator used to calculate depreciation, depletion and amortization for leasehold acquisition costs and the cost to acquire proved properties is the sum of proved developed reserves and proved undeveloped reserves. For lease and well equipment, development costs and successful exploration drilling costs, the reserve base includes only proved developed reserves. The numerator for such calculation is actual production volumes for the period. All other property and equipment is depreciated using the straight-line method over the estimated average useful lives of three to twenty years.

The Company reviews its long-lived assets for impairment whenever there is evidence that the carrying value of such assets may not be recoverable. Any impairment recognized is permanent and may not be restored. Producing oil and gas properties are reviewed on a field-by-field basis. For properties requiring impairment, the fair value is estimated based on an internal discounted cash flow model. Cash flows are developed based on estimated future production and prices and then discounted using a market based rate of return consistent with that used by the Company in evaluating cash flows for other assets of a similar nature.

On a quarterly basis, management evaluates the carrying value of non-producing oil and gas leasehold properties and may deem them impaired based on remaining lease term, area drilling activity and the Company's plans for the property. This fair value measure depends highly on management's assessment of the likelihood of continued exploration efforts in a given area. Therefore, such data inputs are categorized as "unobservable or Level 3" inputs. (See "Fair Value Measurements" below). Importantly, this fair value measure only applies to the write-down of capitalized costs and will never result in an increase to reported earnings.

Impairment provisions including in oil and gas segment operating losses were as follows (in thousands):

| | 2015 | 2014 | 2013 |
|------------------------------------|-----------|----------|----------|
| Producing property impairments | \$ 10,324 | \$ 4,001 | \$ 1,373 |
| Non-producing property impairments | \$ 1,758 | \$ 4,008 | \$ 1,257 |

Fair value measurements for producing oil and gas properties that were subject to fair value impairment for the years ended December 31, 2015 and 2014 summarize as follows (in thousands):

| | Producing Properties Subject to Fair Value Impairment | |
|-------------------------------|---|----------|
| | 2015 | 2014 |
| | Net book value at January 1 | \$18,744 |
| Property additions | 2,117 | 469 |
| Depletion taken | (4,454) | (1,792) |
| Impairment valuation loss | (10,324) | (4,001) |
| Net book value at December 31 | \$6,083 | \$4,856 |

Capitalized costs for non-producing oil and gas leasehold interests currently represent approximately three percent of remaining unamortized oil and gas property carrying costs and categorize as follows (in thousands):

| | December 31, 2015 | December 31, 2014 |
|-------------------------------------|-------------------------|-------------------------|
| Napoleonville Louisiana acreage | \$49 | \$48 |
| South Texas project acreage | - | 357 |
| Wyoming and other acreage | 182 | 554 |
| Total Non-producing Leasehold Costs | \$231 | \$959 |

Since the Company is generally not the operator of its oil and gas property interests, it does not maintain underlying detail acreage data and is dependent on the operator when determining which specific acreage will ultimately be drilled. However, the capitalized cost detail on a property-by-property basis is reviewed by management and deemed impaired if development is not anticipated prior to lease expiration. Onshore leasehold periods are normally three years and may contain renewal options. Capitalized cost activity and fair value measurements on non-producing leasehold were as follows (in thousands):

| | Leasehold Costs | |
|----------------------------|-----------------|----------|
| | 2015 | 2014 |
| Net book value January 1 | \$959 | \$4,906 |
| Leasehold additions | 106 | 865 |
| Advanced royalty payment | 529 | - |
| In-process wells suspended | 395 | 73 |
| Property sales | - | (877) |
| Impairments valuation loss | (1,758) | (4,008) |
| Net book value December 31 | \$231 | \$959 |

During 2014, the Company sold substantially all of its producing property interests in Oklahoma. Proceeds totaled \$1,731,000 and the Company recorded a \$1,149,000 pre-tax gain from this sale. Also during 2014 the Company sold one-half of its interest in sections of a South Texas project interest. Proceeds totaled \$1,509,000 and the Company recorded a \$632,000 pre-tax gain from this sale. Certain other oil and gas property interests were also sold in 2014 for proceeds totaling \$822,000 and gains totaling \$747,000.

The Company sold certain used trucks and equipment from its marketing and transportation segments and recorded net pre-tax gains as follows (in thousands):

| | 2015 | 2014 | 2013 |
|------------------------------------|-------|---------|-------|
| Sales of used trucks and equipment | \$535 | \$1,028 | \$683 |

Cash Deposits and Other Assets

The Company has established certain deposits to support participation in its liability insurance program and remittance of state crude oil severance taxes and other state collateral deposits. Insurance collateral deposits are invested at the discretion of the Company's insurance carrier and such investments primarily consist of intermediate term federal government bonds and bonds backed by federal agencies. This fair value measure relies on inputs from quoted prices for similar assets and is thus categorized as a "Level 2" valuation in the fair value hierarchy. Components of cash deposits and other assets are as follows (in thousands):

| | As of December 31, | |
|-------------------------------|--------------------|---------|
| | 2015 | 2014 |
| Insurance collateral deposits | \$6,531 | \$4,536 |
| State collateral deposits | 140 | 155 |
| Materials and supplies | 292 | 307 |
| | \$6,963 | \$4,998 |

Revenue Recognition

Certain commodity purchase and sale contracts utilized by the Company's marketing business generally qualify as derivative instruments with certain specifically identified crude oil contracts designated as trading activities. From the time of contract origination, such trading activity contracts are marked-to-market and recorded on a net revenue basis in the accompanying consolidated financial statements.

Most all crude oil purchase and sale contracts qualify and are designated as non-trading activities and the Company considers such contracts as normal purchases and sales activity. For normal purchases and sales the Company's customers are invoiced monthly based upon contractually agreed upon terms with revenue recognized in the month in which the physical product is delivered to the customer. Such sales are recorded gross in the financial statements because the Company takes title, has risk of loss for the products, is the primary obligor for the purchase, establishes the sale price independently with a third party, and maintains credit risk associated with the sale of the product.

Certain crude oil contracts may be with a single counterparty to provide for similar quantities of crude oil to be bought and sold at different locations. These contracts are entered into for a variety of reasons, including effecting the transportation of the commodity, to minimize credit exposure, and/or to meet the competitive demands of the customer. Such buy/sell arrangements are reflected on a net revenue basis in the accompanying consolidated financial statements. Reporting such crude oil contracts on a gross revenue basis would increase the Company's reported revenues as follows (in thousands):

| | 2015 | 2014 | 2013 |
|------------------|-----------|-------------|-------------|
| Revenue gross-up | \$480,111 | \$1,272,034 | \$1,602,626 |

Transportation segment customers are invoiced, and the related revenue is recognized as the service is provided. Oil and gas revenue from the Company's interests in producing wells is recognized as title and physical possession of the oil and gas passes to the purchaser.

Sales of long-lived assets

Gains and losses from the sale or disposal of long-lived assets that do not meet the criteria for presentation as a discontinued operation are presented in the accompanying financial statements as a component of operating earnings.

Letter of Credit Facility

The Company maintains a Credit and Security Agreement with Wells Fargo Bank to provide a \$60 million stand-by letter of credit facility used to support crude oil purchases within the marketing segment. This facility is collateralized by the eligible accounts receivable within the segment and certain marketing and transportation equipment. Stand-by letters of credit issued were as follows (in thousands):

| | As of December 31, | |
|----------------------------|--------------------|----------|
| | 2015 | 2014 |
| Stand-by letters of credit | \$1,000 | \$15,300 |

The issued stand-by letters of credit are cancelled as the underlying purchase obligations are satisfied by cash payment when due. The letter of credit facility places certain restrictions on the Company's Gulfmark Energy, Inc. subsidiary. Such restrictions included the maintenance of a combined 1.1 to 1.0 current ratio and the maintenance of positive net earnings excluding inventory valuation changes, as defined, among other restrictions. The Company is currently in compliance with all such financial covenants.

Statement of Cash Flows

There were no significant non-cash financing activities in any of the periods reported. Statement of cash flow items include the following (in thousands):

| | 2015 | 2014 | 2013 |
|----------------------------|---------|---------|---------|
| Interest paid | \$13 | \$2 | \$24 |
| Federal and state tax paid | \$6,197 | \$8,169 | \$9,949 |
| State tax refund | \$- | \$18 | \$4 |

Capitalized amounts included in property and equipment that were not included in amounts reported for cash additions in the Statements of Cash Flows for the applicable report dates were as follows (in thousands):

| | As of December 31, | | |
|----------------------------------|--------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Property and equipment additions | \$1,707 | \$1,137 | \$1,507 |

Earnings per Share

Earnings per share are based on the weighted average number of shares of common stock and potentially dilutive common stock shares outstanding during the period. The weighted average number of shares outstanding was 4,217,596 for 2015, 2014 and 2013. There were no potentially dilutive securities outstanding during those periods.

Share-Based Payments

During the periods presented herein, the Company had no stock-based employee compensation plans, nor any other share-based payment arrangements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Examples of significant estimates used in the accompanying consolidated financial statements include the oil and gas reserve volumes forming the foundation for calculating depreciation, depletion and amortization and for estimating cash flows when assessing impairment triggers and when estimating values associated with oil and gas properties. Other examples include revenue accruals, the provision for bad debts, insurance related accruals, income tax permanent and timing differences, contingencies, and valuation of fair value contracts.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of such items and their respective tax basis (See also Note (2) to consolidated financial statements).

Use of Derivative Instruments

The Company's marketing segment is involved in the purchase and sale of crude oil. The Company seeks to make a profit by procuring this commodity as it is produced and then delivering the material to end users or the intermediate use marketplace. As is typical for the industry, such transactions are made pursuant to the terms of forward month commodity purchase and/or sale contracts. Some of these contracts meet the definition of a derivative instrument and therefore, the Company accounts for such contracts at fair value, unless the normal purchase and sale exception is applicable. Such underlying contracts are standard for the industry and are the governing document for the Company's crude oil wholesale distribution businesses. None of the Company's derivative instruments have been designated as hedging instruments. The accounting methodology utilized by the Company for its commodity contracts is further discussed below under the caption "Fair Value Measurements".

The estimated fair value of forward month commodity contracts (derivatives) is reflected in the accompanying Consolidated Balance Sheet as of December 31, 2015 as follows (in thousands):

| | Balance Sheet Location and Amount | | | |
|----------------------------------|-----------------------------------|-----------------|------------------------|----------------------|
| | Current Assets | Other Assets | Current Liabilities | Other Liabilities |
| Asset Derivatives | | | | |
| - Fair Value Commodity | | | | |
| Contracts at Gross Valuation | \$- | \$- | \$- | \$- |
| Liability Derivatives | | | | |
| - Fair Value Commodity | | | | |
| Contracts at Gross Valuation | - | - | 195 | - |
| Less Counterparty Offsets | - | - | - | - |
| As Reported Fair Value Contracts | \$- | \$- | \$195 | \$- |

As of December 31, 2015, one contract comprised the Company's derivative valuations. The purchase and sale contract encompass approximately 65 barrels of diesel fuel per day in each of January, February and March 2016.

The estimated fair value of forward month commodity contracts (derivatives) is reflected in the accompanying Consolidated Balance Sheet as of December 31, 2014 as follows (in thousands):

| | Balance Sheet Location and Amount | | | |
|----------------------------------|-----------------------------------|--------------|---------------------|-------------------|
| | Current Assets | Other Assets | Current Liabilities | Other Liabilities |
| Asset Derivatives | | | | |
| - Fair Value Commodity | | | | |
| Contracts at Gross Valuation | \$1,332 | \$- | \$- | \$- |
| Liability Derivatives | | | | |
| - Fair Value Commodity | | | | |
| Contracts at Gross Valuation | - | - | 1,339 | - |
| Less Counterparty Offsets | (396) | - | (396) | - |
| As Reported Fair Value Contracts | \$936 | \$- | \$943 | \$- |

As of December 31, 2014, three commodity purchase and sale contracts comprised the Company's derivative valuations. These contracts encompass approximately 294 barrels per day of crude oil for January and February 2015 plus 129 barrels per day of crude oil from March 2015 through December 2015.

The Company only enters into commodity contracts with creditworthy counterparties or obtains collateral support for such activities. As of December 31, 2015 and 2014, the Company was not holding nor had it posted any collateral to support its forward month fair value derivative activity. The Company is not subject to any credit-risk related trigger events. The Company has no other financial investment arrangements that would serve to offset its derivative contracts.

Forward month commodity contracts (derivatives) are reflected in the accompanying Consolidated Statement of Operations for the years ended December 31, 2015, 2014 and 2013 as follows (in thousands):

| Location | Gain (Loss) | | |
|----------------------|-------------|-------|----------|
| | 2015 | 2014 | 2013 |
| Revenues – marketing | \$(188) | \$312 | \$(193) |

Fair Value Measurements

The carrying amount reported in the Consolidated Balance Sheet for cash and cash equivalents, accounts receivable and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments. Marketable securities are recorded at fair value based on market quotations from actively traded liquid markets.

Fair value contracts consist of derivative financial instruments and are recorded as either an asset or liability measured at fair value. Changes in fair value are recognized immediately in earnings unless the derivatives qualify for, and the Company elects, cash flow hedge accounting. The Company had no contracts designated for hedge accounting during any reporting periods.

Fair value estimates are based on assumptions that market participants would use when pricing an asset or liability and the Company uses a fair value hierarchy of three levels that prioritizes the information used to develop those assumptions. Currently, for all items presented herein, the Company utilizes a market approach to valuing its contracts. On a contract by contract, forward month by forward month basis, the Company obtains observable market

data for valuing its contracts. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is summarized as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities that may be accessed at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. For Level 1 valuation of marketable securities, the Company utilizes market quotations provided by its primary financial institution and for the valuations of derivative financial instruments, the Company utilizes the New York Mercantile Exchange “NYMEX” for such valuations.

Level 2 – (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical assets or liabilities but in markets that are not actively traded or in which little information is released to the public, (c) observable inputs other than quoted prices, and (d) inputs derived from observable market data. Source data for Level 2 inputs include information provided by the NYMEX, published price data and indices, third party price survey data and broker provided forward price statistics.

Level 3 – Unobservable market data inputs for assets or liabilities.

As of December 31, 2015, the Company’s fair value assets and liabilities are summarized and categorized as follows (in thousands):

| | Market Data Inputs | | | | | Total |
|-----------------------|-----------------------------|--------------------------|----------------------------|----------------------|----------|-------|
| | Gross Level 1 Quoted Prices | Gross Level 2 Observable | Gross Level 3 Unobservable | Counterparty Offsets | | |
| Derivatives | | | | | | |
| - Current assets | \$- | \$- | \$ - | \$ - | \$- | |
| - Current liabilities | - | (195) | - | - | (195) | |
| Net Value | \$- | \$(195) | \$ - | \$ - | \$(195) | |

As of December 31, 2014, the Company’s fair value assets and liabilities are summarized and categorized as follows (in thousands):

| | Market Data Inputs | | | | | Total |
|-----------------------|-----------------------------|--------------------------|----------------------------|----------------------|--------|-------|
| | Gross Level 1 Quoted Prices | Gross Level 2 Observable | Gross Level 3 Unobservable | Counterparty Offsets | | |
| Derivatives | | | | | | |
| - Current assets | \$- | \$1,332 | \$ - | \$ (396) | \$936 | |
| - Current liabilities | - | (1,339) | - | 396 | (943) | |
| Net Value | \$- | \$(7) | \$ - | \$ - | \$(7) | |

When determining fair value measurements, the Company makes credit valuation adjustments to reflect both its own nonperformance risk and its counterparty’s nonperformance risk. When adjusting the fair value of derivative contracts for the effect of nonperformance risk, the impact of netting and applicable credit enhancements, such as collateral postings, thresholds, and guarantees are considered. Credit valuation adjustments utilize Level 3 inputs, such as credit scores to evaluate the likelihood of default by the Company or its counterparties. As of December 31, 2015 and 2014, credit valuation adjustments were not significant to the overall valuation of the Company’s fair value contracts. As a result, fair value assets and liabilities are included in their entirety in the fair value hierarchy.

The following table illustrates the factors impacting the change in the net value of the Company's fair value contracts for the year ended December 31, 2015 (in thousands):

| | Level 1 Quoted Prices | Level 2 Observable | Total |
|---------------------------------|-----------------------------|-----------------------|----------|
| Net Fair Value January 1 | \$- | \$(7) | \$(7) |
| - Net realized (gains) losses | - | 7 | 7 |
| - Net unrealized gains (losses) | - | (195) | (195) |
| Net Fair Value December 31 | \$- | \$(195) | \$(195) |

The following table illustrates the factors impacting the change in the net value of the Company's fair value contracts for the year ended December 31, 2014 (in thousands):

| | Level 1 Quoted Prices | Level 2 Observable | Total |
|---------------------------------|-----------------------------|-----------------------|--------|
| Net Fair Value January 1 | \$- | \$395 | \$395 |
| - Net realized (gains) losses | - | 220 | 220 |
| - Option deposit | - | (714) | (714) |
| - Option gain | - | 99 | 99 |
| - Net unrealized gains (losses) | - | (7) | (7) |
| Net Fair Value December 31 | \$- | \$(7) | \$(7) |

Asset Retirement Obligations

The Company records a liability for the estimated retirement costs associated with certain tangible long-lived assets. The estimated fair value of asset retirement obligations are recorded in the period in which they are incurred and the corresponding cost capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its then present value each period, and the capitalized cost is depreciated over the useful life of the asset or the units of production associated with the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized. A summary of the Company's asset retirement obligations is presented as follows (in thousands):

| | 2015 | 2014 |
|------------------------|---------|---------|
| Balance on January 1 | \$2,464 | \$2,564 |
| -Liabilities incurred | 39 | 111 |
| -Accretion of discount | 93 | 94 |
| -Liabilities settled | (127) | (305) |
| Balance on December 31 | \$2,469 | \$2,464 |

In addition to an accrual for asset retirement obligations, the Company maintains \$75,000 in escrow cash, which is legally restricted for the potential purpose of settling asset retirement costs in accordance with certain state regulations. Such cash deposits are included in other assets in the accompanying consolidated balance sheet.

Recent Accounts Pronouncement

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for the annual period ending after December 15, 2017. Early adoption is not permitted. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. Management is currently evaluating the impact of these amendments on the Company's consolidated financial statements and the transition alternatives.

In August 2014, the FASB issued guidance requiring management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. The standard also provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new guidance is effective for the annual period ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. Management does not expect the adoption of this guidance to have an impact on the Consolidated Financial Statements.

In July 2015, the FASB amended the existing accounting standards for inventory to provide for the measurement of inventory at the lower of cost or "net realizable value," as defined in the standard. The new guidance is effective for the annual period ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. Management does not expect the adoption of this guidance to have an impact on the consolidated financial statements.

In November 2015, the FASB issued guidance to simplify the presentation of deferred taxes in the statement of financial position. The amendment requires that deferred tax assets and liabilities be classified as non-current in the balance sheet. The Company adjusted this guidance on a prospective basis effective January 1, 2015.

Management believes the impact of other recently issued standards and updates, which are not yet effective, will not have a material impact on the Company's consolidated financial position, results of operations or cash flows upon adoption.

(2) Income Taxes

The following table shows the components of the Company's income tax (provision) benefit (in thousands):

| | Years ended December 31, | | |
|------------------|--------------------------|------------|-------------|
| | 2015 | 2014 | 2013 |
| Current: | | | |
| Federal | \$(3,883) | \$(8,626) | \$(8,102) |
| State | (190) | (1,249) | (892) |
| | (4,073) | (9,875) | (8,994) |
| Deferred: | | | |
| Federal | 5,011 | 5,878 | (2,682) |
| State | (168) | 273 | (478) |
| | 4,843 | 6,151 | (3,160) |
| | \$770 | \$(3,724) | \$(12,154) |

The following table summarizes the components of the income tax (provision) benefit (in thousands):

| | Years ended December 31, | | |
|------------------------------|--------------------------|------------|-------------|
| | 2015 | 2014 | 2013 |
| From continuing operations | \$770 | \$(3,561) | \$(12,429) |
| From discontinued operations | - | (163) | 275 |
| | \$770 | \$(3,724) | \$(12,154) |

Taxes computed at the corporate federal income tax rate reconcile to the reported income tax (provision) as follows (in thousands):

| | Years ended December 31, | | |
|--|--------------------------|-----------|------------|
| | 2015 | 2014 | 2013 |
| Statutory federal income tax (provision) benefit | \$716 | \$(3,587) | \$(11,819) |
| State income tax (provision) benefit | (233) | (634) | (891) |
| Federal statutory depletion | 144 | 549 | 522 |
| Other | 143 | (52) | 34 |
| | \$770 | \$(3,724) | \$(12,154) |

Deferred income taxes reflect the net difference between the financial statement carrying amounts and the underlying income tax basis in such items. Effective January 1, 2015 the Company adopted on a prospective basis an FASB guidance requiring that deferred tax assets and liabilities be classified as non-current in the balance sheet. The components of the federal deferred tax asset (liability) are as follows (in thousands):

| | Years Ended December 31, | |
|--|--------------------------|------------|
| | 2015 | 2014 |
| Current deferred tax asset (liability) | | |
| Allowance for doubtful accounts | \$- | \$62 |
| Prepaid and other insurance | - | (719) |
| Fair value contracts | - | (1) |
| Net current deferred liability | - | (658) |
| Long-term deferred tax asset (liability) | | |
| Prepaid and other insurance | (1,243) | - |
| Property | (7,408) | (12,673) |
| Uniform capitalization | 704 | 661 |
| Other | (51) | (170) |
| Net long-term deferred tax liability | (7,998) | (12,182) |
| Net deferred tax liability | \$(7,998) | \$(12,840) |

Financial statement recognition and measurement of positions taken, or expected to be taken, by an entity in its income tax returns must consider the uncertainty and judgment involved in the determination and filing of income taxes. Tax positions taken in an income tax return that are recognized in the financial statements must satisfy a more-likely-than-not recognition threshold, assuming that the tax position will be examined by taxing authorities with full knowledge of all relevant information. The Company has no significant unrecognized tax benefits. Interest and penalties associated with income tax liabilities are classified as income tax expense.

The earliest tax years remaining open for audit for federal and major states of operations are as follows:

| | Earliest Open Tax Year |
|-----------|------------------------|
| Federal | 2012 |
| Texas | 2011 |
| Louisiana | 2012 |

Michigan

2011

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(3) Concentration of Credit Risk

Credit risk encompasses the amount of loss absorbed should the Company's customers fail to perform pursuant to contractual terms. Managing credit risk involves a number of considerations, such as the financial profile of the customer, the value of collateral held, if any, specific terms and duration of the contractual agreement, and the customer's sensitivity to economic developments. The Company has established various procedures to manage credit exposure, including initial credit approval, credit limits, and rights of offset. Letters of credit and guarantees are also utilized to limit exposure. Accounts receivable associated with crude oil marketing activities comprise approximately 90 percent of the Company's total receivables and industry practice requires payment for such sales to occur within 20 days of the end of the month following a transaction. The Company's customer makeup, credit policies and the relatively short duration of receivables mitigate the uncertainty typically associated with receivables management. An allowance for doubtful accounts is provided where appropriate. An analysis of the changes in the allowance for doubtful accounts is presented as follows (in thousands):

| | 2015 | 2014 | 2013 |
|---------------------------------|-------|-------|-------|
| Balance, beginning of year | \$179 | \$252 | \$206 |
| Provisions for bad debts | 116 | 50 | 147 |
| Less: Write-offs and recoveries | (89) | (123) | (101) |
| Balance, end of year | \$206 | \$179 | \$252 |

The Company's largest customers consist of large multinational integrated oil companies and independent domestic refiners of crude oil. In addition, the Company transacts business with independent oil producers, major chemical concerns, crude oil trading companies and a variety of commercial energy users. Within this group of customers, the Company generally derives approximately 50 percent of its revenues from three to five large crude oil refining concerns. While the Company has ongoing established relationships with certain domestic refiners of crude oil, alternative markets are readily available since the Company supplies less than one percent of U.S. domestic refiner demand. As a fungible commodity delivered to major Gulf Coast supply points, the Company's crude oil sales can be readily delivered to alternative end markets. Management believes that a loss of any of those customers where the Company currently derives more than 10 percent of its revenues would not have a material adverse effect on the Company's operations as shown below:

| Individual customer sales | | | | | Individual customer receivables in excess of 10% of total receivables as of December 31, | | | | | | |
|------------------------------|------|------|------|------|--|------|------|------|------|------|------|
| in excess of 10% of revenues | | | | | | | | | | | |
| 2015 | 2014 | 2013 | 2015 | 2014 | 2013 | 2015 | 2014 | 2013 | 2015 | 2014 | 2013 |
| 24.4 | % | 20.3 | % | 18.5 | % | 20.3 | % | 16.6 | % | 16.0 | % |
| 13.8 | % | 14.0 | % | 17.7 | % | 16.5 | % | 16.6 | % | 15.8 | % |
| - | | - | | 15.8 | % | 12.7 | % | 10.4 | % | 12.7 | % |
| - | | - | | 10.4 | % | - | | - | | - | |

(4) Employee Benefits

The Company maintains a 401(k) savings plan for the benefit of its employees. No other pension or retirement plans are maintained by the Company. The Company's 401K plan contributory expenses were as follows (in thousands):

| | 2015 | 2014 | 2013 |
|-----------------------|-------|-------|-------|
| Contributory expenses | \$768 | \$691 | \$674 |

(5) Transactions with Affiliates

The late Mr. K. S. Adams, Jr., former Chairman of the Board and certain of his family partnerships and affiliates have participated as working interest owners with Adams Resources Exploration Corporation (AREC"). Mr. Adams and the affiliates participated on terms similar to those afforded other non-affiliated working interest owners. While the affiliates have generally maintained their existing property interest, they have not participated in any such transactions originating after the death of Mr. Adams in October 2013. In connection with the operation of certain of these oil and gas properties, the Company charges such related parties for administrative overhead as prescribed by the Council of Petroleum Accountants Society Bulletin 5. The Company also enters into certain transactions in the normal course of business with other affiliated entities including direct cost reimbursement for shared phone and administrative services. In addition the Company leases its corporate office space from an affiliated entity based on a lease rental rate determined by an independent appraisal.

Activities with affiliates were as follows (in thousands):

| | 2015 | 2014 | 2013 |
|-------------------------------|-------|-------|-------|
| Overhead recoveries | \$97 | \$151 | \$152 |
| Affiliate billings to Company | \$68 | \$65 | \$69 |
| Company billings to affiliate | \$35 | \$42 | \$99 |
| Rentals paid to affiliate | \$618 | \$607 | \$481 |

Additionally, in 2014, the Company engaged a professional services firm controlled by Townes Pressler, a member of the Company's Board of Directors, to conduct a crude oil supply availability study. Total study costs, all of which occurred in 2014 were \$70,420.

(6) Commitments and Contingencies

The Company maintains certain operating lease arrangements with independent truck owner-operators for use of their equipment and driver services on a month-to-month basis. In addition, the Company enters into office space and certain lease and terminal access contracts in order to provide tank storage and dock access for its crude oil marketing business. All lease commitments qualify for off-balance sheet treatment. Such contracts require certain minimum monthly payments for the term of the contracts. The Company has no capital lease arrangements. Rental expense is as follows (in thousands):

| | Years ended December 31, | | |
|----------------|--------------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Rental expense | \$11,168 | \$9,755 | \$8,281 |

At December 31, 2015, rental obligations under long-term non-cancelable operating leases and terminal arrangements for the next five years and thereafter are payable as follows (in thousands):

| 2016 | 2017 | 2018 | 2019 | 2020 | Thereafter | Total |
|---------|---------|---------|-------|------|------------|----------|
| \$6,218 | \$4,160 | \$1,697 | \$318 | \$- | \$- | \$12,393 |

Under the Company's automobile and workers' compensation insurance policies, the Company can either receive a return of premium paid or be assessed for additional premiums up to pre-established limits. Additionally, in certain instances the risk of insured losses is shared with a group of similarly situated entities. The Company has appropriately recognized estimated expenses and liabilities related to these policies for losses incurred but not reported to the Company or its insurance carrier as follows (in thousands):

| | As of December 31, | | |
|------------------------------------|--------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Estimated expenses and liabilities | \$2,086 | \$2,585 | \$1,796 |

The Company maintains a self-insurance program for managing employee medical claims. A liability for expected claims incurred is established on a monthly basis. As claims are paid, the liability is relieved. The Company also maintains third party insurance stop-loss coverage for annual individual medical claims exceeding \$100,000. In addition, the Company maintains \$2 million of umbrella insurance coverage for aggregate medical claims exceeding approximately \$4.5 million for the calendar years 2015 and 2014. Medical accrual amounts are as follows (in thousands):

| | As of December 31, | | |
|------------------------|--------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Accrued medical claims | \$1,107 | \$1,057 | \$1,129 |

AREC is named as a defendant in a number of Louisiana based suits involving alleged environmental contamination from prior drilling operations. Such suits typically allege improper disposal of oilfield wastes in earthen pits with one suit alleging subsidence contributing to the formation of a sink hole. AREC is currently involved in three such suits. The suits are styled LePetit Chateau Deluxe v. Adams Resources Exploration Corporation dated March 2004, Gustave J. LaBarre, Jr., et. al. v. Adams Resources Exploration Corporation et al dated October 2012 and Henning Management, LLC v. Adams Resources Exploration Corporation dated November 2013. Each suit involves multiple industry defendants with substantially larger proportional interest in the properties except all the larger defendants have settled their claims in the LePetit Chateau Deluxe matter. The plaintiffs in each of these matters are seeking unspecified compensatory and punitive damages. While management does not believe that a material adverse effect will result from the claims, significant attorney fees will be incurred to defend these items. As of December 31, 2015 and 2014 the Company has accrued \$500,000 of future legal and/or settlement costs for these matters.

From time to time as incidental to its operations, the Company may become involved in various lawsuits and/or disputes. Primarily as an operator of an extensive trucking fleet, the Company is a party to motor vehicle accidents, worker compensation claims and other items of general liability as would be typical for the industry. Management of the Company is presently unaware of any claims against the Company that are either outside the scope of insurance coverage, or that may exceed the level of insurance coverage and, therefore could potentially represent a material adverse effect on the Company's financial position or results of operations.

(7) Guarantees

ARE issues parent guarantees of commitments associated with the activities of its subsidiary companies. The guarantees generally result from subsidiary commodity purchase obligations, subsidiary operating lease commitments and subsidiary banking transactions. The nature of such items is to guarantee the performance of the subsidiary companies in meeting their respective underlying obligations. Except for operating lease commitments and letters of credit, all such underlying obligations are recorded on the books of the subsidiary companies and are included in the Consolidated Financial Statements included herein. Therefore, no such obligation is recorded again on the books of the parent. The parent would only be called upon to perform under the guarantee in the event of a payment default by the applicable subsidiary company. In satisfying such obligations, the parent would first look to the assets of the defaulting subsidiary company.

As of December 31, 2015, parental guaranteed obligations are approximately as follows (in thousands):

| | 2016 | 2017 | 2018 | 2019 | Thereafter | Total |
|---------------------|----------|------|------|------|------------|----------|
| Commodity purchases | \$15,855 | - | - | - | - | \$15,855 |
| Letters of credit | 1,000 | - | - | - | - | 1,000 |
| | \$16,855 | \$- | \$- | \$- | \$- | \$16,855 |

Presently, neither ARE nor any of its subsidiaries has any other types of guarantees outstanding that require liability recognition.

(8) Segment Reporting

The Company is engaged in the business of crude oil marketing as well as tank truck transportation of liquid chemicals, and oil and gas exploration and production. Information concerning the Company's various business activities is summarized as follows (in thousands):

| | Revenues | Segment Operating Earnings (loss) | | Depreciation Depletion and Amortization | Property and Equipment Additions |
|-------------------------------|-------------|-----------------------------------|-----|---|----------------------------------|
| Year ended December 31, 2015- | | | | | |
| Marketing | \$1,875,885 | \$22,895 | (1) | \$ 11,097 | \$2,126 |
| Transportation | 63,331 | 3,701 | | 7,554 | 6,579 |
| Oil and gas | 5,063 | (19,016) | (2) | 5,066 | 2,369 |
| | \$1,944,279 | \$7,580 | | \$ 23,717 | \$11,074 |
| Year ended December 31, 2014- | | | | | |
| Marketing | \$4,050,497 | \$20,854 | (1) | \$ 9,626 | \$13,598 |
| Transportation | 68,968 | 4,750 | | 7,416 | 8,994 |
| Oil and gas | 13,361 | (7,510) | (2) | 7,573 | 7,931 |
| | \$4,132,826 | \$18,094 | | \$ 24,615 | \$30,523 |
| Year ended December 31, 2013- | | | | | |
| Marketing | \$3,863,057 | \$40,369 | (1) | \$ 7,682 | \$11,343 |
| Transportation | 68,783 | 5,180 | | 7,099 | 3,165 |
| Oil and gas | 14,129 | (2,113) | (2) | 7,494 | 13,094 |
| | \$3,945,969 | \$43,436 | | \$ 22,275 | \$27,602 |

(1) Marketing segment operating earnings included inventory liquidation and valuation losses totaling \$5,357,000, \$14,247,000 and \$3,824,000 for 2015, 2014 and 2013, respectively.

(2) Oil and gas segment operating earnings include gains on property sales totaling \$2,528,000 during 2014 and property impairments totaling \$12,082,000, \$8,009,000 and \$2,630,000 for 2015, 2014 and 2013, respectively.

Segment operating earnings reflect revenues net of operating costs and depreciation, depletion and amortization and are reconciled to earnings from continuing operations before income taxes, as follows (in thousands):

| | Years Ended December 31, | | |
|--|--------------------------|----------|----------|
| | 2015 | 2014 | 2013 |
| Segment operating earnings | \$7,580 | \$18,094 | \$43,436 |
| - General and administrative expenses | (9,939) | (8,613) | (9,060) |
| Operating earnings (loss) | (2,359) | 9,481 | 34,376 |
| - Interest income | 327 | 301 | 198 |
| - Interest expense | (13) | (2) | (24) |
| Earnings (loss) from continuing operations before income taxes and discontinued operations | \$(2,045) | \$9,780 | \$34,550 |

Identifiable assets by industry segment are as follows (in thousands):

Years Ended December 31,

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| | 2015 | 2014 | 2013 |
|----------------|-----------|-----------|-----------|
| Marketing | \$96,723 | \$189,332 | \$306,693 |
| Transportation | 35,010 | 37,643 | 34,406 |
| Oil and gas | 8,930 | 25,888 | 37,093 |
| Cash and other | 102,552 | 87,951 | 69,890 |
| | \$243,215 | \$340,814 | \$448,082 |

Intersegment sales are insignificant and all sales occurred in the United States. Other identifiable assets are primarily corporate cash, corporate accounts receivable, and properties not identified with any specific segment of the Company's business. Accounting policies for transactions between reportable segments are consistent with applicable accounting policies as disclosed herein.

(9) Discontinued Operations

In 2014, the Company sold for \$664,000 in cash the warehouse and real estate used by its former petroleum refined products marketing operation to yield a pre-tax gain of \$553,000 with such gain reported in discontinued operations for 2014. In 2013 the Company completed an orderly wind-down and closure of its natural gas marketing segment. Revenues from this segment included in net earnings from discontinued operations totaled \$2,377,000 for the year ended December 31, 2013. All obligations from these ventures were satisfied and no further events are anticipated.

(10) Subsequent Event

On January 14, 2016 the Company's wholly owned subsidiary Adams Resources Medical Management acquired a 30% member interest in Bencap LLC (Bencap) for a \$2,200,000 cash payment. Bencap provides medical insurance brokerage and medical claims auditing services to employers utilizing ERISA governed employee benefit plans. The Company will account for this investment on the equity method of accounting.

(11) Quarterly Financial Data (Unaudited)

Selected quarterly financial data and earnings per share of the Company are presented below for the years ended December 31, 2015 and 2014 (in thousands, except per share data):

| | Revenues | Earnings (Loss) from Continuing Operations | | Net Earnings (Loss) | | Dividends | |
|-----------------|-------------|--|-----------|---------------------|-----------|-----------|-----------|
| | | Amount | Per Share | Amount | Per Share | Amount | Per Share |
| 2015 - | | | | | | | |
| March 31 | \$555,573 | \$3,097 | \$.73 | \$3,097 | \$.73 | \$928 | \$.22 |
| June 30 | 600,558 | 4,340 | 1.03 | 4,340 | 1.03 | 928 | .22 |
| September 30 | 439,893 | (308) | (.07) | (308) | (.07) | 928 | .22 |
| December 31 | 348,255 | (8,404) | (1.99) | (8,404) | (1.99) | 928 | .22 |
| Total | \$1,944,279 | \$(1,275) | \$(.30) | \$(1,275) | \$(.30) | \$3,712 | \$.88 |
| 2014 - | | | | | | | |
| March 31 | \$949,189 | \$5,363 | \$1.27 | \$5,363 | \$1.27 | \$928 | \$.22 |
| June 30 | 1,159,931 | 3,975 | .94 | 3,975 | .94 | 928 | .22 |
| September 30 | 1,173,970 | 3,855 | .92 | 3,855 | .92 | 928 | .22 |
| December 31 | 849,736 | (6,974) | (1.65) | (6,670) | (1.58) | 927 | .22 |
| Total | \$4,132,826 | \$6,219 | \$1.48 | \$6,523 | \$1.55 | \$3,711 | \$.88 |

The above unaudited interim financial data reflect all adjustments that are in the opinion of management necessary to a fair statement of the results for the period presented. All such adjustments are of a normal recurring nature.

(12) Oil and Gas Producing Activities (Unaudited)

The Company's oil and gas exploration and production activities are conducted in Texas and the south central region of the United States, primarily along the Gulf Coast of Texas and Louisiana.

Oil and Gas Producing Activities -

Total costs incurred in oil and gas exploration and development activities, all within the United States, were as follows (in thousands):

| | For the year Ended December 31, | | |
|----------------------------|---------------------------------|---------|----------|
| | 2015 | 2014 | 2013 |
| Property acquisition costs | | | |
| Unproved | \$348 | \$1,144 | \$1,444 |
| Proved | - | - | - |
| Exploration costs | | | |
| Expensed | 1,667 | 5,054 | 1,619 |
| Capitalized | - | - | - |
| Development costs | 370 | 1,745 | 10,160 |
| Total costs incurred | \$2,385 | \$7,943 | \$13,223 |

The aggregate capitalized costs relative to oil and gas producing activities are as follows (in thousands):

| | As of December 31, | |
|--|--------------------|-----------|
| | 2015 | 2014 |
| Unproved oil and gas properties | \$231 | \$3,104 |
| Proved oil and gas properties | 76,886 | 85,557 |
| | 77,117 | 88,661 |
| Accumulated depreciation, depletion and amortization | (69,116) | (64,682) |
| Net capitalized cost | \$8,001 | \$23,979 |

Estimated Oil and Natural Gas Reserves -

The following information regarding estimates of the Company's proved oil and gas reserves, substantially all located onshore in Texas and Louisiana, is based on reports prepared on behalf of the Company by its independent petroleum engineers. Because oil and gas reserve estimates are inherently imprecise and require extensive judgments of reservoir engineering data, they are generally less precise than estimates made in conjunction with financial disclosures. The revisions of previous estimates as reflected in the table below result from changes in commodity pricing assumptions and from more precise engineering calculations based upon additional production histories and price changes.

Proved developed and undeveloped reserves are presented as follows (in thousands):

| | Years Ended December 31, | | | | | |
|---------------------------------|--------------------------|-------------|---------------------|-------------|---------------------|-------------|
| | 2015 | | 2014 | | 2013 | |
| | Natural Gas (Mcf's) | Oil (Bbls.) | Natural Gas (Mcf's) | Oil (Bbls.) | Natural Gas (Mcf's) | Oil (Bbls.) |
| Total proved reserves- | | | | | | |
| Beginning of year | 5,611 | 318 | 6,286 | 368 | 8,837 | 307 |
| Revisions of previous estimates | 27 | (2) | 724 | 6 | (1,438) | (17) |

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| | | | | | | | | | | | | |
|--|-------|-----|------|-------|--------|-----|------|-------|--------|-----|------|---|
| Oil and gas reserves sold | - | (3 |) | (558 |) | (11 |) | (28 |) | - | | |
| Extensions, discoveries and other reserve additions | 86 | 13 | | 292 | | 82 | | 523 | | 180 | | |
| Production | (889 |) | (100 |) | (1,133 |) | (127 |) | (1,608 |) | (102 |) |
| End of year | 4,835 | 226 | | 5,611 | | 318 | | 6,286 | | 368 | | |

The components of proved oil and gas reserves for the three years ended December 31, 2015 is presented below. All reserves are in the United States (in thousands):

| | Years Ended December 31, | | | | | |
|-----------------------------|--------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | 2015 | | 2014 | | 2013 | |
| | Natural Gas (Mcf's) | Oil (Bbls.) | Natural Gas (Mcf's) | Oil (Bbls.) | Natural Gas (Mcf's) | Oil (Bbls.) |
| Proved developed reserves | 4,813 | 223 | 5,482 | 299 | 6,157 | 367 |
| Proved undeveloped reserves | 22 | 3 | 129 | 19 | 129 | 1 |
| Total proved reserves | 4,835 | 226 | 5,611 | 318 | 6,286 | 368 |

The Company has developed internal policies and controls for estimating and recording oil and gas reserve data. The estimation and recording of proved reserves is required to be in compliance with SEC definitions and guidance. The Company assigns responsibility for compliance in reserve bookings to the office of President of AREC. No portion of this individual's compensation is directly dependent on the quantity of reserves booked. Reserve estimates are required to be made by qualified reserve estimators, as defined by Society of Petroleum Engineers' Standards.

The Company employed third party petroleum consultant, Ryder Scott Company, to prepare its oil and gas reserve data estimates as of December 31, 2015, 2014 and 2013. The firm of Ryder Scott is well recognized within the industry for more than 50 years. As prescribed by the SEC, such proved reserves were estimated using 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period, and year-end production and development costs for each of the years presented, all without escalation.

The process of estimating oil and gas reserves is complex and requires significant judgment. Uncertainties are inherent in estimating quantities of proved reserves, including many factors beyond the estimator's control. Reserve engineering is a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and the interpretation thereof. As a result, assessments by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing and production subsequent to the date of an estimate, as well as economic factors such as changes in product prices, may justify revision of such estimates. Accordingly, oil and gas quantities ultimately recovered will vary from reserve estimates.

Standardized Measure of Discounted Future Net Cash Flows from Oil and Gas Operations and Changes Therein -

The standardized measure of discounted future net cash flows was determined based on the economic conditions in effect at the end of the years presented, except in those instances where fixed and determinable gas price escalations are included in contracts. The disclosures below do not purport to present the fair market value of the Company's oil and gas reserves. An estimate of the fair market value would also take into account, among other things, the recovery of reserves in excess of proved reserves, anticipated future changes in prices and costs, a discount factor more representative of the time value of money and risks inherent in reserve estimates. The standardized measure of discounted future net cash flows is presented as follows (in thousands):

| | Years Ended December 31, | | |
|--|--------------------------|-----------|-----------|
| | 2015 | 2014 | 2013 |
| Future gross revenues | \$23,040 | \$58,885 | \$64,495 |
| Future costs - | | | |
| Lease operating expenses | (14,524) | (16,421) | (19,207) |
| Development costs | (103) | (1,068) | (119) |
| Future net cash flows before income taxes | 8,413 | 41,396 | 45,169 |
| Discount at 10% per annum | (2,987) | (17,175) | (17,729) |
| Discounted future net cash flows before income taxes | 5,426 | 24,221 | 27,440 |
| Future income taxes, net of discount at 10% per annum | (1,899) | (8,477) | (9,604) |
| Standardized measure of discounted future net cash flows | \$3,527 | \$15,744 | \$17,836 |

The estimated value of oil and natural gas reserves and future net revenues, derived therefrom are highly dependent upon oil and gas commodity price assumptions. For such estimates, the Company's independent petroleum engineers assumed market prices as presented in the table below:

| | Years ended December 31, | | |
|---|--------------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Market price | | | |
| Crude oil per barrel | \$45.83 | \$89.60 | \$94.99 |
| Natural gas per thousand cubic feet (mcf) | \$2.62 | \$5.42 | \$4.69 |

Such prices were based on the unweighted arithmetic average of the prices in effect on the first day of the month for each month of the respective twelve month periods as required by SEC regulations. The prices reported in the reserve disclosures for natural gas include the value of associated natural gas liquids. Oil and gas reserve values and future net cash flow estimates are very sensitive to pricing assumptions and will vary accordingly.

The effect of income taxes and discounting on the standardized measure of discounted future net cash flows is presented as follows (in thousands):

| | Years ended December 31, | | |
|--|--------------------------|-----------|-----------|
| | 2015 | 2014 | 2013 |
| Future net cash flows before income taxes | \$8,413 | \$41,396 | \$45,169 |
| Future income taxes | (2,945) | (14,489) | (15,809) |
| Future net cash flows | 5,468 | 26,907 | 29,360 |
| Discount at 10% per annum | (1,941) | (11,163) | (11,524) |
| Standardized measure of discounted future net cash flows | \$3,527 | \$15,744 | \$17,836 |

The principal sources of changes in the standardized measure of discounted future net flows are as follows (in thousands):

| | Years Ended December 31, | | |
|--|--------------------------|-----------|-----------|
| | 2015 | 2014 | 2013 |
| Beginning of year | \$ 15,744 | \$ 17,836 | \$ 16,355 |
| Sale of oil and gas reserves | (54) | (981) | - |
| Net change in prices and production costs | (17,622) | (72) | 9,341 |
| New field discoveries and extensions, net of future production costs | 292 | 4,456 | 9,767 |
| Sales of oil and gas produced, net of production costs | 1,038 | (6,590) | (8,373) |
| Net change due to revisions in quantity estimates | 38 | 2,460 | (3,624) |
| Accretion of discount | 1,116 | 1,773 | 1,797 |
| Production rate changes and other | (3,603) | (4,265) | (6,629) |
| Net change in income taxes | 6,578 | 1,127 | (798) |
| End of year | \$ 3,527 | \$ 15,744 | \$ 17,836 |

Results of Operations for Oil and Gas Producing Activities -

The results of oil and gas producing activities, excluding corporate overhead and interest costs, are as follows (in thousands):

| | Years Ended December 31, | | |
|---|--------------------------|------------|------------|
| | 2015 | 2014 | 2013 |
| Revenues | \$ 5,063 | \$ 13,361 | \$ 14,129 |
| Costs and expenses - | | | |
| Production | (7,022) | (6,771) | (5,756) |
| Producing property impairment | (10,324) | (4,001) | (1,373) |
| Exploration | (1,667) | (5,054) | (1,619) |
| Oil and natural gas property sale gain | - | 2,528 | - |
| Depreciation, depletion and amortization | (5,066) | (7,573) | (7,494) |
| Operating income (loss) before income taxes | (19,016) | (7,510) | (2,113) |
| Income tax benefit | 6,656 | 2,628 | 739 |
| Operating income (loss) | \$(12,360) | \$(4,882) | \$(1,374) |

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains “disclosure controls and procedures” as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefit of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management’s disclosure control objectives.

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded the Company’s disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Management’s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s Chief Executive Officer and the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including the Company’s Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria described in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management, including the Company’s Chief Executive Officer and Chief Financial Officer, concluded that internal control over financial reporting was effective at a reasonable assurance level as of December 31, 2015.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company’s internal control over financial reporting during the fiscal quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Adams Resources & Energy, Inc.
Houston, Texas

We have audited the internal control over financial reporting of Adams Resources & Energy, Inc. and subsidiaries (the "Company") as of December 31, 2015, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2015 of the Company and our report dated March 11, 2016 expressed an unqualified opinion on those financial statements.

/s/Deloitte & Touche LLP

Houston, Texas

March 11, 2016

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Item 9B. OTHER INFORMATION

None.

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PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning directors, corporate governance and executive officers of the Company is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held Wednesday, May 11, 2016, under the heading "Election of Directors" and "Executive Officers", respectively, to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

Item 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held Wednesday, May 11, 2016, under the heading "Executive Compensation" to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held Wednesday May 11, 2016, under the heading "Voting Securities and Principal Holders Thereof" to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held Wednesday May 11, 2016, under the headings "Transactions with Related Parties" and "Director Independence" to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held Wednesday May 11, 2016, under the heading "Principal Accounting Fees and Services" to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Form 10-K:

1. Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Operations for the Years Ended
December 31, 2015, 2014 and 2013

Consolidated Statements of Shareholders' Equity for the Years Ended
December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows for the Years Ended
December 31, 2015, 2014 and 2013

Notes to Consolidated Financial Statements

2. All financial schedules have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits required to be filed

3(a)-Certificate of Incorporation of the Company, as amended. (Incorporated by reference to Exhibit 3(a) filed with the Annual Report on Form 10-K (-File No. 1-7908) of the Company for the fiscal year ended December 31, 1987).

3(b)-Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3(b) filed with the Annual Report on Form 10-K for the year ended December 31, 2012 (-File No. 1-7908).

3(c)-Adams Resources & Energy, Inc. and Subsidiaries' Code of Ethics (Incorporated by reference to Exhibit 3(d) of the Annual Report on Form 10-K (-File No. 1-7908) of the Company for the fiscal year ended December 31, 2002).

4(a)-Specimen common stock Certificate (Incorporated by reference to Exhibit 4(a) of the Annual Report on Form 10-K of the Company (-File No. 1-7908) for the fiscal year ended December 31, 1991).

4(b)-Credit and Security Agreement between Gulfmark Energy, Inc., Adams Resources Marketing, Ltd., and Wells Fargo Bank, National Association dated August 27, 2009 (Incorporated by reference to Exhibit 4(b) of the Quarterly Report on Form 10-Q for the period ended September 30, 2009).

10.1-

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Form of Indemnification Agreement for directors and executive officers. (Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on May 15, 2015).

10.2-Retirement Agreement, dated February 26, 2015, by and between Adams Resources & Energy, Inc. and Frank T. Chip Webster (Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on February 26, 2015).

| | | |
|----------|---|--|
| 21* | - | Subsidiaries of the Registrant |
| 23.1* | - | Consent of Ryder Scott Company |
| 31.1* | - | Adams Resources & Energy, Inc. Certification Pursuant to 17 CFR 13a-14 (a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2* | - | Adams Resources & Energy, Inc. Certification Pursuant to 17 CFR 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1* | - | Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2* | - | Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 99.1* | - | Ryder Scott Company Report |
| 101.INS* | - | XBRL Instance Document |
| 101.SCH* | - | XBRL Schema Document |
| 101.CAL* | - | XBRL Calculation Linkbase Document |
| 101.LAB* | - | XBRL Label Linkbase Document |
| 101.PRE* | - | XBRL Presentation Linkbase Document |

*- Filed herewith

+ - Management contract or compensation plan or arrangement

** - Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income – Year Ended December 31, 2015 and 2014, (ii) the Consolidated Balance Sheets – December 31, 2015 and December 31, 2014, (iii) the Consolidated Statements of Cash Flows – Year Ended December 31, 2015 and 2014 and (iv) Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADAMS RESOURCES & ENERGY, INC.
(Registrant)

By /s/Richard B. Abshire

Richard B. Abshire,

Vice President and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

By /s/ Thomas S. Smith

Thomas S. Smith

Chief Executive Officer

(Principal Executive Officer)

Date: March 11, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

By /s/ Thomas S. Smith

Thomas S. Smith, Director

(Chairman)

By /s/ Townes G. Pressler

Townes G. Pressler, Director

By /s/ Murray E. Brasseux

Murray E. Brasseux, Director

By /s/ E. C. Reinauer, Jr.

E. C. Reinauer, Jr., Director

By /s/ Larry E. Bell

Larry E. Bell, Director

By /s/ Michelle A. Earley

Michelle A. Earley, Director

EXHIBIT INDEX

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