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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013
OR

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

For the transition period from __________ to ____________

Commission File Number 1-3876

HOLLYFRONTIER CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**75-1056913**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2828 N. Harwood, Suite 1300 Dallas, Texas	**75201**
(Address of principal executive offices)	**(Zip Code)**

(214) 871-3555
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐

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

199,857,034 shares of Common Stock, par value $.01 per share, were outstanding on July 31, 2013.

HOLLYFRONTIER CORPORATION
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FORWARD-LOOKING STATEMENTS

References herein to HollyFrontier Corporation ("HollyFrontier") include HollyFrontier and its consolidated subsidiaries. In accordance with the Securities and Exchange Commission's ("SEC") "Plain English" guidelines, this Quarterly Report on Form 10-Q has been written in the first person. In this document, the words "we," "our," "ours" and "us" refer only to HollyFrontier and its consolidated subsidiaries or to HollyFrontier or an individual subsidiary and not to any other person with certain exceptions. Generally, the words "we," "our," "ours" and "us" include Holly Energy Partners, L.P. ("HEP") and its subsidiaries as consolidated subsidiaries of HollyFrontier, unless when used in disclosures of transactions or obligations between HEP and HollyFrontier or its other subsidiaries. This document contains certain disclosures of agreements that are specific to HEP and its consolidated subsidiaries and do not necessarily represent obligations of HollyFrontier. When used in descriptions of agreements and transactions, "HEP" refers to HEP and its consolidated subsidiaries.

This Quarterly Report on Form 10-Q contains certain "forward-looking statements" within the meaning of the federal securities laws. All statements, other than statements of historical fact included in this Form 10-Q, including, but not limited to, those under "Results of Operations," "Liquidity and Capital Resources" and "Risk Management" in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and those in Part II, Item 1 "Legal Proceedings" are forward-looking statements. These statements are based on management's beliefs and assumptions using currently available information and expectations as of the date hereof, are not guarantees of future performance and involve certain risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that our expectations will prove to be correct. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in these statements. Any differences could be caused by a number of factors including, but not limited to:

- risks and uncertainties with respect to the actions of actual or potential competitive suppliers of refined petroleum products in our markets;
- the demand for and supply of crude oil and refined products;
- the spread between market prices for refined products and market prices for crude oil;
- the possibility of constraints on the transportation of refined products;
- the possibility of inefficiencies, curtailments or shutdowns in refinery operations or pipelines;
- effects of governmental and environmental regulations and policies;
- the availability and cost of our financing;
- the effectiveness of our capital investments and marketing strategies;
- our efficiency in carrying out construction projects;
- our ability to acquire refined product operations or pipeline and terminal operations on acceptable terms and to integrate any existing or future acquired operations;
- the possibility of terrorist attacks and the consequences of any such attacks;
- general economic conditions; and
- other financial, operational and legal risks and uncertainties detailed from time to time in our SEC filings.

Cautionary statements identifying important factors that could cause actual results to differ materially from our expectations are set forth in this Form 10-Q, including without limitation, the forward-looking statements that are referred to above. This summary discussion should be read in conjunction with the discussion of the known material risk factors and other cautionary statements under the heading "Risk Factors" included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012 and in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 and in conjunction with the discussion in this Form 10-Q in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Liquidity and Capital Resources." All forward-looking statements included in this Form 10-Q and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date made and, other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

DEFINITIONS

Within this report, the following terms have these specific meanings:

"**Alkylation**" means the reaction of propylene or butylene (olefins) with isobutane to form an iso-paraffinic gasoline (inverse of cracking).

"**Aromatic oil**" is long chain oil that is highly aromatic in nature that is used to manufacture tires and in the production of asphalt.

"**BPD**" means the number of barrels per calendar day of crude oil or petroleum products.

"**BPSD**" means the number of barrels per stream day (barrels of capacity in a 24 hour period) of crude oil or petroleum products.

"Biodiesel" means a clean alternative fuel produced from renewable biological resources.

"**Black wax crude oil**" is a low sulfur, low gravity crude oil produced in the Uintah Basin in Eastern Utah that has certain characteristics that require specific facilities to transport, store and refine into transportation fuels.

"**Catalytic reforming**" means a refinery process which uses a precious metal (such as platinum) based catalyst to convert low octane naphtha to high octane gasoline blendstock and hydrogen. The hydrogen produced from the reforming process is used to desulfurize other refinery oils and is a primary source of hydrogen for the refinery.

"**Cracking**" means the process of breaking down larger, heavier and more complex hydrocarbon molecules into simpler and lighter molecules.

"**Crude distillation**" means the process of distilling vapor from liquid crudes, usually by heating, and condensing the vapor slightly above atmospheric pressure turning it back to liquid in order to purify, fractionate or form the desired products.

"**Ethanol**" means a high octane gasoline blend stock that is used to make various grades of gasoline.

"**FCC**," or fluid catalytic cracking, means a refinery process that breaks down large complex hydrocarbon molecules into smaller more useful ones using a circulating bed of catalyst at relatively high temperatures.

"**Hydrodesulfurization**" means to remove sulfur and nitrogen compounds from oil or gas in the presence of hydrogen and a catalyst at relatively high temperatures.

"**Hydrogen plant**" means a refinery unit that converts natural gas and steam to high purity hydrogen, which is then used in the hydrodesulfurization, hydrocracking and isomerization processes.

"**HF alkylation**," or hydrofluoric alkylation, means a refinery process which combines isobutane and C3/C4 olefins using HF acid as a catalyst to make high octane gasoline blend stock.

"**Isomerization**" means a refinery process for rearranging the structure of C5/C6 molecules without changing their size or chemical composition and is used to improve the octane of C5/C6 gasoline blendstocks.

"**LPG**" means liquid petroleum gases.

"**Lubricant**" or "**lube**" means a solvent neutral paraffinic product used in passenger and commercial vehicle engine oils, specialty products for metal working or heat transfer and other industrial applications.

"MSAT2" means Control of Hazardous Air Pollutants from Mobile Sources, a rule issued by the U.S. Environmental Protection Agency to reduce hazardous emissions from motor vehicles and motor vehicle fuels.

"**MEK**" means a lube process that separates waxy oil from non-waxy oils using methyl ethyl ketone as a solvent.

“**MMBTU**” means one million British thermal units.

“**Natural gasoline**” means a low octane gasoline blend stock that is purchased and used to blend with other high octane stocks produced to make various grades of gasoline.

“**Paraffinic oil**” is a high paraffinic, high gravity oil produced by extracting aromatic oils and waxes from gas oil and is used in producing high-grade lubricating oils.

“**Refinery gross margin**” means the difference between average net sales price and average product costs per produced barrel of refined products sold. This does not include the associated depreciation and amortization costs.

“**Reforming**” means the process of converting gasoline type molecules into aromatic, higher octane gasoline blend stocks while producing hydrogen in the process.

“**Roofing flux**” is produced from the bottom cut of crude oil and is the base oil used to make roofing shingles for the housing industry.

“**ROSE**,” or “**Solvent deasphalter / residuum oil supercritical extraction**,” means a refinery unit that uses a light hydrocarbon like propane or butane to extract non-asphaltene heavy oils from asphalt or atmospheric reduced crude. These deasphalted oils are then further converted to gasoline and diesel in the FCC process. The remaining asphaltenes are either sold, blended to fuel oil or blended with other asphalt as a hardener.

“**Scanfiner**” is a refinery unit that removes sulfur from gasoline to produce low sulfur gasoline blendstock.

“**Sour crude oil**” means crude oil containing quantities of sulfur greater than 0.4 percent by weight, while “**sweet crude oil**” means crude oil containing quantities of sulfur equal to or less than 0.4 percent by weight.

“**Vacuum distillation**” means the process of distilling vapor from liquid crudes, usually by heating, and condensing the vapor below atmospheric pressure turning it back to a liquid in order to purify, fractionate or form the desired products.

“WCS” means Western Canada Select crude oil and is made up of Canadian heavy conventional and bitumen crude oils blended with sweet synthetic and condensate diluents.

“WTI” means West Texas Intermediate and is a grade of crude oil used as a common benchmark in oil pricing. WTI is a sweet crude oil and has a relatively low density.

“WTS” means West Texas Sour, a medium sour crude oil.

Item 1. Financial Statements

HOLLYFRONTIER CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents *(HEP: $8,716 and $5,237, respectively)*	$ 1,349,420	$ 1,757,699
Marketable securities	632,715	630,586
Accounts receivable: Product and transportation *(HEP: $36,121 and $38,097, respectively)*	701,724	587,728
Crude oil resales	69,081	46,502
	770,805	634,230
Inventories: Crude oil and refined products	1,472,071	1,238,678
Materials, supplies and other *(HEP: $1,783 and $1,259, respectively)*	78,372	80,954
	1,550,443	1,319,632
Income taxes receivable	62,431	74,957
Prepayments and other *(HEP: $2,531 and $2,360, respectively)*	82,338	53,161
Total current assets	4,448,152	4,470,265
Properties, plants and equipment, at cost *(HEP: $1,168,786 and $1,155,710, respectively)*	4,101,398	3,943,114
Less accumulated depreciation *(HEP: $(165,829) and $(141,154), respectively)*	(843,567)	(748,414)
	3,257,831	3,194,700
Marketable securities (long-term)	3,393	5,116
Other assets: Turnaround costs	268,220	151,764
Goodwill *(HEP: $288,991 and $288,991, respectively)*	2,338,302	2,338,302
Intangibles and other *(HEP: $76,203 and $76,300, respectively)*	178,036	168,850
	2,784,558	2,658,916
Total assets	$ 10,493,934	$ 10,328,997
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable *(HEP: $13,720 and $12,030, respectively)*	$ 1,593,370	$ 1,314,151
Accrued liabilities *(HEP: $24,607 and $23,705, respectively)*	135,033	195,077
Deferred income tax liabilities	151,288	145,216
Total current liabilities	1,879,691	1,654,444
Long-term debt *(HEP: $799,152 and $864,673, respectively)*	990,236	1,336,238
Deferred income taxes *(HEP: $5,287 and $4,951, respectively)*	579,867	536,670
Other long-term liabilities *(HEP: $30,770 and $28,683, respectively)*	144,762	158,987
Equity:		
HollyFrontier stockholders' equity:		
Preferred stock, $1.00 par value – 5,000,000 shares authorized; none issued	—	—
Common stock $.01 par value – 320,000,000 shares authorized; 255,962,866 shares issued as of June 30, 2013 and December 31, 2012	2,560	2,560
Additional capital	3,982,060	3,911,353
Retained earnings	3,319,550	3,054,769
Accumulated other comprehensive income (loss)	33,206	(8,425)
Common stock held in treasury, at cost – 55,902,645 and 52,411,370 shares as of June 30, 2013 and December 31, 2012, respectively	(1,071,943)	(907,303)
Total HollyFrontier stockholders' equity	6,265,433	6,052,954
Noncontrolling interest	633,945	589,704
Total equity	6,899,378	6,642,658
Total liabilities and equity	$ 10,493,934	$ 10,328,997

Parenthetical amounts represent asset and liability balances attributable to Holly Energy Partners, L.P. ("HEP") as of June 30, 2013 and December 31, 2012. HEP is a consolidated variable interest entity.

See accompanying notes.

HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Sales and other revenues	$ 5,298,848	$ 4,806,681	$ 10,006,637	$ 9,738,419
Operating costs and expenses:				
Cost of products sold (exclusive of depreciation and amortization)	4,456,808	3,681,764	8,249,343	7,868,681
Operating expenses (exclusive of depreciation and amortization)	277,542	222,726	542,641	464,353
General and administrative expenses (exclusive of depreciation and amortization)	34,000	32,106	63,198	59,634
Depreciation and amortization	70,492	56,948	142,254	113,050
Total operating costs and expenses	4,838,842	3,993,544	8,997,436	8,505,718
Income from operations	460,006	813,137	1,009,201	1,232,701
Other income (expense):				
Earnings (loss) of equity method investments	(1,089)	886	(1,030)	1,603
Interest income	778	681	2,309	1,141
Interest expense	(19,794)	(26,942)	(41,114)	(60,257)
Loss on early extinguishment of debt	(22,109)	—	(22,109)	—
Gain on sale of marketable equity securities	—	326	—	326
	(42,214)	(25,049)	(61,944)	(57,187)
Income before income taxes	417,792	788,088	947,257	1,175,514
Income tax provision:				
Current	143,439	285,937	350,066	428,807
Deferred	8,604	(219)	(11,929)	(2,683)
	152,043	285,718	338,137	426,124
Net income	265,749	502,370	609,120	749,390
Less net income attributable to noncontrolling interest	8,768	8,871	18,470	14,195
Net income attributable to HollyFrontier stockholders	$ 256,981	$ 493,499	$ 590,650	$ 735,195
Earnings per share attributable to HollyFrontier stockholders:				
Basic	$ 1.27	$ 2.40	$ 2.91	$ 3.55
Diluted	$ 1.27	$ 2.39	$ 2.91	$ 3.54
Cash dividends declared per common share	$ 0.80	$ 0.65	$ 1.60	$ 1.25
Average number of common shares outstanding:				
Basic	201,543	205,727	202,131	207,129
Diluted	201,905	206,481	202,485	207,938

See accompanying notes.

HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Net income	$ 265,749	$ 502,370	$ 609,120	$ 749,390
Other comprehensive income (loss):				
Securities available-for-sale:				
Unrealized gain (loss) on available-for-sale securities	(39)	(114)	(26)	191
Reclassification adjustments to net income on sale or maturity of marketable securities	(6)	(290)	(3)	(407)
Net unrealized loss on available-for-sale securities	(45)	(404)	(29)	(216)
Hedging instruments:				
Change in fair value of cash flow hedging instruments	27,661	25,242	17,315	(115,455)
Reclassification adjustments to net income on settlement of cash flow hedging instruments	(6,073)	4,286	21,631	(11,906)
Amortization of unrealized loss attributable to discontinued cash flow hedges	270	1,273	1,209	2,547
Net unrealized gain (loss) on hedging instruments	21,858	30,801	40,155	(124,814)
Settlement of pension plan obligations	28,986	—	28,986	—
Actuarial loss on post-retirement healthcare plan reclassified to net income upon partial plan settlement	—	—	1,726	—
Pension plan curtailment adjustment	—	7,102	—	7,102
Other comprehensive income (loss) before income taxes	50,799	37,499	70,838	(117,928)
Income tax expense (benefit)	18,986	14,640	26,474	(46,030)
Other comprehensive income (loss)	31,813	22,859	44,364	(71,898)
Total comprehensive income	297,562	525,229	653,484	677,492
Less noncontrolling interest in comprehensive income	10,708	8,734	21,202	14,595
Comprehensive income attributable to HollyFrontier stockholders	$ 286,854	$ 516,495	$ 632,282	$ 662,897

See accompanying notes.

HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2013	2012
Cash flows from operating activities:		
Net income	$ 609,120	$ 749,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	142,254	113,050
Earnings of equity method investments, net of distributions	2,593	(104)
Loss on early extinguishment of debt attributable to unamortized discount	7,948	—
Gain on sale of marketable equity securities	—	(326)
Deferred income taxes	(11,929)	(2,683)
Equity-based compensation expense	17,192	17,491
Change in fair value – derivative instruments	(57,192)	10,289
(Increase) decrease in current assets:		
Accounts receivable	(122,875)	103,674
Inventories	(230,811)	(195,200)
Income taxes receivable	12,526	365
Prepayments and other	10,040	17,928
Increase (decrease) in current liabilities:		
Accounts payable	216,506	(418,937)
Income taxes payable	—	121,899
Accrued liabilities	(7,588)	(34,870)
Turnaround expenditures	(159,811)	(46,995)
Other, net	23,542	(5,468)
Net cash provided by operating activities	451,515	429,503
Cash flows from investing activities:		
Additions to properties, plants and equipment	(153,942)	(104,401)
Additions to properties, plants and equipment – HEP	(16,861)	(23,619)
Proceeds from sale of property and equipment	5,802	—
Investment in Sabine Biofuels	(2,000)	(2,000)
Advances to Sabine Biofuels	(13,700)	—
Purchases of marketable securities	(399,154)	(166,429)
Sales and maturities of marketable securities	398,762	151,996
Net cash used for investing activities	(181,093)	(144,453)
Cash flows from financing activities:		
Borrowings under credit agreement – HEP	154,500	99,000
Repayments under credit agreement – HEP	(220,500)	(129,000)
Net proceeds from issuance of senior notes – HEP	—	294,750
Redemption of senior notes – HFC	(286,812)	(5,000)
Redemption premium on early extinguishment of debt	(14,161)	—
Principal tender on senior notes – HEP	—	(185,000)
Proceeds from sale of HEP common units	73,444	—
Proceeds from common unit offerings - HEP	73,444	—
Purchase of treasury stock	(159,432)	(189,771)
Structured stock repurchase arrangement	—	(100,000)
Contribution from joint venture partner	—	6,000
Dividends	(264,867)	(249,958)
Distributions to noncontrolling interest	(34,604)	(28,944)
Excess tax benefit from equity-based compensation	1,037	4,762
Purchase of units for incentive grants – HEP	(2,934)	(4,533)
Deferred financing costs	—	(3,229)
Other	2,184	(833)
Net cash used for financing activities	(678,701)	(491,756)
Cash and cash equivalents:		
Decrease for the period	(408,279)	(206,706)

Beginning of period	1,757,699	1,578,904
End of period	$ 1,349,420	$ 1,372,198
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 46,566	$ 48,928
Income taxes	$ 336,099	$ 301,854

See accompanying notes.

NOTE 1: Description of Business and Presentation of Financial Statements

References herein to HollyFrontier Corporation ("HollyFrontier") include HollyFrontier and its consolidated subsidiaries. In accordance with the Securities and Exchange Commission's ("SEC") "Plain English" guidelines, this Quarterly Report on Form 10-Q has been written in the first person. In these financial statements, the words "we," "our," "ours" and "us" refer only to HollyFrontier and its consolidated subsidiaries or to HollyFrontier or an individual subsidiary and not to any other person, with certain exceptions. Generally, the words "we," "our," "ours" and "us" include Holly Energy Partners, L.P. ("HEP") and its subsidiaries as consolidated subsidiaries of HollyFrontier, unless when used in disclosures of transactions or obligations between HEP and HollyFrontier or its other subsidiaries. These financial statements contain certain disclosures of agreements that are specific to HEP and its consolidated subsidiaries and do not necessarily represent obligations of HollyFrontier. When used in descriptions of agreements and transactions, "HEP" refers to HEP and its consolidated subsidiaries.

We are principally an independent petroleum refiner that produces high-value light products such as gasoline, diesel fuel, jet fuel, specialty lubricant products, and specialty and modified asphalt. We own and operate petroleum refineries that serve markets throughout the Mid-Continent, Southwest and Rocky Mountain regions of the United States. As of June 30, 2013, we:

- owned and operated a petroleum refinery in El Dorado, Kansas (the "El Dorado Refinery"), two refinery facilities located in Tulsa, Oklahoma (collectively, the "Tulsa Refineries"), a refinery in Artesia, New Mexico that is operated in conjunction with crude oil distillation and vacuum distillation and other facilities situated 65 miles away in Lovington, New Mexico (collectively, the "Navajo Refinery"), a refinery located in Cheyenne, Wyoming (the "Cheyenne Refinery") and a refinery in Woods Cross, Utah (the "Woods Cross Refinery");
- owned and operated NK Asphalt Partners ("NK Asphalt") which operates various asphalt terminals in Arizona and New Mexico;
- owned Ethanol Management Company ("EMC"), a products terminal and blending facility near Denver, Colorado and a 50% interest in Sabine Biofuels II, LLC ("Sabine Biofuels"), a biodiesel production facility located in Port Arthur, Texas; and
- owned a 39% interest in HEP, a consolidated variable interest entity ("VIE"), which includes our 2% general partner interest. HEP owns and operates logistic assets consisting of petroleum product and crude oil pipelines and terminal, tankage and loading rack facilities that principally support our refining and marketing operations in the Mid-Continent, Southwest and Rocky Mountain regions of the United States and Alon USA, Inc.'s ("Alon") refinery in Big Spring, Texas. Additionally, HEP owns a 75% interest in UNEV Pipeline, LLC ("UNEV"), which owns a 12-inch refined products pipeline from Salt Lake City, Utah to Las Vegas, Nevada, together with terminal facilities in the Cedar City, Utah and North Las Vegas areas (the "UNEV Pipeline"), and a 25% interest in SLC Pipeline LLC (the "SLC Pipeline"), a 95-mile intrastate pipeline system that serves refineries in the Salt Lake City area.

We have prepared these consolidated financial statements without audit. In management's opinion, these consolidated financial statements include all normal recurring adjustments necessary for a fair presentation of our consolidated financial position as of June 30, 2013, the consolidated results of operations and comprehensive income for the three and six months ended June 30, 2013 and 2012 and consolidated cash flows for the six months ended June 30, 2013 and 2012 in accordance with the rules and regulations of the SEC. Although certain notes and other information required by generally accepted accounting principles in the United States ("GAAP") have been condensed or omitted, we believe that the disclosures in these consolidated financial statements are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2012 that has been filed with the SEC.

Our results of operations for the six months ended June 30, 2013 are not necessarily indicative of the results of operations to be realized for the year ending December 31, 2013.

Balance Sheet Offsetting: We purchase and sell inventories of crude oil with certain same-parties that are net settled in accordance with contractual net settlement provisions. Our policy is to present such balances on a net basis because it more appropriately presents our economic resources (accounts receivable) and claims against us (accounts payable) and the future cash flows associated with such assets and liabilities.

Accounts Receivable: Our accounts receivable consist of amounts due from customers that are primarily companies in the petroleum industry. Credit is extended based on our evaluation of the customer’s financial condition, and in certain circumstances collateral, such as letters of credit or guarantees, is required. We reserve for doubtful accounts based on our historical loss experience as well as specific accounts identified as high risk, which historically have been minimal. Credit losses are charged to the allowance for doubtful accounts when an account is deemed uncollectible. Our allowance for doubtful accounts was $2.5 million at June 30, 2013 and December 31, 2012.

Inventories: We use the last-in, first-out (“LIFO”) method of valuing inventory. Under the LIFO method, an actual valuation of inventory can only be made at the end of each year based on the inventory levels at that time. Accordingly, interim LIFO calculations are based on management’s estimates of expected year-end inventory levels and are subject to the final year-end LIFO inventory valuation.

Goodwill: Goodwill represents the excess of the cost of an acquired entity over the fair value of the assets acquired and liabilities assumed. Goodwill is not subject to amortization and is tested annually, or more frequently if events or circumstances indicate the possibility of impairment. As of June 30, 2013, there have been no impairments to goodwill.

NOTE 2: Variable Interest Entities

Holly Energy Partners

HEP, a consolidated VIE, is a publicly held master limited partnership that was formed to acquire, own and operate the petroleum product and crude oil pipeline and terminal, tankage and loading rack facilities that support our refining and marketing operations in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. HEP also owns and operates refined product pipelines and terminals, located primarily in Texas, that serve Alon's refinery in Big Spring, Texas.

As of June 30, 2013, we owned a 39% interest in HEP, including the 2% general partner interest. We are the primary beneficiary of HEP's earnings and cash flows and therefore we consolidate HEP. See Note 16 for supplemental guarantor/non-guarantor financial information, including HEP balances included in these consolidated financial statements. All intercompany transactions with HEP are eliminated in our consolidated financial statements.

HEP has two primary customers (including us) and generates revenues by charging tariffs for transporting petroleum products and crude oil though its pipelines, by charging fees for terminalling refined products and other hydrocarbons, and storing and providing other services at its storage tanks and terminals. Under our long-term transportation agreements with HEP (discussed further below), we accounted for 83% of HEP’s total revenues for the six months ended June 30, 2013. We do not provide financial or equity support through any liquidity arrangements and /or debt guarantees to HEP.

HEP has outstanding debt under a senior secured revolving credit agreement and its senior notes. With the exception of the assets of HEP Logistics Holdings, L.P., one of our wholly-owned subsidiaries and HEP’s general partner, HEP’s creditors have no recourse to our assets. Any recourse to HEP’s general partner would be limited to the extent of HEP Logistics Holdings, L.P.’s assets, which other than its investment in HEP, are not significant. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries. See Note 9 for a description of HEP’s debt obligations.

HEP has risk associated with its operations. If a major customer of HEP were to terminate its contracts or fail to meet desired shipping or throughput levels for an extended period of time, revenue would be reduced and HEP could suffer substantial losses to the extent that a new customer is not found. In the event that HEP incurs a loss, our operating results will reflect HEP’s loss, net of intercompany eliminations, to the extent of our ownership interest in HEP at that point in time.

Transportation Agreements

HEP serves our refineries under long-term pipeline and terminal, tankage and throughput agreements expiring from 2019 through 2026. Under these agreements, we pay HEP fees to transport, store and throughput volumes of refined product and crude oil on HEP's pipeline and terminal, tankage and loading rack facilities that result in minimum annual payments to HEP including UNEV (a consolidated subsidiary of HEP). Under these agreements, the agreed upon tariff rates are subject to annual tariff rate adjustments on July 1 at a rate based upon the percentage change in Producer Price Index (“PPI”) or Federal Energy Regulatory Commission (“FERC”) index. As of July 1, 2013, these agreements result in minimum annualized payments to HEP of $225.5 million.

Since HEP is a consolidated VIE, our transactions with HEP including fees paid under our transportation agreements with HEP are eliminated and have no impact on our consolidated financial statements.

HEP Common Unit Offering

In March 2013, HEP closed on a public offering of 1,875,000 of its common units. Additionally, our wholly-owned subsidiary, HollyFrontier Holdings LLC, as a selling unitholder, closed on a public sale of 1,875,000 HEP common units held by it. HEP used net proceeds of $73.4 million to repay indebtedness incurred under its credit facility and for general partnership purposes. As a result of these transactions and resulting HEP ownership changes, we adjusted additional capital and equity attributable to HEP's noncontrolling interest holders to reallocate HEP's equity among its unitholders.

Sabine Biofuels

We have a 50% ownership interest in Sabine Biofuels, a biofuels production facility that is a VIE. We do not hold a controlling financial interest, nor are we its primary beneficiary. Accordingly, we account for our investment using the equity method of accounting which had a carrying amount of $10.0 million at June 30, 2013 and is classified as a noncurrent asset under “Intangibles and other” in our consolidated balance sheets. Also, we have extended a working capital facility to Sabine Biofuels having an outstanding balance of $17.9 million at June 30, 2013.

NOTE 3: Financial Instruments

Our financial instruments consist of cash and cash equivalents, investments in marketable securities, accounts receivable, accounts payable, debt and derivative instruments. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value. HEP's outstanding credit agreement borrowings also approximate fair value as interest rates are reset frequently at current interest rates.

Fair value measurements are derived using inputs (assumptions that market participants would use in pricing an asset or liability, including assumptions about risk). GAAP categorizes inputs used in fair value measurements into three broad levels as follows:

- (Level 1) Quoted prices in active markets for identical assets or liabilities.
- (Level 2) Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data.
- (Level 3) Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes valuation techniques that involve significant unobservable inputs.

The carrying amounts and related estimated fair values of our investments in marketable securities, derivative instruments and senior notes at June 30, 2013 and December 31, 2012 were as follows:

Financial Instrument	Carrying Amount	Fair Value	Fair Value by Input Level: Level 1	Level 2	Level 3
			(In thousands)		
June 30, 2013					
Assets:					
Marketable debt securities	$ 636,108	$ 636,108	$ —	$ 636,108	$ —
Commodity price swaps	51,720	51,720	—	12,683	39,037
HEP interest rate swaps	545	545	—	545	—
Total assets	$ 688,373	$ 688,373	$ —	$ 649,336	$ 39,037
Liabilities:					
NYMEX futures contracts	$ 1,694	$ 1,694	$ 1,694	$ —	$ —
Commodity price swaps	28,398	28,398	—	26,487	1,911
HollyFrontier senior notes	155,489	161,250	—	161,250	—
HEP senior notes	444,152	452,625	—	452,625	—
Total liabilities	$ 629,733	$ 643,967	$ 1,694	$ 640,362	$ 1,911
December 31, 2012					
Assets:					
Marketable debt securities	$ 635,702	$ 635,702	$ —	$ 635,702	$ —
Commodity price swaps	17,383	17,383	—	6,151	11,232
Total assets	$ 653,085	$ 653,085	$ —	$ 641,853	$ 11,232
Liabilities:					
NYMEX futures contracts	$ 5,563	$ 5,563	$ 5,563	$ —	$ —
Commodity price swaps	83,982	83,982	—	39,092	44,890
HollyFrontier senior notes	435,254	470,990	—	470,990	—
HEP senior notes	443,673	484,125	—	484,125	—
HEP interest rate swaps	3,430	3,430	—	3,430	—
Total liabilities	$ 971,902	$ 1,048,090	$ 5,563	$ 997,637	$ 44,890

Level 1 Financial Instruments

Our NYMEX futures contracts are exchange traded and are measured and recorded at fair value using quoted market prices, a Level 1 input.

Level 2 Financial Instruments

Investments in marketable debt securities and derivative instruments consisting of commodity price swaps and HEP's interest rate swaps are measured and recorded at fair value using Level 2 inputs. The fair values of the commodity price and interest rate swap contracts are based on the net present value of expected future cash flows related to both variable and fixed rate legs of the respective swap agreements. The measurements are computed using market-based observable inputs, quoted forward commodity prices with respect to our commodity price swaps and the forward London Interbank Offered Rate (“LIBOR”) yield curve with respect to HEP's interest rate swaps. The fair value of the marketable debt securities and senior notes is based on values provided by a third-party, which were derived using market quotes for similar type instruments, a Level 2 input.

Level 3 Financial Instruments

We have commodity price swap contracts that relate to forecasted sales of diesel and forecasted purchases of WCS and WTS for which quoted forward market prices are not readily available. The forward rate used to value these price swaps is derived using a projected forward rate using quoted market rates for similar products, adjusted for regional pricing and grade differentials, a Level 3 input.

The following table presents the changes in fair value of the Level 3 assets and liabilities (all related to derivative instruments) for the three and six months ended June 30, 2013 and 2012:

Level 3 Financial Instruments	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
	(In thousands)			
Asset (liability) balance at beginning of period	$ (6,249)	$ (149,278)	$ (33,658)	$ 31,616
Change in fair value:				
Recognized in other comprehensive income	50,615	248,572	1,413	33,553
Recognized in cost of products sold	3,662	—	47,222	—
Settlement date fair value of contractual maturities:				
Recognized in sales and other revenues	(3,868)	20,167	15,316	54,292
Recognized in cost of products sold	(7,034)	—	6,833	—
Asset balance at end of period	$ 37,126	$ 119,461	$ 37,126	$ 119,461

A hypothetical change of 10% to the estimated future cash flows attributable to our Level 3 derivative instruments would result in an estimated fair value change of approximately $3.7 million.

NOTE 4: Earnings Per Share

Basic earnings per share is calculated as net income attributable to HollyFrontier stockholders divided by the average number of shares of common stock outstanding. Diluted earnings per share assumes, when dilutive, the issuance of the net incremental shares from variable restricted and variable performance shares. The following is a reconciliation of the denominators of the basic and diluted per share computations for net income attributable to HollyFrontier stockholders:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
	(In thousands, except per share data)			
Net income attributable to HollyFrontier stockholders	$ 256,981	$ 493,499	$ 590,650	$ 735,195
Participating securities' share in earnings	917	2,257	2,201	3,116
Net income attributable to common shares	$ 256,064	$ 491,242	$ 588,449	$ 732,079
Average number of shares of common stock outstanding	201,543	205,727	202,131	207,129
Effect of dilutive variable restricted shares and performance share units [(1)]	362	754	354	809
Average number of shares of common stock outstanding assuming dilution	201,905	206,481	202,485	207,938
Basic earnings per share	$ 1.27	$ 2.40	$ 2.91	$ 3.55
Diluted earnings per share	$ 1.27	$ 2.39	$ 2.91	$ 3.54
(1) Excludes anti-dilutive restricted and performance share units of:	232	—	248	—

NOTE 5: Stock-Based Compensation

As of June 30, 2013, we have two principal share-based compensation plans (collectively, the "Long-Term Incentive Compensation Plan").

The compensation cost charged against income for these plans was $7.9 million and $7.3 million for the three months ended June 30, 2013 and 2012, respectively, and $15.3 million and $15.9 million for the six months ended June 30, 2013 and 2012, respectively. Our accounting policy for the recognition of compensation expense for awards with pro-rata vesting (substantially all of our awards) is to expense the costs ratably over the vesting periods.

Additionally, HEP maintains a share-based compensation plan for Holly Logistic Services, L.L.C. non-employee directors and certain executives and employees. Compensation cost attributable to HEP's share-based compensation plan was $0.8 million and $0.7 million for the three months ended June 30, 2013 and 2012, respectively, and $1.9 million and $1.6 million for the six months ended June 30, 2013 and 2012, respectively.

Restricted Stock and Restricted Stock Units
Under our Long-Term Incentive Compensation Plan, we grant certain officers and other key employees restricted stock awards with awards generally vesting over a period of three years. Award recipients are generally entitled to all the rights of absolute ownership of the restricted shares from the date of grant (unless a recipient's tax election requires otherwise) including the right to vote the shares and to receive dividends. Upon vesting, restrictions on the restricted shares lapse at which time they convert to common shares. The vesting for certain key executives is contingent upon certain performance targets being realized. In addition, we grant non-employee directors restricted stock unit awards, which typically vest over a period of one year and are payable in stock. The fair value of each restricted stock and restricted stock unit award is measured based on the market price as of the date of grant and is amortized over the respective vesting period.

A summary of restricted stock and restricted stock unit activity and changes during the six months ended June 30, 2013 is presented below:

Restricted Stock and Restricted Stock Units	Grants	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value ($000)
Outstanding at January 1, 2013 (non-vested)	843,527	$ 34.52	
Granted	33,181	46.09	
Vesting (transfer/conversion to common stock)	(125,600)	23.53	
Forfeited	(11,405)	36.11	
Outstanding at June 30, 2013 (non-vested)	739,703	$ 36.88	$ 31,645

For the six months ended June 30, 2013, 125,600 restricted stock and restricted stock units vested having a grant date fair value of $3.0 million. As of June 30, 2013, there was $11.8 million of total unrecognized compensation cost related to non-vested restricted stock and restricted stock unit grants. That cost is expected to be recognized over a weighted-average period of 1.1 years.

Performance Share Units
Under our Long-Term Incentive Compensation Plan, we grant certain officers and other key employees performance share units, which are payable in stock upon meeting certain criteria over the service period, and generally vest over a period of three years. Under the terms of our performance share unit grants, awards are subject to either a "financial performance" or "market performance" criteria, or both.

The fair value of performance share unit awards subject to financial performance criteria is computed using the grant date closing stock price of each respective award grant and will apply to the number of units ultimately awarded. The number of shares ultimately issued for each award will be based on our financial performance as compared to peer group companies over the performance period and can range from zero to 200%. As of June 30, 2013, estimated share payouts for outstanding non-vested performance share unit awards ranged from 110% to 170%.

For the performance share units subject to market performance criteria, performance is calculated as the total shareholder return achieved by HollyFrontier stockholders compared with the average shareholder return achieved by an equally-weighted peer group of independent refining companies over a three-year period. These share unit awards are valued using a Monte Carlo valuation model, which simulates future stock price movements using key inputs including grant date stock prices, expected stock price performance, expected rate of return and volatility. These units are payable in stock based on share price performance relative to the defined peer group and can range from zero to 200% of the initial target award.

A summary of performance share unit activity and changes during the six months ended June 30, 2013 is presented below:

Performance Share Units	**Grants**
Outstanding at January 1, 2013 (non-vested)	875,574
Granted	528
Vesting and transfer of ownership to recipients	—
Forfeited	(13,719)
Outstanding at June 30, 2013 (non-vested)	862,383

Based on the weighted-average grant date fair value of $35.40 per share, there was $22.2 million of total unrecognized compensation cost related to non-vested performance share units as of June 30, 2013. That cost is expected to be recognized over a weighted-average period of 1.4 years.

NOTE 6: Cash and Cash Equivalents and Investments in Marketable Securities

Our investment portfolio at June 30, 2013 consisted of cash, cash equivalents and investments in marketable debt securities.

We invest in highly-rated marketable debt securities that have maturities at the date of purchase of greater than three months. We also invest in other marketable debt securities with the maximum maturity or put date of any individual issue generally not greater than two years from the date of purchase, which are usually held until maturity. All of these instruments are classified as available-for-sale. As a result, they are reported at fair value using quoted market prices. Interest income is recorded as earned. Unrealized gains and losses, net of related income taxes, are reported as a component of accumulated other comprehensive income. Upon sale or maturity, realized gains on our marketable debt securities are recognized as interest income. These gains are computed based on the specific identification of the underlying cost of the securities, net of unrealized gains and losses previously reported in other comprehensive income. Unrealized gains and losses on our available-for-sale securities are due to changes in market prices and are considered temporary.

The following is a summary of our available-for-sale securities:

	Amortized Cost	**Gross Unrealized Gain**	**Gross Unrealized Loss**	**Fair Value (Net Carrying Amount)**
		(In thousands)		
June 30, 2013				
Certificates of deposit	$ 57,756	$ 14	$ —	$ 57,770
Commercial paper	37,574	16	—	37,590
Corporate debt securities	71,426	6	(47)	71,385
State and political subdivisions debt securities	469,404	18	(59)	469,363
Total marketable securities	$ 636,160	$ 54	$ (106)	$ 636,108
December 31, 2012				
Certificates of deposit	$ 82,791	$ 14	$ (6)	$ 82,799
Commercial paper	45,737	17	—	45,754
Corporate debt securities	49,587	2	(30)	49,559
State and political subdivisions debt securities	457,615	26	(51)	457,590
Total marketable securities	$ 635,730	$ 59	$ (87)	$ 635,702

Interest income recognized on our marketable debt securities was $0.6 million and $0.2 million for the three months ended June 30, 2013 and 2012, respectively, and $1.1 million and $0.5 million for the six months ended June 30, 2013 and 2012, respectively.

NOTE 7: Inventories

Inventory consists of the following components:

	June 30, 2013	December 31, 2012
	(In thousands)	
Crude oil	$ 544,127	$ 502,978
Other raw materials and unfinished products[(1)]	186,121	150,090
Finished products[(2)]	741,823	585,610
Process chemicals[(3)]	6,848	3,514
Repairs and maintenance supplies and other	71,524	77,440
Total inventory	$ 1,550,443	$ 1,319,632

(1) Other raw materials and unfinished products include feedstocks and blendstocks, other than crude.
(2) Finished products include gasolines, jet fuels, diesels, lubricants, asphalts, LPG’s and residual fuels.
(3) Process chemicals include additives and other chemicals.

NOTE 8: Environmental

We expensed $0.6 million and $1.0 million for the three months ended June 30, 2013 and 2012, respectively, and $0.8 million and $15.2 million for the six months ended June 30, 2013 and 2012, respectively, for environmental remediation obligations. The accrued environmental liability reflected in our consolidated balance sheets was $86.3 million and $88.9 million at June 30, 2013 and December 31, 2012, respectively, of which $66.9 million and $72.6 million, respectively, were classified as other long-term liabilities. These accruals include remediation and monitoring costs expected to be incurred over an extended period of time (up to 30 years for certain projects).

NOTE 9: Debt

HollyFrontier Credit Agreement
We have a $1 billion senior secured credit agreement that matures in July 2016 (the “HollyFrontier Credit Agreement”) and may be used to fund working capital requirements, capital expenditures, acquisitions and general corporate purposes. Obligations under the HollyFrontier Credit Agreement are collateralized by our inventory, accounts receivables and certain deposit accounts and guaranteed by our material, wholly-owned subsidiaries. At June 30, 2013, we were in compliance with all covenants, had no outstanding borrowings and had outstanding letters of credit totaling $28.8 million under the HollyFrontier Credit Agreement.

HEP Credit Agreement
HEP has a $550 million senior secured revolving credit facility that matures in June 2017 (the “HEP Credit Agreement”) and is available to fund capital expenditures, investments, acquisitions, distribution payments and working capital and for general partnership purposes. It is also available to fund letters of credit up to a $50 million sub-limit and to fund distributions to unitholders up to a $60 million sub-limit. At June 30, 2013, HEP was in compliance with all of its covenants, had outstanding borrowings of $355.0 million and no outstanding letters of credit under the HEP Credit Agreement.

HEP's obligations under the HEP Credit Agreement are collateralized by substantially all of HEP's assets (presented parenthetically in our consolidated balance sheets). Indebtedness under the HEP Credit Agreement involves recourse to HEP Logistics Holdings, L.P., its general partner, and is guaranteed by HEP's wholly-owned subsidiaries. Any recourse to the general partner would be limited to the extent of HEP Logistics Holdings, L.P.'s assets, which other than its investment in HEP, are not significant. HEP's creditors have no other recourse to our assets. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries.

HollyFrontier Senior Notes
Our 6.875% senior notes ($150 million principal amount maturing November 2018) (the "HollyFrontier Senior Notes") are unsecured and impose certain restrictive covenants, including limitations on our ability to incur additional debt, incur liens, enter into sale-and-leaseback transactions, pay dividends, enter into mergers, sell assets and enter into certain transactions with affiliates. At any time when the HollyFrontier Senior Notes are rated investment grade by both Moody's and Standard & Poor's and no default or event of default exists, we will not be subject to many of the foregoing covenants. Additionally, we have certain redemption rights under the HollyFrontier Senior Notes.

In June 2013, we redeemed our $286.8 million aggregate principal amount of 9.875% senior notes maturing June 2017 at a redemption cost of $301.0 million, at which time we recognized a $22.1 million early extinguishment loss consisting of a $14.2 million debt redemption premium and an unamortized discount of $7.9 million.

HollyFrontier Financing Obligation
We have a financing obligation that relates to a sale and lease-back of certain crude oil tankage that we sold to an affiliate of Plains All American Pipeline, L.P. ("Plains") in October 2009 for $40.0 million. Monthly lease payments are recorded as a reduction in principal over the 15-year lease term ending in 2024.

HEP Senior Notes
HEP's senior notes consist of the following:

- 8.25% HEP senior notes ($150 million principal amount maturing March 2018)
- 6.5% HEP senior notes ($300 million principal amount maturing March 2020)

The 8.25% and 6.5% HEP senior notes (collectively, the "HEP Senior Notes") are unsecured and impose certain restrictive covenants, including limitations on HEP's ability to incur additional indebtedness, make investments, sell assets, incur certain liens, pay distributions, enter into transactions with affiliates, and enter into mergers. At any time when the HEP Senior Notes are rated investment grade by both Moody's and Standard & Poor's and no default or event of default exists, HEP will not be subject to many of the foregoing covenants. Additionally, HEP has certain redemption rights under the HEP Senior Notes.

Indebtedness under the HEP Senior Notes involves recourse to HEP Logistics Holdings, L.P., its general partner, and is guaranteed by HEP's wholly-owned subsidiaries. However, any recourse to the general partner would be limited to the extent of HEP Logistics Holdings, L.P.'s assets, which other than its investment in HEP, are not significant. HEP's creditors have no other recourse to our assets. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries.

The carrying amounts of long-term debt are as follows:

	June 30, 2013	December 31, 2012
	(In thousands)	
9.875% Senior Notes		
Principal	$ —	$ 286,812
Unamortized discount	—	(7,468)
	—	279,344
6.875% Senior Notes		
Principal	150,000	150,000
Unamortized premium	5,489	5,910
	155,489	155,910
Financing Obligation	35,595	36,311
Total HollyFrontier long-term debt	191,084	471,565
HEP Credit Agreement	355,000	421,000
HEP 8.25% Senior Notes		
Principal	150,000	150,000
Unamortized discount	(1,449)	(1,602)
	148,551	148,398
HEP 6.5% Senior Notes		
Principal	300,000	300,000
Unamortized discount	(4,399)	(4,725)
	295,601	295,275
Total HEP long-term debt	799,152	864,673
Total long-term debt	$ 990,236	$ 1,336,238

We capitalized interest attributable to construction projects of $3.0 million and $2.3 million for the three months ended June 30, 2013 and 2012, respectively, and $6.4 million and $3.9 million for the six months ended June 30, 2013 and 2012, respectively.

NOTE 10: Derivative Instruments and Hedging Activities

Commodity Price Risk Management

Our primary market risk is commodity price risk. We are exposed to market risks related to the volatility in crude oil and refined products, as well as volatility in the price of natural gas used in our refining operations. We periodically enter into derivative contracts in the form of commodity price swaps and futures contracts to mitigate price exposure with respect to:

- our inventory positions;
- natural gas purchases;
- costs of crude oil and related grade differentials;
- prices of refined products; and
- our refining margins.

Accounting Hedges

We have swap contracts serving as cash flow hedges against price risk on forecasted purchases of natural gas and WTI crude oil and forecasted sales of ultra-low sulfur diesel. These contracts have been designated as accounting hedges and are measured quarterly at fair value with offsetting adjustments (gains/losses) recorded directly to other comprehensive income. These fair value adjustments are later reclassified to earnings as the hedging instruments mature. Also on a quarterly basis, hedge ineffectiveness is measured by comparing the change in fair value of the swap contracts against the expected future cash inflows/outflows on the respective transaction being hedged. Any hedge ineffectiveness is also recognized in earnings.

The following table presents the pre-tax effect on other comprehensive income ("OCI") and earnings due to fair value adjustments and maturities of commodity price swaps under hedge accounting:

	Unrealized Gain (Loss) Recognized in OCI	Gain (Loss) Recognized in Earnings Due to Settlements		Gain (Loss) Attributable to Hedge Ineffectiveness Recognized in Earnings	
		Location	Amount	Location	Amount
			(In thousands)		
Three Months Ended June 30, 2013					
Commodity price swaps					
Change in fair value	$ 24,764	Sales and other revenues	$ 3,868	Sales and other revenues	$ 550
Gain reclassified to earnings due to settlements	(6,589)	Cost of products sold	1,930	Cost of products sold	(1,439)
Amortization of discontinued hedge reclassified to earnings	270	Operating expenses	521	Operating expenses	106
Total	$ 18,445		$ 6,319		$ (783)
Three Months Ended June 30, 2012					
Commodity price swaps					
Change in fair value	$ 27,044	Sales and other revenues	$ (20,167)	Sales and other revenues	$ 2,984
Loss reclassified to earnings due to settlements	3,992	Cost of products sold	16,175	Cost of products sold	(6,317)
Total	$ 31,036		$ (3,992)		$ (3,333)
Six Months Ended June 30, 2013					
Commodity price swaps					
Change in fair value	$ 14,360	Sales and other revenues	$ (15,316)	Sales and other revenues	$ 194
Loss reclassified to earnings due to settlements	20,611	Cost of products sold	(4,603)	Cost of products sold	1,692
Amortization of discontinued hedge reclassified to earnings	360	Operating expenses	(1,052)	Operating expenses	(259)
Total	$ 35,331		$ (20,971)		$ 1,627
Six Months Ended June 30, 2012					
Commodity price swaps					
Change in fair value	$ (113,076)	Sales and other revenues	$ (54,292)	Sales and other revenues	$ 1,655
Gain reclassified to earnings due to settlements	(12,423)	Cost of products sold	66,715	Cost of products sold	(6,317)
Total	$ (125,499)		$ 12,423		$ (4,662)

As of June 30, 2013, we have the following notional contract volumes related to outstanding derivative instruments serving as cash flow hedges against price risk on forecasted purchases of natural gas and crude oil and sales of refined products:

		Notional Contract Volumes by Year of Maturity					
Derivative Instrument	**Total Outstanding Notional**	**2013**	**2014**	**2015**	**2016**	**2017**	**Unit of Measure**
Commodity Price Swaps:							
Natural gas - long	43,200,000	4,800,000	9,600,000	9,600,000	9,600,000	9,600,000	MMBTU
WTI crude oil - long	5,701,000	5,336,000	365,000	—	—	—	Barrels
Ultra-low sulfur diesel - short	5,701,000	5,336,000	365,000	—	—	—	Barrels

In the first quarter of 2013, we dedesignated certain commodity price swaps (long positions) that previously received hedge accounting treatment. These contracts now serve as economic hedges against price risk on forecasted natural gas purchases totaling 43,200,000 MMBTU's to be purchased ratably through 2017. As of June 30, 2013, we have an unrealized loss of $4.9 million classified as OCI that relates to the application of hedge accounting prior to dedesignation that will be amortized as a charge to operating expenses as the contracts mature.

Economic Hedges

We also have swap contracts that serve as economic hedges (derivatives used for risk management, but not designated as accounting hedges) to fix our purchase price on forecasted natural gas and crude oil and other feedstock purchases, and to lock in the spread between WCS and WTI crude oil and between WTS and WTI crude oil on forecasted purchases of WCS and WTS. Also, we have NYMEX futures contracts to lock in prices on purchases of inventory. These contracts are measured quarterly at fair value with offsetting adjustments (gains/losses) recorded directly to income.

The following table presents the pre-tax effect on income due to maturities and fair value adjustments of our economic hedges:

	Three Months Ended June 30,		Six Months Ended June 30,	
Location of Gain (Loss) Recognized in Income	**2013**	**2012**	**2013**	**2012**
	(In thousands)			
Cost of products sold	$ 1,839	$ 50,863	$ 35,431	$ 35,869
Operating expenses	(308)	1,543	(5,301)	(158)
Total	$ 1,531	$ 52,406	$ 30,130	$ 35,711

As of June 30, 2013, we have the following notional contract volumes related to our outstanding derivative contracts serving as economic hedges:

		Notional Contract Volumes by Year of Maturity					
Derivative Instrument	**Total Outstanding Notional**	**2013**	**2014**	**2015**	**2016**	**2017**	**Unit of Measure**
Commodity price swap (WCS spread) - long	3,588,000	3,588,000	—	—	—	—	Barrels
Commodity price swap (WTS spread) - long	1,472,000	1,472,000	—	—	—	—	Barrels
Commodity price swap (natural gas) - long	43,200,000	4,800,000	9,600,000	9,600,000	9,600,000	9,600,000	MMBTU
Commodity price swap (natural gas) - short	43,200,000	4,800,000	9,600,000	9,600,000	9,600,000	9,600,000	MMBTU
NYMEX futures (WTI) - short	1,896,000	1,681,000	215,000	—	—	—	Barrels

Interest Rate Risk Management

HEP uses interest rate swaps to manage its exposure to interest rate risk.

As of June 30, 2013, HEP had three interest rate swap contracts that hedge its exposure to the cash flow risk caused by the effects of LIBOR changes on $305.0 million in credit agreement advances. The first interest rate swap effectively converts $155.0 million of LIBOR based debt to fixed rate debt having an interest rate of 0.99% plus an applicable margin of 2.50% as of June 30, 2013, which equaled an effective interest rate of 3.49%. This swap matures in February 2016. HEP has two additional interest rate swaps with identical terms which effectively convert $150.0 million of LIBOR based debt to fixed rate debt having an interest rate of 0.74% plus an applicable margin of 2.50% as of June 30, 2013, which equaled an effective interest rate of 3.24%. Both of these swap contracts mature in July 2017. All of these swap contracts have been designated as cash flow hedges. To date, there has been no ineffectiveness on these cash flow hedges.

The following table presents the pre-tax effect on other comprehensive income and earnings due to fair value adjustments and maturities of HEP's interest rate swaps under cash flow hedge accounting:

	Unrealized Gain (Loss) Recognized in OCI	Loss Recognized in Earnings Due to Settlements	
		Location	Amount
		(In thousands)	
Three Months Ended June 30, 2013			
Interest rate swaps			
Change in fair value	$ 2,897		
Loss reclassified to earnings due to settlements	516	Interest expense	$ (516)
Total	$ 3,413		$ (516)
Three Months Ended June 30, 2012			
Interest rate swaps			
Change in fair value	$ (1,802)		
Loss reclassified to earnings due to settlements	294		
Amortization of discontinued hedge reclassified to earnings	1,273	Interest expense	$ (1,567)
Total	$ (235)		$ (1,567)
Six Months Ended June 30, 2013			
Interest rate swaps			
Change in fair value	$ 2,955		
Loss reclassified to earnings due to settlements	1,020		
Amortization of discontinued hedge reclassified to earnings	849	Interest expense	$ (1,869)
Total	$ 4,824		$ (1,869)
Six Months Ended June 30, 2012			
Interest rate swaps			
Change in fair value	$ (2,380)		
Loss reclassified to earnings due to settlements	518		
Amortization of discontinued hedge reclassified to earnings	2,547	Interest expense	$ (3,065)
Total	$ 685		$ (3,065)

The following table presents the fair value and balance sheet locations of our outstanding derivative instruments. These amounts are presented on a gross basis with offsetting balances that reconcile to a net asset or liability position in our consolidated balance sheets. We present on a net basis to reflect the net settlement of these positions in accordance with provisions of our master netting arrangements.

	Derivatives in Net Asset Position			Derivatives in Net Liability Position		
	Gross Assets	Gross Liabilities Offset in Balance Sheet	Net Assets Recognized in Balance Sheet	Gross Liabilities	Gross Assets Offset in Balance Sheet	Net Liabilities Recognized in Balance Sheet
			(In thousands)			
June 30, 2013						
Derivatives designated as cash flow hedging instruments:						
Commodity price swap contracts	$ 35,732	$ (14,358)	$ 21,374	$ —	$ —	$ —
Interest rate swap contracts	2,257	(1,712)	545	—	—	—
	$ 37,989	$ (16,070)	$ 21,919	$ —	$ —	$ —
Derivatives not designated as cash flow hedging instruments:						
Commodity price swap contracts	$ 15,988	$ (14,040)	$ 1,948	$ —	$ —	$ —
NYMEX futures contracts	—	—	—	1,694	—	1,694
	$ 15,988	$ (14,040)	$ 1,948	$ 1,694	$ —	$ 1,694
Total net balance			$ 23,867			$ 1,694
Balance sheet classification:	Prepayment and other		$ 39,217	Accrued liabilities		$ 1,694
	Intangibles and other		2,257			
	Other long-term liabilities		(17,607)			
			$ 23,867			$ 1,694

	Derivatives in Net Asset Position			Derivatives in Net Liability Position		
	Gross Assets	Gross Liabilities Offset in Balance Sheet	Net Assets Recognized in Balance Sheet	Gross Liabilities	Gross Assets Offset in Balance Sheet	Net Liabilities Recognized in Balance Sheet
			(In thousands)			
December 31, 2012						
Derivatives designated as cash flow hedging instruments:						
Commodity price swap contracts	$ —	$ —	$ —	$ 37,828	$ (17,383)	$ 20,445
Interest rate swap contracts	—	—	—	3,430	—	3,430
	$ —	$ —	$ —	$ 41,258	$ (17,383)	$ 23,875
Derivatives not designated as cash flow hedging instruments:						
Commodity price swap contracts	$ —	$ —	$ —	$ 46,154	$ —	$ 46,154
NYMEX futures contracts	—	—	—	5,563	—	5,563
	$ —	$ —	$ —	$ 51,717	$ —	$ 51,717
Total net balance			$ —			$ 75,592
Balance sheet classification:				Accrued liabilities		$ 62,388
				Other long-term liabilities		13,204
						$ 75,592

At June 30, 2013, we had a pre-tax net unrealized gain of $15.7 million classified in accumulated other comprehensive income that relates to all accounting hedges having contractual maturities through 2017. Assuming commodity prices and interest rates remain unchanged, an unrealized gain of $29.2 million will be effectively transferred from accumulated other comprehensive income into the statement of income as the hedging instruments contractually mature over the next twelve-month period.

NOTE 11: Equity

Changes to equity during the six months ended June 30, 2013 are presented below:

	HollyFrontier Stockholders' Equity	Noncontrolling Interest	Total Equity
		(In thousands)	
Balance at December 31, 2012	$ 6,052,954	$ 589,704	$ 6,642,658
Net income	590,650	18,470	609,120
Dividends	(325,869)	—	(325,869)
Distributions to noncontrolling interest holders	—	(34,604)	(34,604)
Other comprehensive income, net of tax	41,631	2,733	44,364
Allocated equity on HEP common unit issuances, net of tax	54,011	58,696	112,707
Equity-based compensation	15,312	1,880	17,192
Excess tax benefit attributable to equity-based compensation	1,037	—	1,037
Purchase of treasury stock [(1)]	(164,293)	—	(164,293)
Purchase of HEP units for restricted grants	—	(2,934)	(2,934)
Balance at June 30, 2013	$ 6,265,433	$ 633,945	$ 6,899,378

(1) Includes 32,779 shares withheld under the terms of stock-based compensation agreements to provide funds for the payment of payroll and income taxes due at the vesting of share-based awards.

We have a Board approved repurchase program that authorizes us to repurchase common stock in the open market or through privately negotiated transactions. The timing and amount of stock repurchases will depend on market conditions, corporate, regulatory and other relevant considerations. This program may be discontinued at any time by the Board of Directors. As of June 30, 2013, we had remaining authorization to repurchase up to $356.4 million under this stock repurchase program.

NOTE 12: Other Comprehensive Income (Loss)

The components and allocated tax effects of other comprehensive income (loss) are as follows:

	Before-Tax	Tax Expense (Benefit)	After-Tax
		(In thousands)	
Three Months Ended June 30, 2013			
Unrealized loss, net of reclassifications from sale or maturity, on available-for-sale securities	$ (45)	$ (36)	$ (9)
Unrealized gain on hedging activities	21,858	7,747	14,111
Actuarial loss on retirement pension plan reclassified to net income upon partial plan settlement	28,986	11,275	17,711
Other comprehensive income	50,799	18,986	31,813
Less other comprehensive income attributable to noncontrolling interest	1,940	—	1,940
Other comprehensive income attributable to HollyFrontier stockholders	$ 48,859	$ 18,986	$ 29,873
Three Months Ended June 30, 2012			
Unrealized loss, net of reclassifications from sale or maturity, on available-for-sale securities	$ (404)	$ (158)	$ (246)
Unrealized gain on hedging activities	30,801	12,035	18,766
Pension plan curtailment	7,102	2,763	4,339
Other comprehensive income	37,499	14,640	22,859
Less other comprehensive loss attributable to noncontrolling interest	(137)	—	(137)
Other comprehensive income attributable to HollyFrontier stockholders	$ 37,636	$ 14,640	$ 22,996

	Before-Tax	Tax Expense (Benefit)	After-Tax
		(In thousands)	
Six Months Ended June 30, 2013			
Unrealized loss, net of reclassifications from sale or maturity, on available-for-sale securities	$ (29)	$ (28)	$ (1)
Unrealized gain on hedging activities	40,155	14,556	25,599
Actuarial loss on retirement pension plan reclassified to net income upon partial plan settlement	28,986	11,275	17,711
Actuarial loss on post-retirement healthcare plan reclassified to net income upon partial plan settlement	1,726	671	1,055
Other comprehensive income	70,838	26,474	44,364
Less other comprehensive income attributable to noncontrolling interest	2,733	—	2,733
Other comprehensive income attributable to HollyFrontier stockholders	$ 68,105	$ 26,474	$ 41,631
Six Months Ended June 30, 2012			
Unrealized loss on available-for-sale securities	$ (216)	$ (84)	$ (132)
Unrealized loss on hedging activities	(124,814)	(48,709)	(76,105)
Pension plan curtailment	7,102	2,763	4,339
Other comprehensive loss	(117,928)	(46,030)	(71,898)
Less other comprehensive income attributable to noncontrolling interest	400	—	400
Other comprehensive loss attributable to HollyFrontier stockholders	$ (118,328)	$ (46,030)	$ (72,298)

The following table presents the income statement line item effects for reclassifications out of accumulated other comprehensive income ("AOCI"):

AOCI Component	Gain (Loss) Reclassified From AOCI		Income Statement Line Item
	(In thousands)		
	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013	
Securities available-for-sale	$ 6	$ 3	Interest income
	2	1	Income tax expense
	$ 4	$ 2	Net of tax
Hedging instruments:			
Commodity price swaps	$ 3,868	$ (15,316)	Sales and other revenues
	1,930	(4,603)	Cost of products sold
	521	(1,052)	Operating expenses
Interest rate swaps	(516)	(1,869)	Interest expense
	5,803	(22,840)	
	2,379	(8,444)	Income tax expense (benefit)
	3,424	(14,396)	Net of tax
	313	1,133	Noncontrolling interest
	$ 3,737	$ (13,263)	Net of tax and noncontrolling interest
Pension obligation	$ (2,460)	$ (2,460)	Cost of products sold
	(23,260)	(23,260)	Operating expenses
	(3,266)	(3,266)	General and administrative expenses
	(28,986)	(28,986)	
	(11,275)	(11,275)	Income tax benefit
	$ (17,711)	$ (17,711)	Net of tax
Retiree medical obligation	$ —	$ (84)	Cost of products sold
	—	(1,549)	Operating expenses
	—	(93)	General and administrative expenses
	—	(1,726)	
	—	(671)	Income tax benefit
	$ —	$ (1,055)	Net of tax
Total reclassifications for the period	$ (13,970)	$ (32,027)	

AOCI Component	**Gain (Loss) Reclassified From AOCI**				**Income Statement Line Item**
	(In thousands)				
	Three Months Ended June 30, 2012		**Six Months Ended June 30, 2012**		
Securities available-for-sale	$	(36)	$	81	Interest income
		326		326	Gain on sale of marketable equity securities
		290		407	
		113		158	Income tax expense
	$	177	$	249	Net of tax
Hedging instruments					
Commodity price swaps	$	(20,167)	$	(54,292)	Sales and other revenues
		16,175		66,715	Cost of products sold
Interest rate swaps		(1,567)		(3,065)	Interest expense
		(5,559)		9,358	
		(1,807)		4,335	Income tax expense (benefit)
		(3,752)		5,023	Net of tax
		913		1,785	Noncontrolling interest
	$	(2,839)	$	6,808	Net of tax and noncontrolling interest
Total reclassifications for the period	$	(2,662)	$	7,057	

Accumulated other comprehensive income (loss) in the equity section of our consolidated balance sheets includes:

	June 30, 2013		**December 31, 2012**	
	(In thousands)			
Pension obligation	$	(6,262)	$	(23,973)
Retiree medical obligation		29,660		28,605
Unrealized loss on available-for-sale securities		(8)		(7)
Unrealized gain (loss) on hedging activities, net of noncontrolling interest		9,816		(13,050)
Accumulated other comprehensive income (loss)	$	33,206	$	(8,425)

NOTE 13: Retirement Plan

We previously sponsored a non-contributory defined benefit retirement plan that covered certain employees and was fully frozen prior to 2013. In 2012, our Compensation Committee, pursuant to authority delegated to it by the Board of Directors, approved the termination of the HollyFrontier Corporation Pension Plan (the “Plan”). In June 2013, we made contributions of $22.7 million to the Plan.

Our contribution to the Plan in the second quarter of 2013 was sufficient for the Plan to settle its obligations to all participants including the premium paid to the non-participating annuity provider; however, the contract with this annuity provider was not executed as of June 30, 2013. Accordingly, in the second quarter of 2013, we recognized a pre-tax pension settlement charge of $30.9 million, of which $29.0 million was reclassified out of accumulated other comprehensive income, representing the irrevocable portion. We expect to record an additional pre-tax charge of $8.6 million, which includes the remaining pension loss recorded in accumulated other comprehensive income, when the Plan finalizes the contract terms with the annuity provider, which we expect to occur in the third quarter of 2013.

The net periodic pension expense consisted of the following components:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Service cost – benefit earned during the period	$ —	$ 509	$ —	$ 679
Interest cost on projected benefit obligations	898	1,061	1,797	2,052
Expected return on plan assets	(46)	(949)	(92)	(1,899)
Amortization of prior service cost	—	50	—	67
Amortization of net loss	693	620	1,386	1,103
Curtailment	—	674	—	899
Settlement	30,893	—	30,893	—
Net periodic pension expense	$ 32,438	$ 1,965	$ 33,984	$ 2,901

In 2012, we established a program for plan participants whose benefits pursuant to the defined benefit plan were frozen. The program provides for payments after year-end for three years (beginning with 2012) provided the employee is employed by us on the last day of each year. The payments are based on each employee's years of service and eligible salary. Transition benefit costs associated with transition to the new defined contribution plan were $2.9 million and $3.5 million for the three months ended June 30, 2013 and 2012, respectively, and $5.8 million and $6.9 million, for the six months ended June 30, 2013 and 2012, respectively.

We have a post-retirement healthcare and other benefits plan that is available to certain of our employees who satisfy certain age and service requirements.The net periodic benefit expense of this plan consisted of the following components:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Service cost – benefit earned during the period	$ 278	$ 475	$ 556	$ 950
Interest cost on projected benefit obligations	159	875	318	1,750
Amortization of prior service credit	(1,474)	(550)	(2,948)	(1,100)
Amortization of net loss	31	75	62	150
Actuarial loss on post-retirement healthcare plan reclassified to net income upon partial plan settlement	—	—	1,726	—
Net periodic pension expense	$ (1,006)	$ 875	$ (286)	$ 1,750

In the first quarter of 2013, we settled a portion of our post-retirement medical obligation. Upon settlement, we reclassified a $1.7 million pretax loss out of accumulated other comprehensive income that was recognized as a charge to net income.

NOTE 14: Contingencies

We are a party to various litigation and legal proceedings which we believe, based on advice of counsel, will not either individually or in the aggregate have a materially adverse effect on our financial condition, results of operations or cash flows.

NOTE 15: Segment Information

Our operations are organized into two reportable segments, Refining and HEP. Our operations that are not included in the Refining and HEP segments are included in Corporate and Other. Intersegment transactions are eliminated in our consolidated financial statements and are included in Consolidations and Eliminations.

The Refining segment represents the operations of the El Dorado, Tulsa, Navajo, Cheyenne and Woods Cross Refineries and NK Asphalt (aggregated as a reportable segment). Refining activities involve the purchase and refining of crude oil and wholesale and branded marketing of refined products, such as gasoline, diesel fuel and jet fuel. These petroleum products are primarily marketed in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. Additionally, the Refining segment includes specialty lubricant products produced at our Tulsa Refineries that are marketed throughout North America and are distributed in Central and South America. NK Asphalt operates various asphalt terminals in Arizona and New Mexico.

The HEP segment includes all of the operations of HEP, a consolidated VIE, which owns and operates logistics assets consisting of petroleum product and crude oil pipelines and terminal, tankage and loading rack facilities in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. The HEP segment also includes a 75% interest in UNEV (a consolidated subsidiary of HEP) and a 25% interest in the SLC Pipeline. Revenues from the HEP segment are earned through transactions with unaffiliated parties for pipeline transportation, rental and terminalling operations as well as revenues relating to pipeline transportation services provided for our refining operations. Our revaluation of HEP's assets and liabilities at March 1, 2008 (date of reconsolidation) resulted in basis adjustments to our consolidated HEP balances. Therefore, our reported amounts for the HEP segment may not agree to amounts reported in HEP's periodic public filings.

The accounting policies for our segments are the same as those described in the summary of significant accounting policies in our Annual Report on Form 10-K for the year ended December 31, 2012.

	Refining	HEP [1]	Corporate and Other	Consolidations and Eliminations	Consolidated Total
			(In thousands)		
Three Months Ended June 30, 2013					
Sales and other revenues	$ 5,286,881	$ 75,121	$ 234	$ (63,388)	$ 5,298,848
Depreciation and amortization	$ 53,443	$ 15,619	$ 1,637	$ (207)	$ 70,492
Income (loss) from operations	$ 458,777	$ 34,392	$ (32,646)	$ (517)	$ 460,006
Capital expenditures	$ 74,866	$ 11,848	$ 12,125	$ —	$ 98,839
Three Months Ended June 30, 2012					
Sales and other revenues	$ 4,795,647	$ 67,103	$ 145	$ (56,214)	$ 4,806,681
Depreciation and amortization	$ 43,811	$ 12,317	$ 1,027	$ (207)	$ 56,948
Income (loss) from operations	$ 813,044	$ 31,929	$ (31,313)	$ (523)	$ 813,137
Capital expenditures	$ 56,262	$ 9,365	$ 1,006	$ —	$ 66,633
Six Months Ended June 30, 2013					
Sales and other revenues	$ 9,979,307	$ 151,605	$ 797	$ (125,072)	$ 10,006,637
Depreciation and amortization	$ 110,613	$ 29,368	$ 2,687	$ (414)	$ 142,254
Income (loss) from operations	$ 1,000,979	$ 67,866	$ (58,618)	$ (1,026)	$ 1,009,201
Capital expenditures	$ 138,498	$ 16,861	$ 15,444	$ —	$ 170,803
Six Months Ended June 30, 2012					
Sales and other revenues	$ 9,715,384	$ 134,680	$ 301	$ (111,946)	$ 9,738,419
Depreciation and amortization	$ 85,532	$ 25,712	$ 2,220	$ (414)	$ 113,050
Income (loss) from operations	$ 1,227,987	$ 64,042	$ (58,288)	$ (1,040)	$ 1,232,701
Capital expenditures	$ 101,796	$ 23,619	$ 2,605	$ —	$ 128,020

	Refining	HEP [1]	Corporate and Other	Consolidations and Eliminations	Consolidated Total
			(in thousands)		
June 30, 2013					
Cash, cash equivalents and investments in marketable securities	$ 7,115	$ 8,716	$ 1,969,697	$ —	$ 1,985,528
Total assets	$ 7,279,491	$ 1,417,302	$ 2,129,611	$ (332,470)	$ 10,493,934
Long-term debt	$ —	$ 799,152	$ 206,691	$ (15,607)	$ 990,236
December 31, 2012					
Cash, cash equivalents and investments in marketable securities	$ 2,101	$ 5,237	$ 2,386,063	$ —	$ 2,393,401
Total assets	$ 6,702,872	$ 1,426,800	$ 2,531,967	$ (332,642)	$ 10,328,997
Long-term debt	$ —	$ 864,673	$ 487,472	$ (15,907)	$ 1,336,238

(1) HEP acquired our 75% interest in UNEV in July 2012. As a result, we have recast our HEP segment information for the three and six months ended June 30, 2012 to include the UNEV Pipeline operations as a consolidated subsidiary of HEP. The UNEV Pipeline operations were previously presented under Corporate and Other.

HEP segment revenues from external customers were $12.1 million and $10.9 million for the three months ended June 30, 2013 and 2012, respectively, and $24.9 million and $22.8 million for the six months ended June 30, 2013 and 2012, respectively.

NOTE 16: Supplemental Guarantor/Non-Guarantor Financial Information

Our obligations under the HollyFrontier Senior Notes have been jointly and severally guaranteed by the substantial majority of our existing and future restricted subsidiaries (“Guarantor Restricted Subsidiaries”). These guarantees are full and unconditional. HEP, in which we have a 39% ownership interest at June 30, 2013, and its subsidiaries (collectively, “Non-Guarantor Non-Restricted Subsidiaries”), and certain of our other subsidiaries (“Non-Guarantor Restricted Subsidiaries”) have not guaranteed these obligations.

The following condensed consolidating financial information is provided for HollyFrontier Corporation (the “Parent”), the Guarantor Restricted Subsidiaries, the Non-Guarantor Restricted Subsidiaries and the Non-Guarantor Non-Restricted Subsidiaries. The information has been presented as if the Parent accounted for its ownership in the Guarantor Restricted Subsidiaries, and the Guarantor Restricted Subsidiaries accounted for the ownership of the Non-Guarantor Restricted Subsidiaries and Non-Guarantor Non-Restricted Subsidiaries, using the equity method of accounting. The Guarantor Restricted Subsidiaries and the Non-Guarantor Restricted Subsidiaries are collectively the “Restricted Subsidiaries.”

HEP acquired our 75% interest in UNEV in July 2012. As a result, we have recast our HEP segment information for the three and six months ended June 30, 2012 to include the UNEV Pipeline operations as a consolidated subsidiary of HEP. UNEV was previously presented as a Non-Guarantor Restricted Subsidiary.

Condensed Consolidating Balance Sheet

June 30, 2013	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	Eliminations	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
	(In thousands)							
ASSETS								
Current assets:								
Cash and cash equivalents	$ 1,333,604	$ 7,098	$ 2	$ —	$ 1,340,704	$ 8,716	$ —	$ 1,349,420
Marketable securities	632,706	9	—	—	632,715	—	—	632,715
Accounts receivable, net	7,188	760,043	11,202	—	778,433	36,121	(43,749)	770,805
Intercompany accounts receivable (payable)	(1,158,007)	877,163	280,844	—	—	—	—	—
Inventories	—	1,548,660	—	—	1,548,660	1,783	—	1,550,443
Income taxes receivable	62,431	—	—	—	62,431	—	—	62,431
Prepayments and other	15,169	70,142	—	—	85,311	2,531	(5,504)	82,338
Total current assets	893,091	3,263,115	292,048	—	4,448,254	49,151	(49,253)	4,448,152
Properties, plants and equip, net	26,909	2,509,329	—	—	2,536,238	1,002,957	(281,364)	3,257,831
Marketable securities (long-term)	3,393	—	—	—	3,393	—	—	3,393
Investment in subsidiaries	6,399,298	192,104	—	(6,591,402)	—	—	—	—
Intangibles and other assets	15,557	2,405,660	25,000	(25,000)	2,421,217	365,194	(1,853)	2,784,558
Total assets	$ 7,338,248	$ 8,370,208	$ 317,048	$ (6,616,402)	$ 9,409,102	$ 1,417,302	$ (332,470)	$ 10,493,934
LIABILITIES AND EQUITY								
Current liabilities:								
Accounts payable	$ 76,278	$ 1,539,237	$ —	$ —	$ 1,615,515	$ 13,720	$ (35,865)	$ 1,593,370
Income taxes payable	—	—	—	—	—	—	—	—
Accrued liabilities	50,167	64,369	1,394	—	115,930	24,607	(5,504)	135,033
Deferred income tax liabilities	151,288	—	—	—	151,288	—	—	151,288
Total current liabilities	277,733	1,603,606	1,394	—	1,882,733	38,327	(41,369)	1,879,691
Long-term debt	180,488	35,596	—	(25,000)	191,084	799,152	—	990,236
Liability to HEP	—	251,764	—	—	251,764	—	(251,764)	—
Deferred income tax liabilities	574,580	—	—	—	574,580	5,287	—	579,867
Other long-term liabilities	37,045	79,944	—	—	116,989	30,770	(2,997)	144,762
Investment in HEP	—	—	123,550	—	123,550	—	(123,550)	—
Equity – HollyFrontier	6,268,402	6,399,298	192,104	(6,591,402)	6,268,402	444,600	(447,569)	6,265,433
Equity – noncontrolling interest	—	—	—	—	—	99,166	534,779	633,945
Total liabilities and equity	$ 7,338,248	$ 8,370,208	$ 317,048	$ (6,616,402)	$ 9,409,102	$ 1,417,302	$ (332,470)	$ 10,493,934

Condensed Consolidating Balance Sheet

December 31, 2012	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	Eliminations	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
				(In thousands)				
ASSETS								
Current assets:								
Cash and cash equivalents	$ 1,748,808	$ 3,652	$ 2	$ —	$ 1,752,462	$ 5,237	$ —	$ 1,757,699
Marketable securities	630,579	7	—	—	630,586	—	—	630,586
Accounts receivable, net	4,788	627,262	—	—	632,050	38,097	(35,917)	634,230
Intercompany accounts receivable (payable)	(546,655)	285,291	261,364	—	—	—	—	—
Inventories	—	1,318,373	—	—	1,318,373	1,259	—	1,319,632
Income taxes receivable	74,957	—	—	—	74,957	—	—	74,957
Prepayments and other	21,867	34,667	—	—	56,534	2,360	(5,733)	53,161
Total current assets	1,934,344	2,269,252	261,366	—	4,464,962	46,953	(41,650)	4,470,265
Properties, plants and equip, net	24,209	2,444,398	—	—	2,468,607	1,014,556	(288,463)	3,194,700
Marketable securities (long-term)	5,116	—	—	—	5,116	—	—	5,116
Investment in subsidiaries	5,251,396	74,120	—	(5,325,516)	—	—	—	—
Intangibles and other assets	11,825	2,284,329	25,000	(25,000)	2,296,154	365,291	(2,529)	2,658,916
Total assets	$ 7,226,890	$ 7,072,099	$ 286,366	$ (5,350,516)	$ 9,234,839	$ 1,426,800	$ (332,642)	$ 10,328,997
LIABILITIES AND EQUITY								
Current liabilities:								
Accounts payable	$ 1,941	$ 1,336,097	$ —	$ —	$ 1,338,038	$ 12,030	$ (35,917)	$ 1,314,151
Income taxes payable	—	—	—	—	—	—	—	—
Accrued liabilities	71,226	105,298	581	—	177,105	23,705	(5,733)	195,077
Deferred income tax liabilities	145,225	—	(9)	—	145,216	—	—	145,216
Total current liabilities	218,392	1,441,395	572	—	1,660,359	35,735	(41,650)	1,654,444
Long-term debt	460,254	36,311	—	(25,000)	471,565	864,673	—	1,336,238
Liability to HEP	—	257,777	—	—	257,777	—	(257,777)	—
Deferred income tax liabilities	530,544	—	1,175	—	531,719	—	4,951	536,670
Other long-term liabilities	48,757	85,220	—	—	133,977	28,683	(3,673)	158,987
Investment in HEP	—	—	210,499	—	210,499	—	(210,499)	—
Equity – HollyFrontier	5,968,943	5,251,396	74,120	(5,325,516)	5,968,943	382,207	(298,196)	6,052,954
Equity – noncontrolling interest	—	—	—	—	—	115,502	474,202	589,704
Total liabilities and equity	$ 7,226,890	$ 7,072,099	$ 286,366	$ (5,350,516)	$ 9,234,839	$ 1,426,800	$ (332,642)	$ 10,328,997

Condensed Consolidating Statement of Income and Comprehensive Income

Three Months Ended June 30, 2013	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	Eliminations	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
	(In thousands)							
Sales and other revenues	$ 100	$ 5,286,984	$ 31	$ —	$ 5,287,115	$ 75,121	$ (63,388)	$ 5,298,848
Operating costs and expenses:								
Cost of products sold	—	4,518,737	92	282	4,519,111	—	(62,303)	4,456,808
Operating expenses	—	255,874	19	—	255,893	22,010	(361)	277,542
General and administrative	30,242	630	28	—	30,900	3,100	—	34,000
Depreciation and amortization	1,400	57,043	—	—	58,443	15,619	(3,570)	70,492
Total operating costs and expenses	31,642	4,832,284	139	282	4,864,347	40,729	(66,234)	4,838,842
Income (loss) from operations	(31,542)	454,700	(108)	(282)	422,768	34,392	2,846	460,006
Other income (expense):								
Earnings (loss) of equity method investments	469,228	12,592	14,401	(483,655)	12,566	746	(14,401)	(1,089)
Interest income (expense)	(7,456)	1,936	134	294	(5,092)	(11,624)	(2,300)	(19,016)
Loss on early extinguishment of debt	(22,109)	—	—	—	(22,109)	—	—	(22,109)
	439,663	14,528	14,535	(483,361)	(14,635)	(10,878)	(16,701)	(42,214)
Income before income taxes	408,121	469,228	14,427	(483,643)	408,133	23,514	(13,855)	417,792
Income tax provision	151,698	—	—	—	151,698	345	—	152,043
Net income	256,423	469,228	14,427	(483,643)	256,435	23,169	(13,855)	265,749
Less net income attributable to noncontrolling interest	—	—	—	—	—	1,130	7,638	8,768
Net income attributable to HollyFrontier stockholders	$ 256,423	$ 469,228	$ 14,427	$ (483,643)	$ 256,435	$ 22,039	$ (21,493)	$ 256,981
Comprehensive income attributable to HollyFrontier stockholders	$ 286,296	$ 489,146	$ 15,900	$ (505,034)	$ 286,308	$ 23,512	$ (22,966)	$ 286,854

Condensed Consolidating Statement of Income and Comprehensive Income

Three Months Ended June 30, 2012	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	Eliminations	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
	(In thousands)							
Sales and other revenues	$ 100	$ 4,795,647	$ 45	$ —	$ 4,795,792	$ 67,103	$ (56,214)	$ 4,806,681
Operating costs and expenses:								
Cost of products sold	—	3,737,228	—	489	3,737,717	—	(55,953)	3,681,764
Operating expenses	—	202,222	—	(336)	201,886	20,371	469	222,726
General and administrative	29,451	138	31	—	29,620	2,486	—	32,106
Depreciation and amortization	876	47,325	—	—	48,201	12,317	(3,570)	56,948
Total operating costs and expenses	30,327	3,986,913	31	153	4,017,424	35,174	(59,054)	3,993,544
Income (loss) from operations	(30,227)	808,734	14	(153)	778,368	31,929	2,840	813,137
Other income (expense):								
Earnings of equity method investments	822,160	11,395	11,114	(833,463)	11,206	794	(11,114)	886
Interest income (expense)	(13,424)	1,705	175	224	(11,320)	(12,664)	(2,277)	(26,261)
Gain on sale of marketable equity securities	—	326	—	—	326	—	—	326
	808,736	13,426	11,289	(833,239)	212	(11,870)	(13,391)	(25,049)
Income before income taxes	778,509	822,160	11,303	(833,392)	778,580	20,059	(10,551)	788,088
Income tax provision	285,643	—	—	—	285,643	75	—	285,718
Net income	492,866	822,160	11,303	(833,392)	492,937	19,984	(10,551)	502,370
Less net income attributable to noncontrolling interest	—	—	—	—	—	(683)	9,554	8,871
Net income attributable to HollyFrontier stockholders	$ 492,866	$ 822,160	$ 11,303	$ (833,392)	$ 492,937	$ 20,667	$ (20,105)	$ 493,499
Comprehensive income attributable to HollyFrontier stockholders	$ 515,862	$ 852,772	$ 11,204	$ (863,905)	$ 515,933	$ 20,568	$ (20,006)	$ 516,495

Condensed Consolidating Statement of Income and Comprehensive Income

Six Months Ended June 30, 2013	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	Eliminations	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
				(In thousands)				
Sales and other revenues	$ 631	$ 9,979,410	$ 63	$ —	$ 9,980,104	$ 151,605	$ (125,072)	$ 10,006,637
Operating costs and expenses:								
Cost of products sold	—	8,371,865	—	415	8,372,280	—	(122,937)	8,249,343
Operating expenses	—	495,297	—	—	495,297	48,039	(695)	542,641
General and administrative	54,373	2,405	88	—	56,866	6,332	—	63,198
Depreciation and amortization	2,326	117,663	—	—	119,989	29,368	(7,103)	142,254
Total operating costs and expenses	56,699	8,987,230	88	415	9,044,432	83,739	(130,735)	8,997,436
Income (loss) from operations	(56,068)	992,180	(25)	(415)	935,672	67,866	5,663	1,009,201
Other income (expense):								
Earnings (loss) of equity method investments	1,020,119	24,206	26,393	(1,046,758)	23,960	1,403	(26,393)	(1,030)
Interest income (expense)	(14,677)	3,733	271	446	(10,227)	(24,006)	(4,572)	(38,805)
Loss on early extinguishment of debt	(22,109)	—	—	—	(22,109)	—	—	(22,109)
	983,333	27,939	26,664	(1,046,312)	(8,376)	(22,603)	(30,965)	(61,944)
Income before income taxes	927,265	1,020,119	26,639	(1,046,727)	927,296	45,263	(25,302)	947,257
Income tax provision	337,737	—	—	—	337,737	400	—	338,137
Net income	589,528	1,020,119	26,639	(1,046,727)	589,559	44,863	(25,302)	609,120
Less net income attributable to noncontrolling interest	—	—	—	—	—	4,020	14,450	18,470
Net income attributable to HollyFrontier stockholders	$ 589,528	$ 1,020,119	$ 26,639	$ (1,046,727)	$ 589,559	$ 40,843	$ (39,752)	$ 590,650
Comprehensive income attributable to HollyFrontier stockholders	$ 631,160	$ 1,057,542	$ 28,731	$ (1,086,242)	$ 631,191	$ 42,935	$ (41,844)	$ 632,282

Condensed Consolidating Statement of Income and Comprehensive Income

Six Months Ended June 30, 2012	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	Eliminations	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
				(In thousands)				
Sales and other revenues	$ 199	$ 9,715,384	$ 102	$ —	$ 9,715,685	$ 134,680	$ (111,946)	$ 9,738,419
Operating costs and expenses:								
Cost of products sold	—	7,978,529	—	980	7,979,509	—	(110,828)	7,868,681
Operating expenses	—	424,337	—	(721)	423,616	40,401	336	464,353
General and administrative	54,424	639	46	—	55,109	4,525	—	59,634
Depreciation and amortization	1,979	92,499	—	—	94,478	25,712	(7,140)	113,050
Total operating costs and expenses	56,403	8,496,004	46	259	8,552,712	70,638	(117,632)	8,505,718
Income (loss) from operations	(56,204)	1,219,380	56	(259)	1,162,973	64,042	5,686	1,232,701
Other income (expense):								
Earnings of equity method investments	1,243,221	19,897	19,489	(1,263,140)	19,467	1,625	(19,489)	1,603
Interest income (expense)	(27,447)	3,618	374	728	(22,727)	(31,834)	(4,555)	(59,116)
Gain on sale of marketable securities	—	326	—	—	326	—	—	326
	1,215,774	23,841	19,863	(1,262,412)	(2,934)	(30,209)	(24,044)	(57,187)
Income before income taxes	1,159,570	1,243,221	19,919	(1,262,671)	1,160,039	33,833	(18,358)	1,175,514
Income tax provision	425,974	—	—	—	425,974	150	—	426,124
Net income	733,596	1,243,221	19,919	(1,262,671)	734,065	33,683	(18,358)	749,390
Less net income attributable to noncontrolling interest	—	—	—	—	—	(1,240)	15,435	14,195
Net income attributable to HollyFrontier stockholders	$ 733,596	$ 1,243,221	$ 19,919	$ (1,262,671)	$ 734,065	$ 34,923	$ (33,793)	$ 735,195
Comprehensive income attributable to HollyFrontier stockholders	$ 661,298	$ 1,117,681	$ 20,204	$ (1,137,416)	$ 661,767	$ 35,208	$ (34,078)	$ 662,897

Condensed Consolidating Statement of Cash Flows

Six Months Ended June 30, 2013	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
				(In thousands)			
Cash flows from operating activities	$ 241,004	$ 162,285	$ 1,499	$ 404,788	$ 81,542	$ (34,815)	$ 451,515
Cash flows from investing activities							
Additions to properties, plants and equip	(5,025)	(148,917)	—	(153,942)	—	—	(153,942)
Additions to properties, plants and equip – HEP	—	—	—	—	(16,861)	—	(16,861)
Proceeds from sale of property	—	3,321	—	3,321	2,481	—	5,802
Investment in Sabine Biofuels	—	(2,000)	—	(2,000)	—	—	(2,000)
Advances to Sabine Biofuels	—	(13,700)	—	(13,700)	—	—	(13,700)
Purchases of marketable securities	(399,154)	—	—	(399,154)	—	—	(399,154)
Sales and maturities of marketable securities	398,762	—	—	398,762	—	—	398,762
	(5,417)	(161,296)	—	(166,713)	(14,380)	—	(181,093)
Cash flows from financing activities							
Net repayments under credit agreement – HEP	—	—	—	—	(66,000)	—	(66,000)
Redemption of senior notes - HFC	(286,812)	—	—	(286,812)	—	—	(286,812)
Redemption premium on early extinguishment of debt	(14,161)	—	—	(14,161)	—	—	(14,161)
Proceeds from sale of HEP common units	73,444	—	—	73,444	—	—	73,444
Proceeds from common unit offerings - HEP	—	—	—	—	73,444	—	73,444
Purchase of treasury stock	(159,432)	—	—	(159,432)	—	—	(159,432)
Contribution from general partner	—	—	(1,499)	(1,499)	1,499	—	—
Dividends	(264,867)	—	—	(264,867)	—	—	(264,867)
Distributions to noncontrolling interest	—	—	—	—	(69,419)	34,815	(34,604)
Excess tax benefit from equity-based compensation	1,037	—	—	1,037	—	—	1,037
Purchase of units for incentive grants - HEP	—	—	—	—	(2,934)	—	(2,934)
Other	—	2,457	—	2,457	(273)	—	2,184
	(650,791)	2,457	(1,499)	(649,833)	(63,683)	34,815	(678,701)
Cash and cash equivalents							
Increase (decrease) for the period	(415,204)	3,446	—	(411,758)	3,479	—	(408,279)
Beginning of period	1,748,808	3,652	2	1,752,462	5,237	—	1,757,699
End of period	$ 1,333,604	$ 7,098	$ 2	$ 1,340,704	$ 8,716	$ —	$ 1,349,420

Condensed Consolidating Statement of Cash Flows

Six Months Ended June 30, 2012	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Restricted Subsidiaries	HollyFrontier Corp. Before Consolidation of HEP	Non-Guarantor Non-Restricted Subsidiaries (HEP Segment)	Eliminations	Consolidated
				(In thousands)			
Cash flows from operating activities	$ 347,534	$ 45,516	$ —	$ 393,050	$ 67,011	$ (30,558)	$ 429,503
Cash flows from investing activities:							
Additions to properties, plants and equip	(1,679)	(102,722)	—	(104,401)	—	—	(104,401)
Additions to properties, plants and equip – HEP	—	—	—	—	(23,619)	—	(23,619)
Investment in Sabine Biofuels	—	(2,000)	—	(2,000)	—	—	(2,000)
Purchases of marketable securities	(166,429)	—	—	(166,429)	—	—	(166,429)
Sales and maturities of marketable securities	151,066	930	—	151,996	—	—	151,996
	(17,042)	(103,792)	—	(120,834)	(23,619)	—	(144,453)
Cash flows from financing activities:							
Net borrowings under credit agreement – HEP	—	—	—	—	(30,000)	—	(30,000)
Repayment of promissory notes	—	72,900	—	72,900	(72,900)	—	—
Net proceeds from issuance of senior notes - HEP	—	—	—	—	294,750	—	294,750
Principal tender on senior notes - HFC	(5,000)	—	—	(5,000)	—	—	(5,000)
Principal tender on senior notes - HEP	—	—	—	—	(185,000)	—	(185,000)
Purchase of treasury stock	(189,771)	—	—	(189,771)	—	—	(189,771)
Structured stock repurchase arrangement	(100,000)	—	—	(100,000)	—	—	(100,000)
Contribution to HEP	—	(9,000)	—	(9,000)	9,000	—	—
Contribution from joint venture partner	—	—	—	—	6,000	—	6,000
Dividends	(249,958)	—	—	(249,958)	—	—	(249,958)
Distributions to noncontrolling interest	—	—	—	—	(59,977)	31,033	(28,944)
Excess tax benefit from equity-based compensation	4,762	—	—	4,762	—	—	4,762
Purchase of units for restricted grants - HEP	—	—	—	—	(4,533)	—	(4,533)
Deferred financing costs	—	(67)	—	(67)	(3,162)	—	(3,229)
Other	—	(635)	—	(635)	277	(475)	(833)
	(539,967)	63,198	—	(476,769)	(45,545)	30,558	(491,756)
Cash and cash equivalents							
Increase (decrease) for the period:	(209,475)	4,922	—	(204,553)	(2,153)	—	(206,706)
Beginning of period	1,575,891	(3,358)	2	1,572,535	6,369	—	1,578,904
End of period	$ 1,366,416	$ 1,564	$ 2	$ 1,367,982	$ 4,216	$ —	$ 1,372,198

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

This Item 2 contains "forward-looking" statements. See "Forward-Looking Statements" at the beginning of Part I of this Quarterly Report on Form 10-Q. References herein to HollyFrontier Corporation ("HollyFrontier") include HollyFrontier and its consolidated subsidiaries. In accordance with the Securities and Exchange Commission's ("SEC") "Plain English" guidelines, this Quarterly Report on Form 10-Q has been written in the first person. In this document, the words "we," "our," "ours" and "us" refer only to HollyFrontier and its consolidated subsidiaries or to HollyFrontier or an individual subsidiary and not to any other person, with certain exceptions. Generally, the words "we," "our," "ours" and "us" include Holly Energy Partners, L.P. ("HEP") and its subsidiaries as consolidated subsidiaries of HollyFrontier, unless when used in disclosures of transactions or obligations between HEP and HollyFrontier or its other subsidiaries. This document contains certain disclosures of agreements that are specific to HEP and its consolidated subsidiaries and do not necessarily represent obligations of HollyFrontier. When used in descriptions of agreements and transactions, "HEP" refers to HEP and its consolidated subsidiaries.

OVERVIEW

We are principally an independent petroleum refiner that produces high-value refined products such as gasoline, diesel fuel, jet fuel, specialty lubricant products, and specialty and modified asphalt. We own and operate refineries having a combined crude oil processing capacity of 443,000 barrels per day that serve markets throughout the Mid-Continent, Southwest and Rocky Mountain regions of the United States. Our refineries are located in El Dorado, Kansas (the "El Dorado Refinery"), Tulsa, Oklahoma (the, "Tulsa Refineries"), which comprise two production facilities, the Tulsa West and East facilities, a petroleum refinery in Artesia, New Mexico, which operates in conjunction with crude, vacuum distillation and other facilities situated 65 miles away in Lovington, New Mexico (collectively, the "Navajo Refinery"), Cheyenne, Wyoming (the, "Cheyenne Refinery") and Woods Cross, Utah (the "Woods Cross Refinery").

For the three months ended June 30, 2013, net income attributable to HollyFrontier stockholders was $257.0 million compared to $493.5 million for the three months ended June 30, 2012. For the six months ended June 30, 2013, net income attributable to HollyFrontier stockholders was $590.7 million compared to $735.2 million for the six months ended June 30, 2012.

Overall gross refining margins per produced product sold decreased 26% and 3% over the respective three and six months ended June 30, 2012 due principally to significant contraction in WTI to Brent crude differentials as well as discounts on heavy sour crudes during the second quarter of 2013.

During the current year second quarter, we recognized pension settlement and debt extinguishment charges of $30.9 million and $22.1 million, respectively, and a business interruption insurance recovery of $10.6 million resulting in a net combined after-tax charge of $25.9 million to net income. Also affecting current year net income were the effects of a planned turnaround at our Tulsa Refinery as well as approximately 10 days of unplanned downtime incurred at each of our El Dorado and Cheyenne Refineries as a result of FCC unit issues during the second quarter of 2013. We incurred additional downtime in the first quarter of 2013 due to planned turnaround and maintenance projects at our El Dorado and Navajo Refineries.

OUTLOOK

Our profitability is affected by the spread, or differential, between the market prices for crude oil on the world market (which is based on the price for Brent Sea Crude) and the price for inland U.S. crude oil (which is based on the price for WTI). This differential constantly changes and at times can be volatile. While we have generally experienced wide differentials (with Brent prices in excess of WTI prices) in recent years, which have significantly enhanced our profitability, at the end of the second quarter of 2013, the differential between Brent and WTI narrowed - averaging approximately half of the differential experienced during the first quarter of 2013. Differentials are likely to continue to be volatile in the near term. However, we expect the Brent to WTI differential to reemerge upon completion of additional northern tier pipeline capacity into Cushing, Oklahoma, which we believe will overwhelm Gulf Coast processing capacity with light sweet crude oil flows. Ultimately, we believe pipeline tariffs from Cushing to the Gulf Coast plus marine transportation costs to transport product from the Gulf to alternative markets will set the inland - coastal differential.

Pursuant to the 2007 Energy Independence and Security Act, the Environmental Protection Agency ("EPA") promulgated the Renewable Fuel Standard 2 (“RFS2”) regulations reflecting the increased volume of renewable fuels mandated to be blended into the nation's fuel supply. The regulations, in part, require refiners to add annually increasing amounts of “renewable fuels” to their petroleum products or purchase credits, known as renewable identification numbers (“RINs”), in lieu of such blending. As of June 2013, we are purchasing RINs in order to meet approximately half of our renewable fuel requirements. Recently, due in part to the nation's fuel supply approaching the “blend wall” (the 10% ethanol limit prescribed by most automobile warranties), the price of RINs has been extremely volatile with the price dramatically increasing in recognition of the decrease in RINs availability. As a result, we expect to continue to experience increasing costs to comply with the renewable fuel mandate. In the wholesale markets we serve, we are seeing price adjustments to indicate that the cost of RINs is being largely paid by the consumer at the pump. However, we continue to use various approaches to mitigate our exposure to the increasing cost of RINs, which include additional renewable fuel blending, shifts in our refined product slate and changes in the way we conduct marketing operations. We cannot predict with certainty whether and to what extent we will be successful in mitigating our exposure to increased RINs costs, and anticipate that increased compliance costs may negatively impact our future results of operations.

A more detailed discussion of our financial and operating results for the three and six months ended June 30, 2013 and 2012 is presented in the following sections.

RESULTS OF OPERATIONS

Financial Data (Unaudited)

	Three Months Ended June 30,		Change from 2012	
	2013	2012	Change	Percent
	(In thousands, except per share data)			
Sales and other revenues	$ 5,298,848	$ 4,806,681	$ 492,167	10 %
Operating costs and expenses:				
Cost of products sold (exclusive of depreciation and amortization)	4,456,808	3,681,764	775,044	21
Operating expenses (exclusive of depreciation and amortization)	277,542	222,726	54,816	25
General and administrative expenses (exclusive of depreciation and amortization)	34,000	32,106	1,894	6
Depreciation and amortization	70,492	56,948	13,544	24
Total operating costs and expenses	4,838,842	3,993,544	845,298	21
Income from operations	460,006	813,137	(353,131)	(43)
Other income (expense):				
Earnings (loss) of equity method investments	(1,089)	886	(1,975)	(223)
Interest income	778	681	97	14
Interest expense	(19,794)	(26,942)	7,148	(27)
Loss on early extinguishment of debt	(22,109)	—	(22,109)	—
Gain on sale of marketable securities	—	326	(326)	(100)
	(42,214)	(25,049)	(17,165)	69
Income before income taxes	417,792	788,088	(370,296)	(47)
Income tax provision	152,043	285,718	(133,675)	(47)
Net income	265,749	502,370	(236,621)	(47)
Less net income attributable to noncontrolling interest	8,768	8,871	(103)	(1)
Net income attributable to HollyFrontier stockholders	$ 256,981	$ 493,499	$ (236,518)	(48)%
Earnings per share attributable to HollyFrontier stockholders:				
Basic	$ 1.27	$ 2.40	$ (1.13)	(47)%
Diluted	$ 1.27	$ 2.39	$ (1.12)	(47)%
Cash dividends declared per common share	$ 0.80	$ 0.65	$ 0.15	23 %
Average number of common shares outstanding:				
Basic	201,543	205,727	(4,184)	(2)%
Diluted	201,905	206,481	(4,576)	(2)%

	Six Months Ended June 30,		Change from 2012	
	2013	2012	Change	Percent
	(In thousands, except per share data)			
Sales and other revenues	$ 10,006,637	$ 9,738,419	$ 268,218	3 %
Operating costs and expenses:				
Cost of products sold (exclusive of depreciation and amortization)	8,249,343	7,868,681	380,662	5
Operating expenses (exclusive of depreciation and amortization)	542,641	464,353	78,288	17
General and administrative expenses (exclusive of depreciation and amortization)	63,198	59,634	3,564	6
Depreciation and amortization	142,254	113,050	29,204	26
Total operating costs and expenses	8,997,436	8,505,718	491,718	6
Income from operations	1,009,201	1,232,701	(223,500)	(18)
Other income (expense):				
Earnings (loss) of equity method investments	(1,030)	1,603	(2,633)	(164)
Interest income	2,309	1,141	1,168	102
Interest expense	(41,114)	(60,257)	19,143	(32)
Loss on early extinguishment of debt	(22,109)	—	(22,109)	—
Gain on sale of marketable securities	—	326	(326)	(100)
	(61,944)	(57,187)	(4,757)	8
Income before income taxes	947,257	1,175,514	(228,257)	(19)
Income tax provision	338,137	426,124	(87,987)	(21)
Net income	609,120	749,390	(140,270)	(19)
Less net income attributable to noncontrolling interest	18,470	14,195	4,275	30
Net income attributable to HollyFrontier stockholders	$ 590,650	$ 735,195	$ (144,545)	(20)%
Earnings per share attributable to HollyFrontier stockholders:				
Basic	$ 2.91	$ 3.55	$ (0.64)	(18)%
Diluted	$ 2.91	$ 3.54	$ (0.63)	(18)%
Cash dividends declared per common share	$ 1.60	$ 1.25	$ 0.35	28 %
Average number of common shares outstanding:				
Basic	202,131	207,129	(4,998)	(2)%
Diluted	202,485	207,938	(5,453)	(3)%

Balance Sheet Data

	June 30, 2013	December 31, 2012
	(Unaudited)	
	(In thousands)	
Cash, cash equivalents and investments in marketable securities	$ 1,985,528	$ 2,393,401
Working capital	$ 2,568,461	$ 2,815,821
Total assets	$ 10,493,934	$ 10,328,997
Long-term debt	$ 990,236	$ 1,336,238
Total equity	$ 6,899,378	$ 6,642,658

Other Financial Data (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Net cash provided by operating activities	$ 202,952	$ 175,598	$ 451,515	$ 429,503
Net cash used for investing activities	$ (76,448)	$ (75,773)	$ (181,093)	$ (144,453)
Net cash used for financing activities	$ (649,526)	$ (387,177)	$ (678,701)	$ (491,756)
Capital expenditures	$ 98,839	$ 66,633	$ 170,803	$ 128,020
EBITDA [1]	$ 520,641	$ 862,426	$ 1,131,955	$ 1,333,485

(1) Earnings before interest, taxes, depreciation and amortization, which we refer to as "EBITDA", is calculated as net income plus (i) interest expense, net of interest income, (ii) income tax provision, and (iii) depreciation and amortization. EBITDA is not a calculation provided for under GAAP; however, the amounts included in the EBITDA calculation are derived from amounts included in our consolidated financial statements. EBITDA should not be considered as an alternative to net income or operating income as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. EBITDA is not necessarily comparable to similarly titled measures of other companies. EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance. EBITDA is also used by our management for internal analysis and as a basis for financial covenants. EBITDA presented above is reconciled to net income under "Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles" following Item 3 of Part I of this Form 10-Q.

Our operations are organized into two reportable segments, Refining and HEP. See Note 15 "Segment Information" in the Notes to Consolidated Financial Statements for additional information on our reportable segments.

Refining Operating Data (Unaudited)

The following tables set forth information, including non-GAAP performance measures, about our refinery operations. The cost of products and refinery gross margin do not include the effect of depreciation and amortization. Reconciliations to amounts reported under GAAP are provided under "Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles" following Item 3 of Part I of this Form 10-Q.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Mid-Continent Region (El Dorado and Tulsa Refineries)				
Crude charge (BPD) [1]	205,770	243,150	223,030	249,710
Refinery throughput (BPD) [2]	226,010	259,250	246,250	266,020
Refinery production (BPD) [3]	220,770	251,870	240,380	260,070
Sales of produced refined products (BPD)	213,240	242,560	227,810	250,810
Sales of refined products (BPD) [4]	261,950	246,130	257,870	255,260
Refinery utilization [5]	79.1%	93.5%	85.8%	96.0%
Average per produced barrel [6]				
Net sales	$ 118.05	$ 118.72	$ 117.25	$ 119.38
Cost of products [7]	97.07	94.16	95.39	98.31
Refinery gross margin	20.98	24.56	21.86	21.07
Refinery operating expenses [8]	6.12	4.63	5.97	4.73
Net operating margin	$ 14.86	$ 19.93	$ 15.89	$ 16.34
Refinery operating expenses per throughput barrel [9]	$ 5.77	$ 4.33	$ 5.52	$ 4.46
Feedstocks:				
Sweet crude oil	72%	71%	72%	71%
Sour crude oil	3%	7%	4%	8%
Heavy sour crude oil	16%	16%	15%	15%
Other feedstocks and blends	9%	6%	9%	6%
Total	100%	100%	100%	100%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Mid-Continent Region (El Dorado and Tulsa Refineries)				
Sales of produced refined products:				
Gasolines	44%	46%	46%	46%
Diesel fuels	33%	28%	32%	30%
Jet fuels	8%	10%	8%	9%
Fuel oil	1%	—%	1%	—%
Asphalt	3%	2%	3%	2%
Lubricants	4%	5%	4%	5%
LPG and other	7%	9%	6%	8%
Total	100%	100%	100%	100%
Southwest Region (Navajo Refinery)				
Crude charge (BPD) [1]	104,910	92,960	88,160	87,050
Refinery throughput (BPD) [2]	115,230	101,090	97,760	95,740
Refinery production (BPD) [3]	114,410	100,960	94,410	94,010
Sales of produced refined products (BPD)	110,830	98,680	91,110	92,970
Sales of refined products (BPD) [4]	119,740	103,380	104,860	98,250
Refinery utilization [5]	104.9%	93.0%	88.2%	87.1%
Average per produced barrel [6]				
Net sales	$ 117.03	$ 123.25	$ 118.95	$ 124.50
Cost of products [7]	100.70	94.98	98.40	100.33
Refinery gross margin	16.33	28.27	20.55	24.17
Refinery operating expenses [8]	5.10	5.06	6.25	5.81
Net operating margin	$ 11.23	$ 23.21	$ 14.30	$ 18.36
Refinery operating expenses per throughput barrel [9]	$ 4.91	$ 4.94	$ 5.82	$ 5.64
Feedstocks:				
Sweet crude oil	8%	4%	5%	2%
Sour crude oil	70%	80%	74%	80%
Heavy sour crude oil	13%	8%	12%	9%
Other feedstocks and blends	9%	8%	9%	9%
Total	100%	100%	100%	100%
Sales of produced refined products:				
Gasolines	50%	49%	50%	51%
Diesel fuels	40%	40%	39%	38%
Fuel oil	5%	6%	6%	6%
Asphalt	2%	2%	2%	2%
LPG and other	3%	3%	3%	3%
Total	100%	100%	100%	100%
Rocky Mountain Region (Cheyenne and Woods Cross Refineries)				
Crude charge (BPD) [1]	70,780	75,680	69,850	72,960
Refinery throughput (BPD) [2]	77,260	83,860	75,730	81,300
Refinery production (BPD) [3]	73,540	82,270	73,200	79,730
Sales of produced refined products (BPD)	73,890	80,230	73,150	78,440
Sales of refined products (BPD) [4]	75,100	82,360	76,810	80,840
Refinery utilization [5]	85.3%	91.2%	84.2%	87.9%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Rocky Mountain Region (Cheyenne and Woods Cross Refineries)				
Average per produced barrel [6]				
Net sales	$ 116.66	$ 120.97	$ 112.53	$ 115.98
Cost of products [7]	92.46	85.93	89.55	91.24
Refinery gross margin	24.20	35.04	22.98	24.74
Refinery operating expenses [8]	7.47	6.05	7.78	6.30
Net operating margin	$ 16.73	$ 28.99	$ 15.20	$ 18.44
Refinery operating expenses per throughput barrel [9]	$ 7.14	$ 5.79	$ 7.51	$ 6.08
Feedstocks:				
Sweet crude oil	42%	43%	43%	44%
Sour crude oil	1%	2%	1%	2%
Heavy sour crude oil	35%	34%	34%	33%
Black wax crude oil	14%	11%	14%	11%
Other feedstocks and blends	8%	10%	8%	10%
Total	100%	100%	100%	100%
Sales of produced refined products:				
Gasolines	51%	54%	55%	55%
Diesel fuels	35%	33%	31%	32%
Fuel oil	1%	1%	1%	2%
Asphalt	5%	6%	6%	5%
LPG and other	8%	6%	7%	6%
Total	100%	100%	100%	100%
Consolidated				
Crude charge (BPD) [1]	381,460	411,790	381,040	409,720
Refinery throughput (BPD) [2]	418,500	444,200	419,740	443,060
Refinery production (BPD) [3]	408,720	435,100	407,990	433,810
Sales of produced refined products (BPD)	397,960	421,470	392,070	422,220
Sales of refined products (BPD) [4]	456,790	431,870	439,540	434,350
Refinery utilization [5]	86.1%	93.0%	86.0%	92.5%
Average per produced barrel [6]				
Net sales	$ 117.51	$ 120.21	$ 116.77	$ 119.87
Cost of products [7]	97.23	92.78	95.00	97.44
Refinery gross margin	20.28	27.43	21.77	22.43
Refinery operating expenses [8]	6.09	5.00	6.38	5.26
Net operating margin	$ 14.19	$ 22.43	$ 15.39	$ 17.17
Refinery operating expenses per throughput barrel [9]	$ 5.79	$ 4.75	$ 5.95	$ 5.01
Feedstocks:				
Sweet crude oil	49%	51%	51%	51%
Sour crude oil	21%	22%	20%	22%
Heavy sour crude oil	19%	18%	17%	17%
Black wax crude oil	2%	2%	3%	2%
Other feedstocks and blends	9%	7%	9%	8%
Total	100%	100%	100%	100%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Consolidated				
Sales of produced refined products:				
Gasolines	47%	48%	49%	49%
Diesel fuels	35%	32%	33%	32%
Jet fuels	4%	6%	5%	6%
Fuel oil	2%	2%	2%	2%
Asphalt	3%	3%	3%	2%
Lubricants	3%	3%	2%	3%
LPG and other	6%	6%	6%	6%
Total	100%	100%	100%	100%

(1) Crude charge represents the barrels per day of crude oil processed at our refineries.
(2) Refinery throughput represents the barrels per day of crude and other refinery feedstocks input to the crude units and other conversion units at our refineries.
(3) Refinery production represents the barrels per day of refined products yielded from processing crude and other refinery feedstocks through the crude units and other conversion units at our refineries.
(4) Includes refined products purchased for resale.
(5) Represents crude charge divided by total crude capacity (BPSD). Our consolidated crude capacity is 443,000 BPSD.
(6) Represents average per barrel amount for produced refined products sold, which is a non-GAAP measure. Reconciliations to amounts reported under GAAP are provided under "Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles" following Item 3 of Part I of this Form 10-Q.
(7) Transportation, terminal and refinery storage costs billed from HEP are included in cost of products.
(8) Represents operating expenses of our refineries, exclusive of depreciation and amortization and pension settlement charges.
(9) Represents refinery operating expenses, exclusive of depreciation and amortization and pension settlement costs, divided by refinery throughput.

Results of Operations – Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Summary
Net income attributable to HollyFrontier stockholders for the three months ended June 30, 2013 was $257.0 million ($1.27 per basic and diluted share), a $236.5 million decrease compared to $493.5 million ($2.40 per basic and $2.39 per diluted share) for the three months ended June 30, 2012. Net income decreased due principally to a year-over-year decrease in second quarter refining margins, refinery downtime and pension settlement and debt extinguishment charges. Refinery gross margins for the three months ended June 30, 2013 decreased to $20.28 per produced barrel from $27.43 for the three months ended June 30, 2012.

Sales and Other Revenues
Sales and other revenues increased 10% from $4,806.7 million for the three months ended June 30, 2012 to $5,298.8 million for the three months ended June 30, 2013 due to higher refined product sales volumes, partially offset by a year-over-year decrease in second quarter sales prices. The average sales price we received per produced barrel sold was $120.21 for the three months ended June 30, 2012 compared to $117.51 for the three months ended June 30, 2013. Refined product sales volumes for the current period reflect higher volumes of purchased products, comprising 13% of total refined products sales compared to 2% for the three months ended June 30, 2012 due principally to a decrease in refinery production and corresponding sales volumes of produced product as a result of planned turnaround and maintenance projects at our Tulsa Refinery and unplanned outages at our El Dorado and Cheyenne Refineries. Sales and other revenues for the three months ended June 30, 2013 and 2012 include $12.1 million and $10.9 million, respectively, in HEP revenues attributable to pipeline and transportation services provided to unaffiliated parties.

Cost of Products Sold
Cost of products sold increased 21% from $3,681.8 million for the three months ended June 30, 2012 to $4,456.8 million for the three months ended June 30, 2013, due principally to higher crude oil costs and higher sales volumes of purchased products caused, in part, by planned turnaround projects and unplanned refinery outages during the three months ended June 30, 2013. The average price we paid per barrel for crude oil and feedstocks and the transportation costs of moving the finished products to the market place increased 5% from $92.78 for the three months ended June 30, 2012 to $97.23 for the three months ended June 30, 2013.

Gross Refinery Margins
Gross refinery margin per produced barrel decreased 26% from $27.43 for the three months ended June 30, 2012 to $20.28 for the three months ended June 30, 2013. This was due to the effects of an increase in crude oil and feedstock prices combined with the decrease in average per barrel sales prices for refined products sold for the quarter. Gross refinery margin does not include the effects of depreciation and amortization. See "Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles" following Item 3 of Part 1 of this Form 10-Q for a reconciliation to the income statement of prices of refined products sold and cost of products purchased.

Operating Expenses
Operating expenses, exclusive of depreciation and amortization, increased 25% from $222.7 million for the three months ended June 30, 2012 to $277.5 million for the three months ended June 30, 2013 due principally to $24.8 million in pension settlement costs and higher repair and maintenance and fuel costs during the quarter.

General and Administrative Expenses
General and administrative expenses increased 6% from $32.1 million for the three months ended June 30, 2012 to $34.0 million for the three months ended June 30, 2013 due to $3.5 million in pension settlement costs, partially offset by various year-over-year cost decreases.

Depreciation and Amortization Expenses
Depreciation and amortization increased 24% from $56.9 million for the three months ended June 30, 2012 to $70.5 million for the three months ended June 30, 2013. The increase was due principally to depreciation and amortization attributable to capitalized improvement projects and capitalized refinery turnaround costs.

Interest Expense
Interest expense was $19.8 million for the three months ended June 30, 2013 compared to $26.9 million for the three months ended June 30, 2012. This decrease was due to lower year-over-year debt levels principally as a result of the redemption of our $200 million 8.5% senior notes in September 2012. For the three months ended June 30, 2013 and 2012, interest expense included $11.6 million and $12.7 million, respectively, in interest costs attributable to HEP operations.

Loss on Early Extinguishment of Debt
In June 2013, we redeemed our $286.8 million aggregate principal amount of 9.875% senior notes maturing June 2017 at a redemption cost of $301.0 million, at which time we recognized a $22.1 million early extinguishment loss consisting of a $14.2 million debt redemption premium and an unamortized discount of $7.9 million.

Income Taxes
For the three months ended June 30, 2013, we recorded income tax expense of $152.0 million compared to $285.7 million for the three months ended June 30, 2012. This decrease is due principally to lower pre-tax earnings during the three months ended June 30, 2013 compared to the same period of 2012. Our effective tax rates, before consideration of earnings attributable to the noncontrolling interest, were 36.4% and 36.3% for the three months ended June 30, 2013 and 2012, respectively.

Results of Operations – Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Summary
Net income attributable to HollyFrontier stockholders for the six months ended June 30, 2013 was $590.7 million ($2.91 per basic and diluted share), a $144.5 million decrease compared to $735.2 million ($3.55 per basic and $3.54 per diluted share) for the six months ended June 30, 2012. Net income decreased due principally to refinery downtime, a year-over-year decrease in refining margins and pension settlement and debt extinguishment charges. Refinery gross margins for the six months ended June 30, 2013 decreased slightly to $21.77 per produced barrel from $22.43 for the six months ended June 30, 2012.

Sales and Other Revenues
Sales and other revenues increased 3% from $9,738.4 million for the six months ended June 30, 2012 to $10,006.6 million for the six months ended June 30, 2013 due to higher refined product sales volumes, partially offset by a decrease in year-over-year sales prices. The average sales price we received per produced barrel sold was $119.87 for the six months ended June 30, 2012 compared to $116.77 for the six months ended June 30, 2013. Refined product sales volumes for the current period reflect higher volumes of purchased products, comprising 11% of total refined products sales compared to 3% for the six months ended June 30, 2012 due to a decrease in refinery production and corresponding sales volumes of produced product as a result of planned turnaround and maintenance projects at our El Dorado, Tulsa and Navajo Refineries and other unplanned refinery outages during the current year-to-date period. Sales and other revenues for the six months ended June 30, 2013 and 2012 include $24.9 million and $22.8 million, respectively, in HEP revenues attributable to pipeline and transportation services provided to unaffiliated parties.

Cost of Products Sold
Cost of products sold increased 5% from $7,868.7 million for the six months ended June 30, 2012 to $8,249.3 million for the six months ended June 30, 2013, due principally to higher refined product sales volumes, partially offset by overall lower crude costs for the current year. The sales volume increase is attributable to higher sales volumes of purchased products caused, in part, by planned turnaround projects and unplanned refinery outages during the six months ended June 30, 2013. The average price we paid per barrel for crude oil and feedstocks and the transportation costs of moving the finished products to the market place decreased 3% from $97.44 for the six months ended June 30, 2012 to $95.00 for the six months ended June 30, 2013.

Gross Refinery Margins
Gross refinery margin per produced barrel decreased 3% from $22.43 for the six months ended June 30, 2012 to $21.77 for the six months ended June 30, 2013. This was due to a larger decrease in average per barrel sales prices for refined products sold when compared to the decrease in crude oil and feedstock prices for the year-to-date period. Gross refinery margin does not include the effects of depreciation and amortization. See “Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles” following Item 3 of Part 1 of this Form 10-Q for a reconciliation to the income statement of prices of refined products sold and cost of products purchased.

Operating Expenses
Operating expenses, exclusive of depreciation and amortization, increased 17% from $464.4 million for the six months ended June 30, 2012 to $542.6 million for the six months ended June 30, 2013 due principally to pension settlement costs and higher repair and maintenance and fuel costs during the current year-to-date period.

General and Administrative Expenses
General and administrative expenses increased 6% from $59.6 million for the six months ended June 30, 2012 to $63.2 million for the six months ended June 30, 2013 due to pension settlement costs, slightly offset by various year-over-year cost decreases.

Depreciation and Amortization Expenses
Depreciation and amortization increased 26% from $113.1 million for the six months ended June 30, 2012 to $142.3 million for the six months ended June 30, 2013. The increase was due principally to depreciation and amortization attributable to capitalized improvement projects and capitalized refinery turnaround costs.

Interest Expense
Interest expense was $41.1 million for the six months ended June 30, 2013 compared to $60.3 million for the six months ended June 30, 2012. This decrease was due to lower year-over-year debt levels principally as a result of the redemption of our $200 million 8.5% senior notes in September 2012. For the six months ended June 30, 2013 and 2012, interest expense included $24.1 million and $31.8 million, respectively, in interest costs attributable to HEP operations.

Loss on Early Extinguishment of Debt
In June 2013, we redeemed our $286.8 million aggregate principal amount of 9.875% senior notes maturing June 2017 at a redemption cost of $301.0 million, at which time we recognized a $22.1 million early extinguishment loss consisting of a $14.2 million debt redemption premium and an unamortized discount of $7.9 million.

Income Taxes
For the six months ended June 30, 2013, we recorded income tax expense of $338.1 million compared to $426.1 million for the six months ended June 30, 2012. This decrease was due principally to lower pre-tax earnings during the six months ended June 30, 2013 compared to the same period of 2012. Our effective tax rates, before consideration of earnings attributable to the noncontrolling interest, were 35.7% and 36.3% for the six months ended June 30, 2013 and 2012, respectively.

LIQUIDITY AND CAPITAL RESOURCES

HollyFrontier Credit Agreement

We have a $1 billion senior secured credit agreement that matures in July 2013 (the “HollyFrontier Credit Agreement”) and may be used to fund working capital requirements, capital expenditures, acquisitions and general corporate purposes. Obligations under the HollyFrontier Credit Agreement are collateralized by our inventory, accounts receivables and certain deposit accounts and guaranteed by our material, wholly-owned subsidiaries. At June 30, 2013, we were in compliance with all covenants, had no outstanding borrowings and had outstanding letters of credit totaling $28.8 million under the HollyFrontier Credit Agreement.

HEP Credit Agreement

HEP has a $550 million senior secured revolving credit facility that matures in June 2017 (the “HEP Credit Agreement”) and is available to fund capital expenditures, investments, acquisitions, distribution payments and working capital and for general partnership purposes. It is also available to fund letters of credit up to a $50 million sub-limit and to fund distributions to unitholders up to a $60 million sub-limit. At June 30, 2013, HEP was in compliance with all of its covenants, had outstanding borrowings of $355.0 million and no outstanding letters of credit under the HEP Credit Agreement.

HEP’s obligations under the HEP Credit Agreement are collateralized by substantially all of HEP’s assets (presented parenthetically in our consolidated balance sheets). Indebtedness under the HEP Credit Agreement involves recourse to HEP Logistics Holdings, L.P., its general partner, and is guaranteed by HEP’s wholly-owned subsidiaries. Any recourse to the general partner would be limited to the extent of HEP Logistics Holdings, L.P.’s assets, which other than its investment in HEP, are not significant. HEP’s creditors have no other recourse to our assets. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries.

HollyFrontier Senior Notes

Our 6.875% senior notes ($150 million principal amount maturing November 2018) (the “HollyFrontier Senior Notes”) are unsecured and impose certain restrictive covenants, including limitations on our ability to incur additional debt, incur liens, enter into sale-and-leaseback transactions, pay dividends, enter into mergers, sell assets and enter into certain transactions with affiliates. At any time when the HollyFrontier Senior Notes are rated investment grade by both Moody’s and Standard & Poor’s and no default or event of default exists, we will not be subject to many of the foregoing covenants. Additionally, we have certain redemption rights under the HollyFrontier Senior Notes.

In June 2013, we redeemed our $286.8 million aggregate principal amount of 9.875% senior notes maturing June 2017 at a redemption cost of $301.0 million, at which time we recognized a $22.1 million early extinguishment loss consisting of a $14.2 million debt redemption premium and an unamortized discount of $7.9 million.

HollyFrontier Financing Obligation

We have a financing obligation that relates to a sale and lease-back of certain crude oil tankage that we sold to an affiliate of Plains All American Pipeline, L.P. (“Plains”) in October 2009 for $40.0 million. Monthly lease payments are recorded as a reduction in principal over the 15-year lease term ending in 2024.

HEP Senior Notes

HEP’s senior notes consist of the following:

- 8.25% HEP senior notes ($150 million principal amount maturing March 2018)
- 6.5% HEP senior notes ($300 million principal amount maturing March 2020)

The 8.25% and 6.5% HEP senior notes (collectively, the “HEP Senior Notes”) are unsecured and impose certain restrictive covenants, including limitations on HEP’s ability to incur additional indebtedness, make investments, sell assets, incur certain liens, pay distributions, enter into transactions with affiliates, and enter into mergers. At any time when the HEP Senior Notes are rated investment grade by both Moody’s and Standard & Poor’s and no default or event of default exists, HEP will not be subject to many of the foregoing covenants. Additionally, HEP has certain redemption rights under the HEP Senior Notes.

Indebtedness under the HEP Senior Notes involves recourse to HEP Logistics Holdings, L.P., its general partner, and is guaranteed by HEP’s wholly-owned subsidiaries. However, any recourse to the general partner would be limited to the extent of HEP Logistics Holdings, L.P.’s assets, which other than its investment in HEP, are not significant. HEP’s creditors have no other recourse to our assets. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries.

HEP Common Unit Issuance
In March 2013, HEP closed on a public offering of 1,875,000 of its common units. Additionally, our wholly-owned subsidiary, HollyFrontier Holdings LLC, as a selling unitholder, closed on a public sale of 1,875,000 HEP common units held by it. HEP used net proceeds of $73.4 million to to repay indebtedness incurred under its credit facility and for general partnership purposes.

Liquidity
We believe our current cash and cash equivalents, along with future internally generated cash flow and funds available under our credit facilities will provide sufficient resources to fund currently planned capital projects and our liquidity needs for the foreseeable future. In addition, components of our growth strategy include construction of new refinery processing units and the expansion of existing units at our facilities and selective acquisition of complementary assets for our refining operations intended to increase earnings and cash flow.

As of June 30, 2013, our cash, cash equivalents and investments in marketable securities totaled $2.0 billion. We consider all highly-liquid instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. These primarily consist of investments in conservative, highly-rated instruments issued by financial institutions, government and corporate entities with strong credit standings and money market funds.

We have a Board approved stock repurchase program that authorizes us to repurchase common stock in the open market or through privately negotiated transactions. The timing and amount of stock repurchases will depend on market conditions, corporate, regulatory and other relevant considerations. This program may be discontinued at any time by the Board of Directors. As of June 30, 2013, we had remaining authorization to repurchase up to $356.4 million under this stock repurchase program.

Cash and cash equivalents decreased $408.3 million for the six months ended June 30, 2013. Net cash used for investing and financing activities of $181.1 million and $678.7 million, respectively, exceeded net cash provided by operating activities of $451.5 million. Working capital decreased by $247.4 million during the six months ended June 30, 2013.

Cash Flows – Operating Activities

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012
Net cash flows provided by operating activities were $451.5 million for the six months ended June 30, 2013 compared to $429.5 million for the six months ended June 30, 2012, an increase of $22.0 million. Net income for the six months ended June 30, 2013 was $609.1 million, a decrease of $140.3 million compared to $749.4 million for the six months ended June 30, 2012. Non-cash adjustments consisting of depreciation and amortization, loss on early extinguishment of debt attributable to unamortized discount, gain on sale of equity securities, deferred income taxes, equity-based compensation expense and fair value changes to derivative instruments resulted in an increase to operating cash flows of $98.3 million for the six months ended June 30, 2013 compared to $137.8 million for the same period in 2012. Changes in working capital items decreased cash flows by $122.2 million for the six months ended June 30, 2013 compared to $405.1 million for the six months ended June 30, 2012. Additionally, for the six months ended June 30, 2013, turnaround expenditures increased to $159.8 million from $47.0 million for the same period of 2012.

Cash Flows – Investing Activities and Planned Capital Expenditures

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012
Net cash flows used for investing activities were $181.1 million for the six months ended June 30, 2013 compared to $144.5 million for the six months ended June 30, 2012, an increase of $36.6 million. Cash expenditures for properties, plants and equipment for the first six months of 2013 increased to $170.8 million from $128.0 million for the same period in 2012. These include HEP capital expenditures of $16.9 million and $23.6 million for the six months ended June 30, 2013 and 2012, respectively. In addition, for the six months ended June 30, 2013, we received proceeds of $5.8 million from the sale of property and equipment and advanced Sabine Biofuels $13.7 million. Also for the six months ended June 30, 2013 and 2012, we invested $399.2 million and $166.4 million, respectively, in marketable securities and received proceeds of $398.8 million and $152.0 million, respectively, from the sale or maturity of marketable securities.

Planned Capital Expenditures

HollyFrontier Corporation
Each year our Board of Directors approves our annual capital budget which includes specific projects that our management is authorized to undertake. Additionally, when conditions warrant or as new opportunities arise, additional projects may be approved. The funds appropriated for a particular capital project may be expended over a period of several years, depending on the time required to complete the project. Therefore, our planned capital expenditures for a given year consist of expenditures appropriated in that year's capital budget plus expenditures for projects appropriated in prior years which have not yet been completed. Our appropriated capital budget for 2013 is $320.0 million including both sustaining capital and major capital projects. We expect to spend approximately $400.0 million to $450.0 million in cash for capital projects appropriated in 2013 and prior years. This spending is comprised of $130.0 million to $146.0 million at the Woods Cross Refinery, $116.0 million to $130.0 million at the Tulsa Refineries, $56.0 million to $65.0 million at the El Dorado Refinery, $58.0 million to $61.0 million at the Cheyenne Refinery, $28.0 million to $33.0 million at the Navajo Refinery and $12.0 million to $15.0 million for miscellaneous other projects. In addition, we expect to spend up to $200.0 million on refinery turnarounds and tank maintenance during 2013. This reflects an increase to our previous $156.0 million estimate due to turnaround discovery work.

A significant portion of our current capital spending is associated with compliance-oriented capital improvements. This spending is required due to existing consent decrees (for projects including FCC unit flue gas scrubbers and tail gas treatment units), federal fuels regulations (particularly, MSAT2 which mandates a reduction in the benzene content of blended gasoline), refinery waste water treatment improvements and other similar initiatives. Our refinery operations and related emissions are highly regulated at both federal and state levels, and we invest in our facilities as needed to remain in compliance with these standards. Additionally, when faced with new emissions or fuels standards, we seek to execute projects that facilitate compliance and also improve the operating costs and/or yields of associated refining processes.

El Dorado Refinery
Newly appropriated capital projects at the El Dorado Refinery include naphtha fractionation, an additional hydrogen plant and a Low-Nox addition to the FCC unit flue gas scrubber. Continuing project work will include coke drum pressure reduction designed to improve liquid yields and a new tail gas treatment unit to reduce air emissions in compliance with the El Dorado Refinery's existing EPA consent decree.

Tulsa Refineries
New 2013 appropriations for the Tulsa Refineries include a gasoline-blending system and numerous infrastructure upgrades. We will continue spending on the conversion of our propane de-asphalt unit to ROSE technology and on our sulfur recovery project related to the refinery fuel gas system. The sulfur recovery project is expected to be completed in the third quarter of 2013 and, in addition to facilitating compliance with our EPA consent, is anticipated to also allow us to increase use of lower priced sour / heavy crude in Tulsa. Spending on maintenance capital items and general improvements continues at an elevated level at the Tulsa Refineries due to perceived opportunities.

Navajo Refinery
The Navajo Refinery capital spending in 2013 will be principally on previously approved capital appropriations as well as maintenance capital spending. Included among previously approved capital projects is a $25.0 million upgrade to the Navajo Refinery's waste water treatment system.

Cheyenne Refinery
We plan to install a new hydrogen plant at the Cheyenne Refinery and have appropriated this capital project as part of our 2013 budget. The hydrogen plant, along with a previously approved naphtha fractionation project, is anticipated to allow us to reduce benzene content in Cheyenne gasoline production, while at the same time improving the refinery's overall liquid yields and light oils production. Previously appropriated projects still underway at Cheyenne include wastewater treatment plant improvements, a wet gas scrubber for the FCC unit to reduce air emissions, a redundant tail gas unit associated with sulfur recovery processes and additional investment in the waste water treatment plant to reduce selenium concentration in waste water.

Woods Cross Refinery
Newly appropriated capital for the Woods Cross Refinery consists of warehouse and office relocations to accommodate the refinery expansion and modernization program and a new rail loading rack for intermediates and finished products associated with refining waxy crude oil. Engineering is continuing on the previously announced $225.0 million expansion project. Long lead equipment has been ordered and we are finalizing the cost estimate before construction begins. The permit for the refinery expansion project is pending and the second public comment period has ended. We currently expect the project to be mechanically complete in approximately the first to second quarter of 2015.

Regulatory compliance items or other presently existing or future environmental regulations / consent decrees could cause us to make additional capital investments beyond those described above and incur additional operating costs to meet applicable requirements.

HEP

Each year the Holly Logistic Services, L.L.C. board of directors approves HEP's annual capital budget, which specifies capital projects that HEP management is authorized to undertake. Additionally, at times when conditions warrant or as new opportunities arise, special projects may be approved. The funds allocated for a particular capital project may be expended over a period of several years, depending on the time required to complete the project. Therefore, HEP's planned capital expenditures for a given year consist of expenditures approved for capital projects included in its current year capital budget as well as, in certain cases, expenditures approved for capital projects in capital budgets for prior years. The 2013 HEP capital budget is comprised of $10.1 million for maintenance capital expenditures and $2.0 million for expansion capital expenditures.

HEP is proceeding with the expansion of its crude oil transportation system in southeastern New Mexico in response to increased crude oil production in the area. The expansion will provide shippers with additional pipeline takeaway capacity to either common carrier pipeline stations for transportation to major crude oil markets or to our New Mexico refining facilities. To complete the project, HEP will convert an existing refined products pipeline to crude oil service, construct several new pipeline segments, expand an existing pipeline and build new truck unloading stations and crude storage capacity. Excluding the value of the existing pipeline to be converted, total capital expenditures are expected to cost between $35.0 million and $40.0 million. The project is expected to provide increased capacity of up to 100,000 BPD across HEP's system and anticipates it will be in full service no later than May 2014 though some segments may be completed and in service in late 2013.

UNEV is proceeding with a project to add certain enhancements to its product terminal in Las Vegas, Nevada. The project will cost approximately $13.0 million with construction scheduled to be completed during the second quarter of 2014.

HEP is currently evaluating two proposed new pipelines. The first proposed pipeline would be a new 50-mile intrastate crude oil pipeline between Cushing, Oklahoma and our Tulsa refining facilities that would allow for a significant portion of crude oil transported to be heavy Canadian and sour crude oil. The second proposed pipeline would be a new 100-mile interstate petroleum products pipeline between our refinery in Cheyenne, Wyoming and Denver, Colorado. The project also will evaluate the construction of a new petroleum products terminal in North Denver or, alternatively, the routing of the new pipeline to existing third-party product terminals in the Denver area. HEP anticipates that it will be in a position to decide whether to proceed with these projects in the third quarter of 2013.

HEP and we are collaborating to evaluate the construction of a rail facility that will enable crude oil loading and unloading near our Artesia and / or Lovington, New Mexico refining facilities. The rail project, which will be connected to HEP's crude oil pipeline transportation system in southeastern New Mexico, will have an initial capacity of up to 70,000 BPD and will enable access to a variety of crude oil types including WTI, WTS and WCS. The project will provide both additional crude oil takeaway options for producers as crude production in the region continues to grow, and an expanded set of crude oil sourcing options for us. HEP anticipates that project completion would take nine to twelve months once a decision to proceed is made.

Cash Flows – Financing Activities

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net cash flows used for financing activities were $678.7 million for the six months ended June 30, 2013 compared to $491.8 million for the six months ended June 30, 2012, an increase of $186.9 million. During the six months ended June 30, 2013, we received $73.4 million from the sale of HEP common units, purchased $159.4 million in common stock, paid $264.9 million in dividends, paid $286.8 million in principal and a $14.2 million premium upon the redemption of our 9.875% senior notes and recognized $1.0 million excess tax benefits on our equity-based compensation. Also during this period, HEP received $154.5 million and repaid $220.5 million under the HEP Credit Agreement, paid distributions of $34.6 million to noncontrolling interests, purchased $2.9 million in HEP common units for recipients of its incentive grants and received proceeds of $73.4 million upon its March 2013 common unit offering. During the six months ended June 30, 2012, we purchased $189.8 million in common stock, paid $250.0 million in dividends, provided a $100.0 million up-front payment pursuant to a structured share repurchase arrangement, paid $5.0 million in principal on our 9.875% senior notes and recognized $4.8 million excess tax benefits on our equity-based compensation. Also during this period, HEP received $294.8 million in net proceeds upon the issuance of the HEP 6.5% senior notes, paid $185.0 million in principal on the HEP 6.25% senior notes, received $99.0 million and repaid $129.0 million under the HEP Credit Agreement, paid distributions of $28.9 million to noncontrolling interests, incurred $3.2 million in deferred financing costs and purchased $4.5 million in HEP common units in the open market for recipients of its incentive grants. Additionally, UNEV joint venture partner contributions of $6.0 million were received during the six months ended June 30, 2012.

Contractual Obligations and Commitments

HollyFrontier Corporation
In June 2013, we redeemed our $286.8 million aggregate principal amount of 9.875% senior notes maturing June 2017. There were no other significant changes to our contractual obligations during the six months ended June 30, 2013.

HEP
During the six months ended June 30, 2013, HEP made net repayments of $66.0 million resulting in $355.0 million of outstanding borrowings under the HEP Credit Agreement at June 30, 2013.

There were no other significant changes to HEP's long-term contractual obligations during this period.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2012. Certain critical accounting policies that materially affect the amounts recorded in our consolidated financial statements include the assessment and consolidation of variable interest entities, the use of the LIFO method of valuing certain inventories, the amortization of deferred costs for regular major maintenance and repairs at our refineries, assessing the possible impairment of certain long-lived assets and goodwill, accounting for derivative instruments and assessing contingent liabilities for probable losses.

We use the LIFO method of valuing inventory. Under the LIFO method, an actual valuation of inventory can only be made at the end of each year based on the inventory levels at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and are subject to the final year-end LIFO inventory valuation.

Goodwill represents the excess of the cost of an acquired entity over the fair value of the assets acquired and liabilities assumed. Goodwill is not subject to amortization and is tested annually or more frequently if events or circumstances indicate the possibility of impairment. As of June 30, 2013, there have been no impairments to goodwill.

RISK MANAGEMENT

We use certain strategies to reduce some commodity price and operational risks. We do not attempt to eliminate all market risk exposures when we believe that the exposure relating to such risk would not be significant to our future earnings, financial position, capital resources or liquidity or that the cost of eliminating the exposure would outweigh the benefit.

Commodity Price Risk Management
Our primary market risk is commodity price risk. We are exposed to market risks related to the volatility in crude oil and refined products, as well as volatility in the price of natural gas used in our refining operations. We periodically enter into derivative contracts in the form of commodity price swaps and futures contracts to mitigate price exposure with respect to:

- our inventory positions;
- natural gas purchases;
- costs of crude oil and related grade differentials;
- prices of refined products; and
- our refining margins.

As of June 30, 2013, we have the following notional contract volumes related to all outstanding derivative contracts used to mitigate commodity price risk:

		Notional Contract Volumes by Year of Maturity					
Contract Description	**Total Outstanding Notional**	**2013**	**2014**	**2015**	**2016**	**2017**	**Unit of Measure**
Natural gas price swap - long	86,400,000	9,600,000	19,200,000	19,200,000	19,200,000	19,200,000	MMBTU
Natural gas price swap - short	43,200,000	4,800,000	9,600,000	9,600,000	9,600,000	9,600,000	MMBTU
WTI price swap - long	5,701,000	5,336,000	365,000	—	—	—	Barrels
Ultra-low sulfur diesel price swap - short	5,701,000	5,336,000	365,000	—	—	—	Barrels
WCS price swap - long	3,588,000	3,588,000	—	—	—	—	Barrels
WTS price swap - long	1,472,000	1,472,000	—	—	—	—	Barrels
NYMEX futures (WTI) - short	1,896,000	1,681,000	215,000	—	—	—	Barrels

The following sensitivity analysis provides the hypothetical effects of market price fluctuations to the commodity positions hedged under our derivative contracts:

	Derivative Fair Value Gain (Loss) at June 30,	
Change in Underlying Commodity Prices of Hedged Positions	**2013**	**2012**
	(In thousands)	
10% increase in underlying commodity prices	$ (22,839)	$ (45,234)
10% decrease in underlying commodity prices	$ 22,839	$ 45,234

Interest Rate Risk Management
HEP uses interest rate swaps to manage its exposure to interest rate risk.

As of June 30, 2013, HEP had three interest rate swap contracts that hedge its exposure to the cash flow risk caused by the effects of LIBOR changes on $305.0 million in credit agreement advances. The first interest rate swap effectively converts $155.0 million of LIBOR based debt to fixed rate debt having an interest rate of 0.99% plus an applicable margin of 2.50% as of June 30, 2013, which equaled an effective interest rate of 3.49%. This swap matures in February 2016. HEP has two additional interest rate swaps with identical terms which effectively convert $150.0 million of LIBOR based debt to fixed rate debt having an interest rate of 0.74% plus an applicable margin of 2.50% as of June 30, 2013, which equaled an effective interest rate of 3.24%. Both of these swap contracts mature in July 2017. These swap contracts have been designated as cash flow hedges.

The market risk inherent in our fixed-rate debt and positions is the potential change arising from increases or decreases in interest rates as discussed below.

For the fixed rate HollyFrontier Senior Notes and HEP Senior Notes, changes in interest rates will generally affect fair value of the debt, but not our earnings or cash flows. The outstanding principal, estimated fair value and estimated change in fair value (assuming a hypothetical 10% change in the yield-to-maturity rates) for these debt instruments as of June 30, 2013 is presented below:

	Outstanding Principal	**Estimated Fair Value**	**Estimated Change in Fair Value**
		(In thousands)	
HollyFrontier Senior Notes	$ 150,000	$ 161,250	$ 3,827
HEP Senior Notes	$ 450,000	$ 452,625	$ 15,060

For the variable rate HEP Credit Agreement, changes in interest rates would affect cash flows, but not the fair value. At June 30, 2013, outstanding borrowings under the HEP Credit Agreement were $355.0 million. By means of its cash flow hedges, HEP has effectively converted the variable rate on $305.0 million of outstanding principal to a weighted average fixed rate of 3.37%.

At June 30, 2013, our marketable securities included investments in investment grade, highly liquid investments with maturities of three months or less at the time of purchase and hence the interest rate market risk implicit in these cash investments is low. Due to the short-term nature of our cash and cash equivalents, a hypothetical 10% increase in interest rates would not have a material effect on the fair market value of our portfolio. Since we have the ability to liquidate this portfolio, we do not expect our operating results or cash flows to be materially affected by the effect of a sudden change in market interest rates on our investment portfolio.

Our operations are subject to hazards of petroleum processing operations, including fire, explosion and weather-related perils. We maintain various insurance coverages, including business interruption insurance, subject to certain deductibles. We are not fully insured against certain risks because such risks are not fully insurable, coverage is unavailable, or premium costs, in our judgment, do not justify such expenditures.

Financial information is reviewed on the counterparties in order to review and monitor their financial stability and assess their ongoing ability to honor their commitments under the derivative contracts. We have not experienced, nor do we expect to experience, any difficulty in the counterparties honoring their commitments.

We have a risk management oversight committee consisting of members from our senior management. This committee oversees our risk enterprise program, monitors our risk environment and provides direction for activities to mitigate identified risks that may adversely affect the achievement of our goals.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See “Risk Management” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles

Reconciliations of earnings before interest, taxes, depreciation and amortization (“EBITDA”) to amounts reported under generally accepted accounting principles in financial statements.

Earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, is calculated as net income attributable to HollyFrontier stockholders plus (i) interest expense, net of interest income, (ii) income tax provision, and (iii) depreciation and amortization. EBITDA is not a calculation provided for under GAAP; however, the amounts included in the EBITDA calculation are derived from amounts included in our consolidated financial statements. EBITDA should not be considered as an alternative to net income or operating income as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. EBITDA is not necessarily comparable to similarly titled measures of other companies. EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance. EBITDA is also used by our management for internal analysis and as a basis for financial covenants.

Set forth below is our calculation of EBITDA.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(In thousands)			
Net income attributable to HollyFrontier stockholders	$ 256,981	$ 493,499	$ 590,650	$ 735,195
Add income tax provision	152,043	285,718	338,137	426,124
Add interest expense [1]	41,903	26,942	63,223	60,257
Subtract interest income	(778)	(681)	(2,309)	(1,141)
Add depreciation and amortization	70,492	56,948	142,254	113,050
EBITDA	$ 520,641	$ 862,426	$ 1,131,955	$ 1,333,485

(1) Includes loss on early extinguishment of debt of $22.1 million for the three and six months ended June 30, 2013.

Reconciliations of refinery operating information (non-GAAP performance measures) to amounts reported under generally accepted accounting principles in financial statements.

Refinery gross margin and net operating margin are non-GAAP performance measures that are used by our management and others to compare our refining performance to that of other companies in our industry. We believe these margin measures are helpful to investors in evaluating our refining performance on a relative and absolute basis.

Refinery gross margin per barrel is the difference between average net sales price and average cost of products per barrel of produced refined products. Net operating margin per barrel is the difference between refinery gross margin and refinery operating expenses per barrel of produced refined products. These two margins do not include the effect of depreciation and amortization. Each of these component performance measures can be reconciled directly to our consolidated statements of income.

Other companies in our industry may not calculate these performance measures in the same manner.

Refinery Gross and Net Operating Margins

Below are reconciliations to our consolidated statements of income for (i) net sales, cost of products and operating expenses, in each case averaged per produced barrel sold, and (ii) net operating margin and refinery gross margin. Due to rounding of reported numbers, some amounts may not calculate exactly.

Reconciliations of refined product sales from produced products sold to total sales and other revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(Dollars in thousands, except per barrel amounts)			
Consolidated				
Average sales price per produced barrel sold	$ 117.51	$ 120.21	$ 116.77	$ 119.87
Times sales of produced refined products sold (BPD)	397,960	421,470	392,070	422,220
Times number of days in period	91	91	181	182
Refined product sales from produced products sold	$ 4,255,549	$ 4,610,507	$ 8,286,545	$ 9,211,295
Total refined product sales from produced products sold	$ 4,255,549	$ 4,610,507	$ 8,286,545	$ 9,211,295
Add refined product sales from purchased products and rounding [1]	656,271	120,676	1,065,978	276,066
Total refined product sales	4,911,820	4,731,183	9,352,523	9,487,361
Add direct sales of excess crude oil [2]	322,524	32,558	558,774	190,840
Add other refining segment revenue [3]	52,537	31,906	68,010	37,183
Total refining segment revenue	5,286,881	4,795,647	9,979,307	9,715,384
Add HEP segment sales and other revenues	75,121	67,103	151,605	134,680
Add corporate and other revenues	234	145	797	301
Subtract consolidations and eliminations	(63,388)	(56,214)	(125,072)	(111,946)
Sales and other revenues	$ 5,298,848	$ 4,806,681	$ 10,006,637	$ 9,738,419

Reconciliation of average cost of products per produced barrel sold to total cost of products sold

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(Dollars in thousands, except per barrel amounts)			
Consolidated				
Average cost of products per produced barrel sold	$ 97.23	$ 92.78	$ 95.00	$ 97.44
Times sales of produced refined products sold (BPD)	397,960	421,470	392,070	422,220
Times number of days in period	91	91	181	182
Cost of products for produced products sold	$ 3,521,122	$ 3,558,463	$ 6,741,644	$ 7,487,683
Total cost of products for produced products sold	$ 3,521,122	$ 3,558,463	$ 6,741,644	$ 7,487,683
Add refined product costs from purchased products and rounding [1]	645,797	121,872	1,039,837	278,196
Total cost of refined products sold	4,166,919	3,680,335	7,781,481	7,765,879
Add crude oil cost of direct sales of excess crude oil [2]	319,653	29,733	545,921	185,543
Add other refining segment cost of products sold [4]	32,539	27,649	44,878	28,087
Total refining segment cost of products sold	4,519,111	3,737,717	8,372,280	7,979,509
Subtract consolidations and eliminations	(62,303)	(55,953)	(122,937)	(110,828)
Costs of products sold (exclusive of depreciation and amortization)	$ 4,456,808	$ 3,681,764	$ 8,249,343	$ 7,868,681

Reconciliation of average refinery operating expenses per produced barrel sold to total operating expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(Dollars in thousands, except per barrel amounts)			
Consolidated				
Average refinery operating expenses per produced barrel sold	$ 6.09	$ 5.00	$ 6.38	$ 5.26
Times sales of produced refined products sold (BPD)	397,960	421,470	392,070	422,220
Times number of days in period	91	91	181	182
Refinery operating expenses for produced products sold	$ 220,545	$ 191,769	$ 452,755	$ 404,200
Total refinery operating expenses for produced products sold	$ 220,545	$ 191,769	$ 452,755	$ 404,200
Add refining segment pension settlement costs	23,773	—	23,773	—
Add other refining segment operating expenses and rounding [5]	11,232	9,306	18,907	18,156
Total refining segment operating expenses	255,550	201,075	495,435	422,356
Add HEP segment operating expenses	22,010	20,371	48,039	40,401
Add corporate and other costs	343	811	(138)	1,260
Subtract consolidations and eliminations	(361)	469	(695)	336
Operating expenses (exclusive of depreciation and amortization)	$ 277,542	$ 222,726	$ 542,641	$ 464,353

Reconciliation of net operating margin per barrel to refinery gross margin per barrel to total sales and other revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(Dollars in thousands, except per barrel amounts)			
Consolidated				
Net operating margin per barrel	$ 14.19	$ 22.43	$ 15.39	$ 17.17
Add average refinery operating expenses per produced barrel	6.09	5.00	6.38	5.26
Refinery gross margin per barrel	20.28	27.43	21.77	22.43
Add average cost of products per produced barrel sold	97.23	92.78	95.00	97.44
Average sales price per produced barrel sold	$ 117.51	$ 120.21	$ 116.77	$ 119.87
Times sales of produced refined products sold (BPD)	397,960	421,470	392,070	422,220
Times number of days in period	91	91	181	182
Refined product sales from produced products sold	$ 4,255,549	$ 4,610,507	$ 8,286,545	$ 9,211,295
Total refined product sales from produced products sold	$ 4,255,549	$ 4,610,507	$ 8,286,545	$ 9,211,295
Add refined product sales from purchased products and rounding (1)	656,271	120,676	1,065,978	276,066
Total refined product sales	4,911,820	4,731,183	9,352,523	9,487,361
Add direct sales of excess crude oil (2)	322,524	32,558	558,774	190,840
Add other refining segment revenue (3)	52,537	31,906	68,010	37,183
Total refining segment revenue	5,286,881	4,795,647	9,979,307	9,715,384
Add HEP segment sales and other revenues	75,121	67,103	151,605	134,680
Add corporate and other revenues	234	145	797	301
Subtract consolidations and eliminations	(63,388)	(56,214)	(125,072)	(111,946)
Sales and other revenues	$ 5,298,848	$ 4,806,681	$ 10,006,637	$ 9,738,419

(1) *We purchase finished products when opportunities arise that provide a profit on the sale of such products, or to meet delivery commitments.*
(2) *We purchase crude oil that at times exceeds the supply needs of our refineries. Quantities in excess of our needs are sold at market prices to purchasers of crude oil that are recorded on a gross basis with the sales price recorded as revenues and the corresponding acquisition cost as inventory and then upon sale as cost of products sold. Additionally, at times we enter into buy/sell exchanges of crude oil with certain parties to facilitate the delivery of quantities to certain locations that are netted at carryover cost.*
(3) *Other refining segment revenue includes the incremental revenues associated with NK Asphalt and miscellaneous revenue.*
(4) *Other refining segment cost of products sold includes the incremental cost of products for NK Asphalt and miscellaneous costs.*
(5) *Other refining segment operating expenses include the marketing costs associated with our refining segment and the operating expenses of NK Asphalt.*

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. Our principal executive officer and principal financial officer have evaluated, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”), our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2013.

Changes in internal control over financial reporting. There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Commitment and Contingency Reserves

We periodically establish reserves for certain legal proceedings. The establishment of a reserve involves an estimation process that includes the advice of legal counsel and subjective judgment of management. While management believes these reserves to be adequate, future changes in the facts and circumstances could result in the actual liability exceeding the estimated ranges of loss and amounts accrued.

While the outcome and impact on us cannot be predicted with certainty, management believes that the resolution of these proceedings through settlement or adverse judgment will not have a material adverse effect on our consolidated financial position or cash flow. Operating results, however, could be significantly impacted in the reporting periods in which such matters are resolved.

Environmental Matters

We are reporting the following proceedings to comply with SEC regulations which require us to disclose proceedings arising under federal, state or local provisions regulating the discharge of materials into the environment or protecting the environment if we reasonably believe that such proceedings may result in monetary sanctions of $100,000 or more. Our respective subsidiaries have or will develop corrective action plans regarding these disclosures that will be implemented in consultation with the respective federal and state agencies. It is not possible to predict the ultimate outcome of these proceedings, although none are currently expected to have a material effect on our consolidated financial position.

Frontier Refining LLC (“FR”), our wholly-owned subsidiary, has undertaken environmental audits at the Cheyenne Refinery regarding compliance with federal and state environmental requirements. By letters dated October 5, 2012, November 7, 2012, and January 10, 2013, and pursuant to EPA's audit policy to the extent applicable, FR submitted reports to the EPA voluntarily disclosing non-compliance with certain emission limitations, reporting requirements, and provisions of a 2009 federal consent decree. By letters dated October 31, 2012, February 6, 2013, June 21, 2013, July 9, 2013 and July 25, 2013, and pursuant to applicable Wyoming audit statutes, FR submitted environmental audit reports to the Wyoming Department of Environmental Quality (“WDEQ”) voluntarily disclosing non-compliance with certain notification, reporting, and other provisions of the refinery's state air permit and other environmental regulatory requirements. Additional self-disclosures and follow-up correspondence are anticipated as the audit activities are completed. No further action has been taken by either agency at this time. The Cheyenne Refinery also has four outstanding Notices of Violations issued in 2010, 2011 and 2013 that are subject to ongoing settlement negotiations with the WDEQ. Additional air, water and waste audits are ongoing or planned for the Cheyenne Refinery for 2013.

Between November 2010 and February 2012, certain of our subsidiaries submitted multiple reports to the EPA to voluntarily disclose non-compliance with fuels regulations at the Cheyenne, El Dorado, Navajo, Tulsa and Woods Cross refineries and at the Cedar City, Utah and Henderson, Colorado terminals. The EPA has requested additional information regarding certain of these reports, and our subsidiaries have complied with all requests received to date.

Other

We are a party to various other litigation and proceedings that we believe, based on advice of counsel, will not either individually or in the aggregate have a materially adverse impact on our financial condition, results of operations or cash flows.

Item 1A. Risk Factors

There have been no material changes in our risk factors as previously disclosed in Part 1, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in "Item 1A. Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013. In addition to the other information set forth in this quarterly report, you should carefully consider the risk factors discussed in our 2012 Form 10-K and March 31, 2013 Form 10-Q, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Common Stock Repurchases Made in the Quarter

Under our common stock repurchase programs, repurchases are being made from time to time in the open market or privately negotiated transactions based on market conditions, securities law limitations and other factors. The following table includes repurchases made under these programs during the second quarter of 2013.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 2013 [1] [2]	221,638	$ 48.97	—	$ 494,399,956
May 2013 [1]	1,173,220	$ 49.29	1,093,220	$ 440,567,787
June 2013	1,870,852	$ 45.00	1,870,852	$ 356,373,568
Total for April to June 2013	3,265,710		2,964,072	

(1) April and May 2013 include 220,000 shares and 80,000 shares, respectively, not purchased under our approved stock repurchase program, but rather pursuant to separate authority from our Board of Directors. These repurchases were made in the open market.

(2) April 2013 includes 1,638 shares withheld from certain executives and employees under the terms of our share-based compensation unit agreements to provide funds for the payment of payroll and income taxes due at vesting in the case of officers and employees who did not elect to satisfy such taxes by other means.

Item 6. Exhibits

The Exhibit Index on page 58 of this Quarterly Report on Form 10-Q lists the exhibits that are filed or furnished, as applicable, as part of the Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOLLYFRONTIER CORPORATION
(Registrant)

Date: August 8, 2013	/s/ Douglas S. Aron
	Douglas S. Aron Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: August 8, 2013	/s/ J. W. Gann, Jr.
	J. W. Gann, Jr. Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)

Exhibit Index

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of HollyFrontier Corporation (incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed July 8, 2011, File No. 1-03876).
3.2	Amended and Restated By-Laws of HollyFrontier Corporation (incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed November 21, 2011, File No. 1-03876).
10.1	Transportation Services Agreement, dated July 16, 2013, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners-Operating, L.P. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed July 22, 2013, File No. 1-03876).
10.2	Eighth Amended and Restated Omnibus Agreement, dated July 16, 2013, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed July 22, 2013, File No. 1-03876).
10.3*	Second Amended and Restated Crude Pipeline and Tankage Agreement, dated July 16, 2013, by and among Navajo Refining Company, L.L.C., Holly Refining & Marketing Company - Woods Cross LLC, HollyFrontier Refining & Marketing LLC, Holly Energy Partners-Operating, L.P., HEP Pipeline, LLC and HEP Woods Cross, L.L.C.
10.4*	Refined Products Purchase Agreement, dated December 1, 2009, by and between Holly Refining & Marketing - Tulsa LLC and Sinclair Tulsa Refining Company.
10.5*	First Amendment to Refined Products Purchase Agreement, dated May 17, 2010, by and between Holly Refining & Marketing - Tulsa and Sinclair Tulsa Refining Company.
10.6*	Second Amendment to Refined Products Purchase Agreement, dated December 19, 2011, by and between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation.
10.7*	Third Amendment to Refined Products Purchase Agreement, dated June 1, 2012, by and between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation.
31.1*	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101+	The following financial information from HollyFrontier Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.

* Filed herewith.
** Furnished herewith.
+ Filed electronically herewith.

SECOND AMENDED AND RESTATED

CRUDE PIPELINES AND TANKAGE AGREEMENT

This Second Amended and Restated Crude Pipelines and Tankage Agreement (this "Agreement") is being entered into on July 16, 2013, by and among:

1. Navajo Refining Company, L.L.C., a Delaware limited liability company ("Navajo Refining"),

2. Holly Refining & Marketing Company – Woods Cross LLC (formerly Holly Refining & Marketing Company – Woods Cross), a Delaware limited liability company ("Holly Refining – Woods Cross"), and

3. HollyFrontier Refining & Marketing LLC (formerly known as Holly Refining & Marketing Company), a Delaware limited liability company ("HFRM", together with Navajo Refining and Holly-Refining – Woods Cross, the "HollyFrontier Entities"),

4. Holly Energy Partners-Operating, L.P., a Delaware limited partnership (the "Operating Partnership"),

5. HEP Pipeline, LLC, a Delaware limited liability company ("HEP Pipeline"), and

6. HEP Woods Cross, L.L.C., a Delaware limited liability company ("HEP Woods Cross", together with the Operating Partnership and HEP Pipeline, the "Partnership Entities").

This Agreement amends and restates in its entirety the First Amended Pipelines Agreement. Each of the HollyFrontier Entities and the Partnership Entities are individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, pursuant to that certain Purchase and Sale Agreement dated as of February 25, 2008 (the "Purchase Agreement") by and among Holly, Navajo Refining, Navajo Pipeline and Woods Cross Refining (collectively, the "Seller Parties") and the Partnership, the Operating Partnership, HEP Pipeline and HEP Woods Cross (collectively, the "Buyer Parties"), the Seller Parties transferred and conveyed to the Buyer Parties, and the Buyer Parties acquired, certain assets, including certain of the Drop-Down Assets;

WHEREAS, in connection with the closing of the transactions contemplated by the Purchase Agreement the Seller Parties and the Buyer Parties entered into the Original Pipelines Agreement, pursuant to which the Seller Parties continued to transport Crude Oil and Refined Product in the Drop-Down Assets and the Partnership provides transportation services to the Seller Parties;

WHEREAS, in connection with that certain Asset Purchase Agreement dated as of December 1, 2009 by and among Holly, Navajo Pipeline, and HEP Pipeline, Navajo Pipeline transferred and conveyed to HEP Pipeline the Beeson Pipeline, the HollyFrontier Entities and the Partnership Entities amended and restated the Original Pipelines Agreement and entered into the First Amended Pipelines Agreement to, among other things, address lease connection expenses and provide for a volume incentive tariff;

WHEREAS, on November 16, 2011, the HollyFrontier Entities and the Partnership Entities entered into that certain Letter Agreement regarding the First Amended Pipelines Agreement (the "Letter Agreement") to, among other things, clarify the method by which certain payments due from the HollyFrontier Entities to the Partnership Entities pursuant to the First Amended Pipelines Agreement are calculated; and

WHEREAS, in connection with the Malaga TSA, the Parties desire to amend and restate the First Amended Pipelines Agreement, as supplemented by the Letter Agreement, as provided herein.

NOW, THEREFORE, in consideration of the covenants and obligations contained herein, the Parties hereby agree as follows:

Section 1. Definitions

Capitalized terms used throughout this Agreement and not otherwise defined herein shall have the meanings set forth in Annex A.

Section 1. Agreement to Use Services Relating to Pipelines and Tankage.

This Agreement sets forth a commercial arrangement consistent with historical operational practices between the HollyFrontier Entities and the Partnership Entities as well as the objectives of the Parties. The Parties intend to be strictly bound by the terms set forth in this Agreement, which sets forth revenues to the Partnership Entities to be paid by the HollyFrontier Entities and requires the Partnership Entities to provide certain transportation and storage services to the HollyFrontier Entities. The principal objective of the Partnership Entities is for the HollyFrontier Entities to meet or exceed their obligations with respect to the Minimum Pipeline Revenue Commitment, and to meet their obligations with respect to the Tankage Revenue Commitment and the Roswell Terminal Payment. The principal objective of the HollyFrontier Entities is for the Partnership Entities to provide services to the HollyFrontier Entities in a manner that enables the HollyFrontier Entities to operate their assets in a manner as favorably as their historical practice when the HollyFrontier Entities were the owners of the Drop-Down Assets.

(a) Minimum Pipeline Revenue Commitment. During the Term and subject to the terms and conditions of this Agreement, the HollyFrontier Entities agree as follows:

(i) Minimum Pipeline Revenue Commitment. Subject to Section 3, the HollyFrontier Entities will ship the Product indicated in the following table, using the Pipeline Asset indicated for such Product, which shipments will, in the aggregate, have the

quantity and consistency that will produce the revenue per Contract Year or Contract Quarter indicated in the final column as a result of the tariffs charged to the HollyFrontier Entities under this Agreement (in each case, as may be adjusted pursuant to Section 2(q)(i) and Schedule I attached hereto):

Pipeline Assets	**Product**	**Minimum Revenue to Partnership Entities for Shipments on such Pipeline Assets**
Crude Oil Trunk Pipelines	Crude Oil	$13,552,450 per Contract Year (the "Minimum Trunk Pipeline Revenue Commitment")
Crude Oil Gathering Pipelines and store at the Artesia Crude Oil Pipeline Tankage and the Lovington Crude Oil Pipeline Tankage	Crude Oil	$9,125,000 per Contract Year (the "Minimum Gathering Pipeline Revenue Commitment")
Woods Cross Pipelines	Crude Oil and Refined Product	$730,000 per Contract Year (the "Minimum Woods Cross Pipeline Revenue Commitment")
Roswell Products Pipeline	Refined Product	$35,000 per Contract Quarter (the "Minimum Roswell Pipeline Revenue Commitment")

Notwithstanding the foregoing, in the event that the end of the Term occurs on any date other than the final day of a Contract Year or Contract Quarter (as applicable), then the Minimum Trunk Pipeline Revenue Commitment, Minimum Gathering Pipeline Revenue Commitment, Minimum Woods Cross Pipeline Revenue Commitment, and Minimum Roswell Pipeline Revenue Commitment for the final Contract Year or Contract Quarter (as applicable) shall each be prorated based upon the number of days actually in such contract year or contract quarter and the final Contract Year or Contract Quarter (as applicable). The amount of the Minimum Trunk Pipeline Revenue Commitment, Minimum Gathering Pipeline Revenue Commitment, Minimum Woods Cross Pipeline Revenue Commitment and Minimum Roswell Pipeline Revenue Commitment applicable to each Contract Quarter shall be calculated by multiplying the annual revenue commitment for each such amount set forth on Schedule I by a fraction, the numerator of which shall be actual number of days in such Contract Quarter and the denominator of which shall be the total number of days in the Contract Year in which such Contract Quarter is included.

(ii) Service Disruption. If the HollyFrontier Entities are unable for a period in excess of thirty (30) consecutive days to transport on any of the Pipeline Assets the respective volumes of Crude Oil and Refined Product required to meet the Minimum Pipeline Revenue Commitment as a result of the Partnership Entities' operational difficulties, prorationing, or the inability to provide the following minimum capacities during such thirty (30) day consecutive period:

Pipeline Assets	Minimum Capacity
Crude Oil Trunk Pipelines	79,000 bpd (the "Trunk Pipeline Minimum Capacity")
Crude Oil Gathering Pipelines (including storage in the Artesia Crude Oil Pipeline Tankage and Lovington Crude Oil Pipeline Tankage, but excluding storage in the Refinery Tankage)	Effective Time until the fifth anniversary of the Effective Time: 50,000 bpd capacity; Commencing on the fifth anniversary of the Effective Time until the tenth anniversary of the Effective Time: 47,500 bpd capacity; and Commencing on the tenth anniversary of the Effective Time until the expiration of the Term: 45,000 bpd capacity (collectively, the "Gathering Pipeline Minimum Capacity")
Woods Cross Pipelines	8,000 bpd capacity (the "Woods Cross Minimum Capacity")
Roswell Products Pipeline	a proportionate amount of 36,000 bpq capacity (the "Roswell Pipeline Minimum Capacity")

then upon written notice by the HollyFrontier Entities to the Partnership Entities (which notice shall be given reasonably promptly after the expiration of such 30 day consecutive period), the Minimum Pipeline Revenue Commitment, as affected, will be reduced for such period of time by an amount equal to: (A) the volume of Crude Oil or Refined Product that the HollyFrontier Entities were unable to transport on any of the Pipeline Assets, as applicable, as a result of the Partnership Entities' operational difficulties, prorationing or inability to provide the Trunk Pipeline Minimum Capacity, the Gathering Pipeline Minimum Capacity, the Woods Cross Minimum Capacity or the Roswell Pipeline Minimum Capacity, as applicable, multiplied by (B) the applicable tariffs. This Section 2(a)(ii) shall not apply in the event the Partnership Entities give notice of a Force Majeure event in accordance with Section 3, in which case the HollyFrontier Entities' Minimum Pipeline Revenue Commitment shall be suspended in accordance with and as provided in Section 3.

(b) Tariffs and Tankage Fees.

(i) Tariff Rates. The HollyFrontier Entities shall pay to the Partnership Entities the applicable tariff rates (as such tariff rate may be revised pursuant to Section 2(q)(ii)) for making shipments of Crude Oil and/or Refined Product on the Pipeline Assets pursuant to this Agreement, as follows (in each case, as such exhibit may be amended from time-to-time in accordance with this Agreement):

(A) service on the Crude Oil Trunk Pipelines as set forth in Exhibit A attached hereto;

(B) service on the Crude Oil Gathering Pipelines as set forth in Exhibit B attached hereto;

(C) service on the Woods Cross Pipelines as set forth in Exhibit C attached hereto; and

(D) service on Roswell Product Pipeline as set forth in Exhibit D attached hereto.

The rules and regulations governing service on the Pipeline Assets shall be as set forth in the applicable rules and regulations tariffs with respect to such service. The Partnership Entities shall have the right to change the tariff rates applicable to the Pipeline Assets in the event that the Partnership Entities incur increased expenses (or lower revenues) or capital costs, as a direct result of a change in the quality and/or consistency of the Crude Oil or Refined Product, as applicable, and to the extent thereof.

(ii) Renegotiation of Tariff Rates. In the event that Crude Oil throughput at the Artesia Refinery and/or the Lovington Refinery exceeds 110,000 bpd or if Crude Oil viscosity exceeds 50 SSU on greater than 10,000 bpd of such Crude Oil throughput at the Artesia Refinery and/or the Lovington Refinery, and the Partnership Entities incur increased expenses (or lower revenues) or capital costs, as a direct result thereof, the Parties will renegotiate the tariff rates in good faith in order to compensate the Partnership Entities on account of such incremental expenses (or lower revenues) or capital costs, which capital costs shall also include a reasonable rate of return. If the HollyFrontier Entities and the Partnership Entities are unable to agree upon renegotiated tariff rates, the renegotiated tariff rates will be determined by binding arbitration in accordance with Section 12(e) of this Agreement.

(iii) Volume Incentive Tariff. The HollyFrontier Entities shall receive a volume incentive tariff of $0.4246 per barrel as of the date hereof to June 30, 2013, as such incentive may be revised pursuant to Section 2(q)(ii) and Schedule II attached hereto (the "Volume Incentive Tariff") under the then current applicable tariff on volumes greater than the applicable minimum volumes necessary to meet the portion of the Minimum Gathering Pipeline Revenue Commitment to be shipped during a Contract Quarter, which shall be determined and applied on a quarterly basis for purposes of this Section 2(b)(iii).

(c) Tankage Revenue Commitment. During the Term the HollyFrontier Entities shall pay the Partnership Entities throughput fees associated with the Refinery Tankage in the amount of $184,000 per month as such amount may be revised pursuant to Section 2(q)(ii) and Schedule III attached hereto (the "Tankage Revenue Commitment") in exchange for the Partnership Entities providing to the HollyFrontier Entities 613,333 barrels per month of crude oil storage capacity at the Refinery Tankage. .

(d) Roswell Terminal Operating Expenses and Payment. During the Term and subject to the terms and conditions of this Agreement, the HollyFrontier Entities shall (i) reimburse all operating expenses incurred by the Partnership Entities in their operation of the Roswell Terminal in an economic and prudent manner, in accordance with the normal and customary practices in the industry and Applicable Laws, and consistent with the historical operation of the Roswell Terminal by the HollyFrontier Entities, and (ii) make annual payment to the Partnership Entities in the amount of $100,000 as such amount may be revised pursuant to Section 2(q)(i) and Schedule IV attached hereto (such annual payment, the "Roswell Terminal Payment").

(e) Volumetric Gains and Losses. The HollyFrontier Entities shall, during the Term, (i) absorb all volumetric gains in the Crude Oil Trunk Pipelines and Crude Oil Gathering Pipelines, and (ii) be responsible for all volumetric losses in the Crude Oil Trunk Pipelines and the Crude Oil Gathering Pipelines up to a maximum of 0.5%. The Partnership Entities shall be responsible for all volumetric losses in excess of 0.5% in the Crude Oil Trunk Pipelines and Crude Oil Gathering Pipelines during the Term.

(f) Obligations of the Partnership Entities. During the Term and subject to the terms and conditions of this Agreement, including Section 12(b), the Partnership Entities agree to own or lease, operate and maintain the assets necessary to accept the deliveries from the HollyFrontier Entities and to provide the services required under this Agreement. Notwithstanding the preceding sentence, subject to Section 12(b) of this Agreement and Article V of the Omnibus Agreement, the Partnership Entities are free to sell any of their assets, including assets that provide services under this Agreement, and the Partnership or any of the Partnership Entities are free to merge with another entity (whether or not the Partnership or any of the Partnership Entities is the surviving entity in such merger) and are free to sell all of their assets, including assets that provide services under this Agreement, or all of their equity to another entity at any time. The Partnership Entities shall, upon six (6) months' prior written notice to the HollyFrontier Entities, except in the event of an emergency or in order to comply with Applicable Law, have the right to discontinue operation with respect to any of the Crude Oil Gathering Pipelines in the event that such operation becomes (i) mechanically unreliable or (ii) uneconomical due to a decline in volume. At the request of the HollyFrontier Entities, and subject in each case to any applicable common carrier proration duties, the Partnership Entities agree to use commercially reasonable efforts to transport by pipeline for the HollyFrontier Entities each month during the Term: (i) quantities of Crude Oil equal to the Trunk Pipeline Minimum Capacity on the Crude Oil Trunk Pipelines; (ii) quantities of Crude Oil equal to the Gathering Pipeline Minimum Capacity on the Crude Oil Gathering Pipelines; (iii) quantities of Crude Oil and Refined Product equal to the Woods Cross Minimum Capacity, collectively, on the Woods Cross Pipelines; and (iv) quantities of Refined Product equal to the Roswell Pipeline Minimum Capacity on the Roswell Products Pipeline. To the extent that the HollyFrontier Entities are entitled to an exception under Section 3 to their obligations under Section 2(a), the corresponding obligations of the Partnership Entities under this Section 2(f) will be proportionately reduced.

(g) Drag Reducing Agents and Additives. If the Partnership Entities determine that adding drag reducing agents ("DRA") and additives to the Crude Oil and Refined Products is reasonably required to move Crude Oil and Refined Product in the quantities necessary to meet the HollyFrontier Entities' schedule or as may be otherwise be required to safely move such quantities of Crude Oil and Refined Product, the Partnership Entities shall provide the HollyFrontier Entities with an analysis of the proposed cost and benefits thereof. In the event that the HollyFrontier Entities agree to use such additives as proposed by the Partnership Entities, the HollyFrontier Entities shall reimburse the Partnership Entities for the costs of adding any additive, including DRA and/or other additives to the Crude Oil and Refined Product. All fuel additives, anti-icers and DRA (collectively, "Additives") added to the Crude Oil and Refined Product pursuant to this Section 2(g) will be provided by the HollyFrontier Entities at no cost to the Partnership Entities or, if the Partnership Entities provide Additives, then the HollyFrontier Entities agree to reimburse the Partnership Entities for the costs of the Additives.

(h) Reimbursement for Initial Tank Inspections. The HollyFrontier Entities will, during the period that commences on the Effective Time and ends five (5) years thereafter (the "Initial Tank Inspection Period"), reimburse the Partnership Entities for the actual costs incurred by the Partnership Entities in performing the first regularly scheduled API 653 inspection conducted after the Effective Time of the tanks included within the Tankage Assets (the "Initial Tank Inspections"), and any repairs or tests or consequential remediation that may be required to be made to such Tankage Assets as a result of any discovery made during the Initial Tank Inspections; provided, however, that (i) the HollyFrontier Entities are not obligated to reimburse the Partnership Entities for any costs associated with or arising from any inspection of Relocated Tank 437 or Replacement Tank 439, and (ii) upon expiration of the Initial Tank Inspection Period, all of the obligations of the HollyFrontier Entities pursuant to this Section 2(h) shall terminate, except that the Initial Tank Inspection Period shall be extended if, and only to the extent that (a) inaccessibility of the Tankage Assets during the Initial Tank Inspection Period caused the delay of an Initial Tank Inspection originally scheduled to be performed during the Initial Tank Inspection Period, and (b) the HollyFrontier Entities received notice from the Partnership Entities regarding such delay at the time it occurred.

(i) Taxes. The HollyFrontier Entities will pay all taxes, import duties, license fees and other charges by any Governmental Authority levied on or with respect to the Crude Oil and Refined Product delivered by the HollyFrontier Entities for transportation by the Partnership Entities in the Pipeline Assets including, but not limited to, any New Mexico gross receipts and compensating (use) taxes. The HollyFrontier Entities will reimburse the Partnership Entities for the New Mexico gross receipts tax, but not income tax, levied on or with respect to the transportation services provided by the Partnership Entities to the HollyFrontier Entities under this Agreement. Should any Party be required to pay or collect any taxes, duties, charges and or assessments pursuant to any Applicable Law or authority now in effect or hereafter to become effective which are payable by the any other Party pursuant to this Section 2(i) the proper Party shall promptly reimburse the other Party therefor.

(j) Timing of Payments. The HollyFrontier Entities will make payments to the Partnership Entities by electronic payment with immediately available funds on a monthly basis during the Term with respect to services rendered or reimbursable costs or expenses incurred by the Partnership Entities under this Agreement in the prior month. Payments not received by the Partnership Entities on or prior to the applicable payment date will accrue interest at the Prime Rate from the applicable payment date until paid.

(k) Marketing of Transportation and Storage Services. The Partnership Entities may market transportation and storage services to third parties on the Crude Oil Trunk Pipelines or the Crude Oil Gathering Pipelines, provided that (i) the Partnership Entities provide the HollyFrontier Entities with prior written notice describing the purported transportation and/or storage services to the extent permitted by Applicable Law; and (ii) the HollyFrontier Entities remain satisfied that such transportation and storage services marketed by the Partnership Entities has not negatively affected the HollyFrontier Entities' ability to utilize the Drop-Down Assets in any material respect and the quality and quantity of the Crude Oil has not been materially degraded or otherwise impaired.

(l) Change in Pipeline Direction; Product Service or Origination and Destination. Without the HollyFrontier Entities' prior written consent, which shall not be unreasonably withheld, the Partnership Entities shall not (i) reverse the direction of any of the Pipeline Assets; (ii) change, alter or modify the product service of any of the Pipeline Assets; or (iii) change, alter or modify the origination or destination of any of the Pipeline Assets; provided, however, that the Partnership Entities may take any necessary emergency action to prevent or remedy a release of Crude Oil or Refined Product, as applicable, from any of the Pipeline Assets without obtaining the consent required by this Section 2(l). The HollyFrontier Entities shall have the right to reverse the direction of any of the Pipeline Assets if the HollyFrontier Entities agree to (i) reimburse the Partnership Entities for the additional costs and expenses incurred by the Partnership Entities as a result of such change in direction (both to reverse and re-reverse); (ii) reimburse the Partnership Entities for all costs arising out of the Partnership Entities' inability to perform under any transportation service contract due to the reversal of the direction of the Pipeline Assets; and (iii) pay the flow reversal rates as set forth on Exhibit E, as it may be amended from time-to-time in accordance with this Agreement. The tariff rates applicable to any such flow reversal shall be as set forth on Exhibit E and shall be adjusted each year as provided in Section 2(q)(i).

(m) Notification of Utilization. Upon request by the Partnership Entities, the HollyFrontier Entities will provide to the Partnership Entities written notification of the HollyFrontier Entities' reasonable good faith estimate of their anticipated future utilization of any of the Drop-Down Assets as soon as reasonably practicable after receiving such request.

(n) Scheduling and Accepting Deliveries. The Partnership Entities will use their reasonable commercial efforts to schedule movement and accept deliveries of Crude Oil and Refined Product in a manner that is consistent with the historical dealings between the Parties, as such dealings may change from time to time.

(o) Increases in Pipeline Tariff Rates and Tankage Fees. If new Applicable Laws are enacted that require the Partnership Entities to make capital expenditures with respect to the Drop-Down Assets, the Partnership Entities may amend the tariff rates in order to recover the Partnership Entities' cost of complying with these Applicable Laws (including a reasonable return). The HollyFrontier Entities and the Partnership Entities shall use their reasonable commercial efforts to comply with these Applicable Laws, and shall negotiate in good faith to mitigate the impact of these Applicable Laws and to determine the amount of the new tariff rates. If the HollyFrontier Entities and the Partnership Entities are unable to agree on the amount of the new tariff rates that the Partnership Entities will charge, such tariff rates will be determined by binding arbitration in accordance with Section 12(e). Exhibit A, Exhibit B, Exhibit C, Exhibit D or any other applicable exhibit or schedule to this Agreement will be updated, amended or revised, as applicable, in accordance with this Agreement to reflect any changes in tariff rates agreed to in accordance with this Section 2(o).

(p) Lease Connection Expenses. The Partnership Entities shall construct and add such new lease connection pipelines to the Crude Oil Gathering Pipelines, as requested by the HollyFrontier Entities; provided, however, that the obligation of the Partnership Entities to construct and add such new lease connection pipelines shall be limited to $250,000 per calendar year from

the Effective Time through the calendar year ending December 31, 2012, and $275,000 per calendar year from the calendar year beginning January 1, 2013 until the end of the Term (the "Lease Connection Expense Cap"). In the event the HollyFrontier Entities request that the Partnership Entities construct new lease connection pipelines in excess of the Lease Connection Expense Cap, then the Partnership Entities will be reimbursed for costs and expenses incurred by them in excess of the Lease Connection Expense Cap as follows:

(i) Incremental Capital and Capital Fee. At the end of each calendar year beginning in 2009 and in each subsequent year, the Partnership Entities will calculate the total lease connection expansion capital spent in the prior calendar year and subtract the Lease Connection Expense Cap (such difference, the "Incremental Capital"); provided, however, that no amounts spent regarding the Devon Lease Connection Pipelines shall be included in calculating Incremental Capital. The Partnership Entities shall use the Incremental Capital to calculate a monthly fee (the "Capital Fee") to provide the Partnership Entities with a simple 15% return calculated over a seven year period. The Capital Fee shall be charged to the HollyFrontier Entities over a seven year period commencing January 1st of the year following the calendar year in which such Incremental Capital was incurred by the Partnership Entities. The Capital Fee is in addition to the previous agreed gathering fee set forth on Exhibit B.

(ii) Capital Calculation Notice. The Partnership Entities shall provide the HollyFrontier Entities with written notice of their calculation of the Incremental Capital and the Capital Fee (the "Capital Calculation Notice"), as well as supporting documentation, by no later than 30 days following the end of a calendar year.

(iii) Disagreement over Incremental Capital or Capital Fee. If the HollyFrontier Entities disagree with the Partnership Entities' calculation of the Incremental Capital or Capital Fee, then the HollyFrontier Entities shall send written notice thereof to the Partnership Entities and a senior officer of HollyFrontier (on behalf of the HollyFrontier Entities) and a senior officer of the Partnership (on behalf of the Partnership Entities) shall meet or communicate by telephone at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary and shall negotiate in good faith to attempt to resolve any differences that they may have with respect to the calculation of the Incremental Capital or the Capital Fee. During the 30-day period following the Partnership Entities' delivery to the HollyFrontier Entities of the Capital Calculation Notice, the HollyFrontier Entities shall have access to the working papers of the Partnership Entities relating to such calculations. If such differences are not resolved within 30 days following the Partnership Entities' delivery to the HollyFrontier Entities of the Capital Calculation Notice, the HollyFrontier Entities and the Partnership Entities shall, within forty-five (45) days following the Partnership Entities' delivery to the HollyFrontier Entities of the Capital Calculation Notice, submit any and all matters which remain in dispute to arbitration in accordance with Section 12(e).

(q) PPI and FERC Oil Pipeline Index Adjustments.

(i) PPI Adjustments.

A. The Minimum Roswell Pipeline Revenue Commitment, the Minimum Trunk Pipeline Revenue Commitment, the Minimum Gathering Pipeline Revenue Commitment, the Minimum Woods Cross Pipeline Revenue Commitment and the Roswell Terminal Payment shall be adjusted on July 1 of each Contract Year commencing on July 1, 2008, by an amount equal to the percentage increase, if any, in the PPI rounded to four decimal places.

B. The change factor shall be calculated as follows: annual PPI index (most current year) less annual PPI index (most current year minus 1) divided by annual PPI index (most current year minus 1). An example for year 2006 change is: [PPI (2005) – PPI (2004)] / PPI (2004) or (155.7 – 148.5) / 148.5 or .0485 or 4.85%. If the PPI index change is negative in a given year then there will be no change in the Minimum Pipeline Revenue Commitment.

(ii) FERC Oil Pipeline Index Adjustments.

A. The tariff rates specified in Section 2(b)(i) and the Volume Incentive Tariff shall be adjusted on the first day of each Contract Year (commencing on July 1, 2008 in the case of tariff rates and commencing July 1, 2010 in the case of the Volume Incentive Tariff), by an amount equal to the percentage change, if any, between the two (2) immediately preceding calendar years, in the FERC Oil Pipeline Index.

B. The amount of the Tankage Revenue Commitment shall be adjusted upward on the first day of each Contract Year commencing on July 1, 2008, by an amount equal to the percentage change, if any, between the two (2) immediately preceding calendar years, in the FERC Oil Pipeline Index. If the percentage change in the FERC Oil Pipeline Index is negative in a given year then there will be no change in the Tankage Revenue Commitment.

(iii) Replacement Index. If the PPI or the FERC Oil Pipeline Index is no longer published, the HollyFrontier Entities and the Partnership Entities shall negotiate in good faith to agree on a new index that gives comparable protection against inflation or deflation and the same method of adjustment for increases in the new index shall be used to calculate increases in the Minimum Pipeline Revenue Commitment, tariff rates, the Volume Incentive Tariff, Tankage Revenue Commitment, or Roswell Terminal Payment, as applicable. If the HollyFrontier Entities and the Partnership Entities are unable to agree, a new index will be determined by binding arbitration in accordance with Section 12(e), and the same method of adjustment for increases or decreases in the new index shall be used to calculate increases in the Minimum Pipeline Revenue Commitment, tariff rates, the Volume Incentive Tariff, Tankage Revenue Commitment, or Roswell Terminal Payment, as applicable.

(r) Amendments to Schedules and Exhibits. To evidence the Parties' agreement to each adjusted Minimum Pipeline Revenue Commitment, tariff rate, Volume Incentive Tariff, Tankage Revenue Commitment, or Roswell Terminal Payment, the Parties may, but shall not be required to execute an amended, modified, revised or updated Schedule or Exhibit, as applicable and attach it to this Agreement. Such amended, modified, revised or updated Schedule or Exhibit shall be sequentially numbered (e.g. Schedule I-1, Schedule I-2, etc.), dated and appended as an additional schedule or exhibit to this Agreement and shall replace the prior version of the Schedule or Exhibit in its entirety after its date of effectiveness, except as specified therein.

(s) Crude Oil Trunk Pipelines Volume Measurement. The HollyFrontier Entities will not be charged the tariff rates applicable to services on the Crude Oil Trunk Pipelines for volumes of Crude Oil moved over the 4 inch, 1.2 mile Abo Station to BP Sweet System pipeline (since such volumes of Crude Oil are not ultimately shipped to a HollyFrontier refinery), though such volumes of Crude Oil so shipped may be charged the tariff rates applicable to services on the Crude Oil Gathering Pipelines, as further specified in Section 2(t) below.

(t) Crude Oil Gathering Pipelines Volume Measurements. The HollyFrontier Entities will be charged the tariff applicable to service on the Crude Oil Gathering Pipelines for all volumes (whether shipped by pipeline or truck) of Crude Oil delivered to the following Crude Oil gathering stations:

- Abo
- Artesia
- Barnsdall
- Baumgart
- Beeson
- Burton Flats
- Lovington Station 126 - Chevron LACTs
- Maljamar Park
- Monument Sweet
- North Monument
- South Monument
- Riley
- Russell
- Seminole
- Wood

Additionally, the measurement points for measuring such volumes shall be as follows (with the stations included or excluded at such measurement points set forth in the parenthetical next to such measurement point):

- Abo
- Artesia (includes Burton Flats)
- Barnsdall
- Beeson (includes Maljamar Park)
- Monument Sour (includes North Monument and South Monument)
- Monument Sweet
- Riley (includes Baumgart)
- Russell (excludes Riley and Baumgart volumes already counted at Riley)
- Wood (includes Seminole)
- Lovington Station 126 – Chevron LACTs

The Parties may, by mutual written agreement, amend the lists above to add or remove stations, or to change measurement points.

Section 2. Force Majeure

In the event that any Party is rendered unable, wholly or in part, by a Force Majeure event from performing its obligations under this Agreement, then, upon the delivery of notice and full particulars of the Force Majeure event in writing within a reasonable time after the occurrence of the Force Majeure event relied on ("Force Majeure Notice"), the obligations of the Parties, so far as they are affected by the Force Majeure event, shall be suspended for the duration of any inability so caused. Any suspension of the obligations of the Parties as a result of this Section 3 for a period of more than thirty (30) consecutive days shall extend the Term (to the extent so affected) for a period equivalent to the duration of the inability set forth in the Force Majeure Notice. The HollyFrontier Entities will be required to pay any amounts accrued and due under this Agreement at the time of the Force Majeure event. The cause of the Force Majeure event shall so far as possible be remedied with all reasonable dispatch, except that no Party shall be compelled to resolve any strikes, lockouts or other industrial disputes other than as it shall determine to be in its best interests. In the event a Force Majeure event prevents the Partnership Entities or the HollyFrontier Entities from performing substantially all of their respective obligations under this Agreement for a period of more than one (1) year, this Agreement may be terminated by the Partnership Entities or the HollyFrontier Entities by providing written notice thereof to the other Party. Nothing in this Section 3 shall alter the liability of the Partnership Entities as set forth in the applicable rules and regulations tariffs for the Pipeline Assets.

Section 3. Agreement to Remain Shipper

With respect to any Refined Product that is produced at a Refinery and transported in the Roswell Products Pipeline or Woods Cross Pipelines or any Crude Oil that is acquired by the HollyFrontier Entities and transported on the Crude Oil Trunk Pipelines, Crude Oil Gathering Pipelines or Woods Cross Pipelines and stored in the Artesia Crude Oil Pipeline Tankage or

Lovington Crude Oil Pipeline Tankage, the HollyFrontier Entities agree that they will continue their historical commercial practice of owning such Crude Oil or Refined Product, as applicable, from such point as (i) the Refined Product leaves the Refinery until at least such point as it will not be further transported in the Roswell Products Pipeline or Woods Cross Pipelines and to continue acting in the capacity of the shipper of such Refined Product for their own account at all times that such Refined Product is in the Roswell Products Pipeline or Woods Cross Pipeline; and (ii) the Crude Oil is received into the Crude Oil Trunk Pipelines, Crude Oil Gathering Pipelines or Woods Cross Pipelines by the Partnership Entities until such time that it is delivered to the Artesia Crude Oil Pipeline Tankage at the Artesia Refinery or delivered to the Lovington Crude Oil Pipeline Tankage at the Lovington Refinery.

Section 4. Agreement Not to Challenge Tariffs

The HollyFrontier Entities agree to any tariff rate changes for the Pipeline Assets in accordance with this Agreement. The HollyFrontier Entities agree (a) not to challenge, nor to cause their Affiliates to challenge, nor to encourage or recommend to any other Person that it challenge, or voluntarily assist in any way any other Person in challenging, in any forum, tariffs (including joint tariffs) of the Partnership Entities that the Partnership Entities have filed or may file containing rates, rules or regulations that are in effect at any time during the Term and regulate the transportation of the Crude Oil or Refined Product, and (b) not to protest or file a complaint, nor cause their Affiliates to protest or file a complaint, nor encourage or recommend to any other Person that it protest or file a complaint, or voluntarily assist in any way any other Person in protesting or filing a complaint, with respect to regulatory filings that the Partnership Entities have made or may make at any time during the Term to change tariffs (including joint tariffs) for transportation of Crude Oil or Refined Product in each case so long as such tariffs, regulatory filings or rates changed do not conflict with the terms of this Agreement.

Section 5. Effectiveness and Term

This Agreement shall be effective as of the Effective Time, and shall terminate at 12:01 a.m. Dallas, Texas, time on February 28, 2023, unless extended by written mutual agreement of the Parties or as set forth in Section 7 (the "Term"); provided, however, that Section 5 shall survive the termination of this Agreement. The Party(ies) desiring to extend this Agreement pursuant to this Section 6 shall provide prior written notice to the other Parties of its desire to so extend this Agreement; such written notice shall be provided not more than twenty-four (24) months and not less than the later of twelve (12) months prior to the date of termination or ten (10) days after receipt of a written request from another Party (which request may be delivered no earlier than twelve (12) months prior to the date of termination) to provide any such notice or lose such right.

Section 6. Right to Enter into a New Agreement

(a) Prior Written Notice. In the event that the HollyFrontier Entities provide prior written notice to the Partnership Entities of the desire of the HollyFrontier Entities to extend this Agreement by written mutual agreement of the Parties, the Parties shall negotiate in good faith to extend this Agreement by written mutual agreement, but, if such negotiations fail to produce a written mutual agreement for extension by a date six months prior to the termination date, then the Partnership

Entities shall have the right to negotiate to enter into one or more pipeline and tankage agreements with one or more third parties to begin after the date of termination, provided that until the end of one year following termination without renewal of this Agreement, the HollyFrontier Entities will have the right to enter into a new pipelines and tankage agreement with the Partnership Entities on commercial terms that substantially match the terms upon which the Partnership Entities propose to enter into an agreement with a third party for similar services with respect to all or a material portion of the Drop-Down Assets. In such circumstances, the Partnership Entities shall give the HollyFrontier Entities forty-five (45) days prior written notice of any proposed new pipelines and tankage agreement with a third party, and such notice shall inform the HollyFrontier Entities of the fee schedules, tariffs, duration and any other terms of the proposed third party agreement and the HollyFrontier Entities shall have forty-five (45) days following receipt of such notice to agree to the terms specified in the notice or the HollyFrontier Entities shall lose the rights specified by this Section 7(a) with respect to the assets that are the subject of such notice.

(b) No Prior Written Notice. In the event that the HollyFrontier Entities fail to provide prior written notice to the Partnership Entities of the desire of the HollyFrontier Entities to extend this Agreement by written mutual agreement of the Parties pursuant to Section 6, the Partnership Entities shall have the right, during the period from the date of the HollyFrontier Entities' failure to provide written notice pursuant to Section 6 to the date of termination of this Agreement, to negotiate to enter into a new pipelines and tankage agreement with a third party, provided however that at any time during the twelve (12) months prior to the expiration of the Term, the HollyFrontier Entities will have the right to enter into a new pipelines and tankage agreement with the Partnership Entities on commercial terms that substantially match the terms upon which the Partnership Entities propose to enter into an agreement with a third party for similar services with respect to all or a material portion of the Drop-Down Assets. In such circumstances, the Partnership Entities shall give the HollyFrontier Entities forty-five (45) days prior written notice of any proposed new pipelines and tankage agreement with a third party, and such notice shall inform the HollyFrontier Entities of the fee schedules, tariffs, duration and any other terms of the proposed third party agreement and the HollyFrontier Entities shall have forty-five (45) days following receipt of such notice to agree to the terms specified in the notice or the HollyFrontier Entities shall lose the rights specified by this Section 7(b) with respect to the assets that are the subject of such notice.

Section 7. Notices

(a) Notices. Any notice or other communication given under this Agreement shall be in writing and shall be (i) delivered personally, (ii) sent by documented overnight delivery service, (iii) sent by email transmission, or (iv) sent by first class mail, postage prepaid (certified or registered mail, return receipt requested). Such notice shall be deemed to have been duly given (x) if received, on the date of the delivery, with a receipt for delivery, (y) if refused, on the date of the refused delivery, with a receipt for refusal, or (z) with respect to email transmissions, on the date the recipient confirms receipt. Notices or other communications shall be directed to the following addresses:

Notices to the HollyFrontier Entities:

c/o HollyFrontier Corporation

2828 N. Harwood, Suite 1300
Dallas, Texas 75201
Attn: President
Email address: president@hollyfrontier.com

with a copy, which shall not constitute notice, but is required in order to giver proper notice, to:

c/o HollyFrontier Corporation
2828 N. Harwood, Suite 1300
Dallas, Texas 75201
Attn: General Counsel
Email address: generalcounsel@hollyfrontier.com

Notices to the Partnership Entities:

c/o Holly Energy Partners, L.P.
2828 N. Harwood, Suite 1300
Dallas, TX 75201
Attn: President
Email address: president@hollyenergy.com

with a copy, which shall not constitute notice, but is required in order to give proper notice, to:

c/o Holly Energy Partners, L.P.
2828 N. Harwood, Suite 1300
Dallas, Texas 75201
Attn: General Counsel
Email address: general.counsel@hollyenergy.com

(b) Address Change. Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section 8.

Section 8. Deficiency Payments

(a) Deficiency Notice. As soon as practicable following the end of each Contract Quarter under this Agreement, the Partnership Entities shall deliver to the HollyFrontier Entities a written notice (the "Deficiency Notice") detailing any failure of the HollyFrontier Entities to meet their obligations under Section 2(a)(i), Section 2(c), Section 2(d) or Section 2(p), provided that the HollyFrontier Entities' obligations pursuant to the Minimum Trunk Pipeline Revenue Commitment, Minimum Gathering Pipeline Revenue Commitment, Minimum Woods Cross Pipeline Revenue Commitment and the Minimum Roswell Pipeline Revenue Commitment shall, in each case, be assessed on a quarterly basis for the purposes of this Section 9. The Deficiency Notice shall

(i) specify in reasonable detail the nature of any deficiency and (ii) specify the approximate dollar amount that the Partnership Entities believe would have been paid by the HollyFrontier Entities to the Partnership Entities if the HollyFrontier Entities had complied with their respective obligations pursuant to Section 2(a)(i), Section 2(c), Section 2(d) or Section 2(p), as applicable (the "Deficiency Payment"). The HollyFrontier Entities shall pay the Deficiency Payment to the Partnership Entities upon the later of: (A) ten (10) days after their receipt of the Deficiency Notice and (B) thirty (30) days following the end of the related Contract Quarter.

(b) Disagreement regarding Deficiency Notice. If the HollyFrontier Entities disagree with the Deficiency Notice, then, following the payment of the Deficiency Payment to the Partnership Entities, the HollyFrontier Entities shall send written notice thereof to the Partnership Entities and a senior officer of HollyFrontier (on behalf of the HollyFrontier Entities) and a senior officer of the Partnership (on behalf of the Partnership Entities) shall meet or communicate by telephone at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary and shall negotiate in good faith to attempt to resolve any differences that they may have with respect to matters specified in the Deficiency Notice. During the 30-day period following the payment of the Deficiency Payment, the HollyFrontier Entities shall have access to the working papers of the Partnership Entities relating to the Deficiency Notice. If such differences are not resolved within thirty (30) days following the payment of the Deficiency Payment, the HollyFrontier Entities and the Partnership Entities shall, within forty-five (45) days following the payment of the Deficiency Payment, submit any and all matters which remain in dispute and which were properly included in the Deficiency Notice to arbitration in accordance with Section 12(e).

(c) Refund. If it is finally determined pursuant to this Section 9 that the HollyFrontier Entities are not required to make any or all of the Deficiency Payment (the "Refund"), the Partnership Entities shall promptly pay to the HollyFrontier Entities the Refund, together with interest thereon at the Prime Rate, in immediately available funds.

(d) No Carry-Over Deficiency. The Parties acknowledge and agree that there shall be no carry-over of deficiency volumes with respect to the Minimum Pipeline Revenue Commitment.

(e) No Aggregation. The Parties acknowledge and agree that the Minimum Pipeline Revenue Commitment shall not be aggregated for purposes of determining any deficiency pursuant to this Section 9.

(f) No Right to Setoff. No Party shall have a right to setoff revenue in excess of the minimum revenue commitment of the Minimum Trunk Pipeline Revenue Commitment, the Minimum Gathering Pipeline Revenue Commitment, the Minimum Woods Cross Pipeline Revenue Commitment or the Minimum Roswell Pipeline Revenue Commitment with respect to any deficiency under the Minimum Trunk Pipeline Revenue Commitment, the Minimum Gathering Pipeline Revenue Commitment, the Minimum Woods Cross Pipeline Revenue Commitment or the Minimum Roswell Pipeline Revenue Commitment.

Section 9. Right of First Refusal The Parties acknowledge the right of first refusal of the HollyFrontier Entities with respect to the Drop-Down Assets provided in the Omnibus Agreement.

Section 10. Limitation of Damages

(a) Limitation. NOTWITHSTANDING ANYTHING CONTAINED TO THE CONTRARY IN ANY OTHER PROVISION OF THIS AGREEMENT AND EXCEPT FOR CLAIMS MADE BY THIRD PARTIES WHICH SHALL NOT BE LIMITED BY THIS PARAGRAPH, THE PARTIES AGREE THAT THE RECOVERY BY ANY PARTY OF ANY LIABILITIES, DAMAGES, COSTS OR OTHER EXPENSES SUFFERED OR INCURRED BY IT AS A RESULT OF ANY BREACH OR NONFULFILLMENT BY A PARTY OF ANY OF ITS REPRESENTATIONS, WARRANTIES, COVENANTS, AGREEMENTS OR OTHER OBLIGATIONS UNDER THIS AGREEMENT, OR IN CONNECTION WITH A CLAIM FOR INDEMNIFICATION UNDER THIS SECTION 11, SHALL BE LIMITED TO ACTUAL DAMAGES AND SHALL NOT INCLUDE OR APPLY TO, NOR SHALL ANY PARTY BE ENTITLED TO RECOVER, ANY INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES ON ACCOUNT OF LOST PROFITS OR OPPORTUNITIES OR BUSINESS INTERRUPTION OR DIMINUTION IN VALUE) SUFFERED OR INCURRED BY ANY PARTY; PROVIDED, HOWEVER, THAT SUCH RESTRICTION AND LIMITATION SHALL NOT APPLY (x) AS A RESULT OF A THIRD PARTY CLAIM FOR SUCH INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES OR (y) TO INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES ON ACCOUNT OF LOST PROFITS OR OPPORTUNITIES OR BUSINESS INTERRUPTION OR DIMINUTION IN VALUE) THAT ARE A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE BREACHING OR NONFULFILLING PARTY OR ITS AFFILIATES.

(b) HollyFrontier Entity Indemnity. Each HollyFrontier Entity shall indemnify, defend, and hold harmless HEP Operating and its Affiliates from and against any losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs, and expenses (including, without limitation, court costs and reasonable attorneys' fees) of any and every kind or character, known or unknown, fixed or contingent, suffered or incurred by such HollyFrontier Entity to the extent resulting or arising from, or attributable to, acts or omissions of such HollyFrontier Entity in connection with the performance of such HollyFrontier Entity's obligations under this Agreement that constitute negligence.

(c) HEP Operating Indemnity. HEP Operating shall indemnify, defend, and hold harmless the HollyFrontier Entities and their Affiliates from and against any losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs, and expenses (including, without limitation, court costs and reasonable attorneys' fees) of any and every kind or character, known or unknown, fixed or contingent, suffered or incurred by the HollyFrontier Entities and their Affiliates, including loss of Crude Oil from the Pipeline System, to the extent resulting or arising from, or attributable, to (i) events and conditions associated with the operation

of the Pipeline System, or (ii) acts or omissions of HEP Operating and its Affiliates in connection with the performance of HEP Operating's obligations under this Agreement that constitute negligence; provided, however, that, with respect to loss of Crude Oil from the Pipeline System, HEP Operating will only be liable for losses in excess of 1,000 barrels with respect to each individual incident of Crude Oil loss.

Section 11. Miscellaneous

(a) Amendments and Waivers. No amendment or modification of this Agreement shall be valid unless it is in writing and signed by the Parties. No waiver of any provision of this Agreement shall be valid unless it is in writing and signed by the Party against whom the waiver is sought to be enforced. Any of the exhibits or schedules to this Agreement may be amended, modified, revised or updated by the Parties if each of the Parties executes an amended, modified, revised or updated exhibit or schedule, as applicable, and attaches it to this Agreement. Such amended, modified, revised or updated exhibits or schedules shall be sequentially numbered (e.g. Exhibit A-1, Exhibit A-2, etc.), dated and appended as an additional exhibit or schedule to this Agreement and shall replace the prior exhibit or schedule, as applicable, in its entirety, after its date of effectiveness, except as specified therein. No failure or delay in exercising any right hereunder, and no course of conduct, shall operate as a waiver of any provision of this Agreement. No single or partial exercise of a right hereunder shall preclude further or complete exercise of that right or any other right hereunder.

(b) Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, the HollyFrontier Entities, the Partnership Entities and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned without the prior written consent of the HollyFrontier Entities (in the case of any assignment by the Partnership Entities) or the Partnership Entities (in the case of any assignment by the HollyFrontier Entities), in each case, such consent is not to be unreasonably withheld or delayed; provided, however, that (i) the Partnership Entities may make such an assignment (including a partial pro rata assignment) to an Affiliate of the Partnership Entities without the HollyFrontier Entities' consent, (ii) the HollyFrontier Entities may make such an assignment (including a pro rata partial assignment) to an Affiliate of the HollyFrontier Entities without the Partnership Entities' consent, (iii) the HollyFrontier Entities may make a collateral assignment of their rights and obligations hereunder, and (iv) the Partnership Entities may make a collateral assignment of their rights hereunder and/or grant a security interest in their rights and obligations hereunder to a bona fide third party lender or debt holder, or trustee or representative for any of them, without the HollyFrontier Entities' consent, if such third party lender, debt holder or trustee shall have executed and delivered to the HollyFrontier Entities a non-disturbance agreement in such form as is reasonably satisfactory to the HollyFrontier Entities and such third party lender, debt holder or trustee and HollyFrontier executes an acknowledgment of such collateral assignment in such form as may from time to time be reasonably requested. Any attempt to make an assignment otherwise than as permitted by the foregoing shall be null and void. The Parties agree to require their respective successors, if any, to expressly assume, in a form of agreement reasonably acceptable to the other Parties, their obligations under this Agreement.

(c) Severability. If any provision of this Agreement shall be held invalid or unenforceable by a court or regulatory body of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

(d) Choice of Law. This Agreement shall be subject to and governed by the laws of the State of Delaware, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state.

(e) Arbitration Provision. Any and all Arbitrable Disputes must be resolved through the use of binding arbitration using three arbitrators, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as supplemented to the extent necessary to determine any procedural appeal questions by the Federal Arbitration Act (Title 9 of the United States Code). If there is any inconsistency between this Section 11(e) and the Commercial Arbitration Rules or the Federal Arbitration Act, the terms of this Section 11(e) will control the rights and obligations of the Parties. Arbitration must be initiated within the time limits set forth in this Agreement, or if no such limits apply, then within a reasonable time or the time period allowed by the applicable statute of limitations. Arbitration may be initiated by a Party ("Claimant") serving written notice on the other Party ("Respondent") that the Claimant elects to refer the Arbitrable Dispute to binding arbitration. Claimant's notice initiating binding arbitration must identify the arbitrator Claimant has appointed. The Respondent shall respond to Claimant within thirty (30) days after receipt of Claimant's notice, identifying the arbitrator Respondent has appointed. If the Respondent fails for any reason to name an arbitrator within the 30-day period, Claimant shall petition the American Arbitration Association for appointment of an arbitrator for Respondent's account. The two arbitrators so chosen shall select a third arbitrator within thirty (30) days after the second arbitrator has been appointed. The Claimant will pay the compensation and expenses of the arbitrator named by it, and the Respondent will pay the compensation and expenses of the arbitrator named by or for it. The costs of petitioning for the appointment of an arbitrator, if any, shall be paid by Respondent. The Claimant and Respondent will each pay one-half of the compensation and expenses of the third arbitrator. All arbitrators must (i) be neutral parties who have never been officers, directors or employees of any of the HollyFrontier Entities, the Partnership Entities or any of their Affiliates and (ii) have not less than seven (7) years' experience in the petroleum transportation industry. The hearing will be conducted in Dallas, Texas and commence within thirty (30) days after the selection of the third arbitrator. The HollyFrontier Entities, the Partnership Entities and the arbitrators shall proceed diligently and in good faith in order that the award may be made as promptly as possible. Except as provided in the Federal Arbitration Act, the decision of the arbitrators will be binding on and non-appealable by the Parties hereto. The arbitrators shall have no right to grant or award indirect, consequential, punitive or exemplary damages of any kind. The Arbitrable Disputes may be arbitrated in a common proceeding along with disputes under other agreements between the HollyFrontier Entities, the Partnership Entities or their Affiliates to the extent that the issues raised in such disputes are related. Without the written consent of the Parties, no unrelated disputes or third party disputes may be joined to an arbitration pursuant to this Agreement.

(f) Rights of Limited Partners. The provisions of this Agreement are enforceable solely by the Parties, and no limited partner of the Partnership shall have the right, separate and apart from

the Partnership, to enforce any provision of this Agreement or to compel any Party to comply with the terms of this Agreement.

(g) Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each signatory Party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

(h) Headings. Headings of the Sections of this Agreement are for convenience of the Parties only and shall be given no substantive or interpretative effect whatsoever. All references in this Agreement to Sections are to Sections of this Agreement unless otherwise stated.

(i) No Novation. This Agreement shall be considered an amendment and restatement of the Original Pipelines Agreement, and the Original Pipelines Agreement is hereby ratified, approved and confirmed in every respect. This Agreement is not intended to constitute a novation of the Original Pipelines Agreement and all of the obligations owing by the Parties under the Original Pipelines Agreement shall continue (and from and after the date of this Agreement, as amended hereby).

Section 12. Guarantee by HollyFrontier

(a) Payment Guaranty. HollyFrontier unconditionally, absolutely, continually and irrevocably guarantees, as principal and not as surety, to the Partnership Entities the punctual and complete payment in full when due of all amounts due from the HollyFrontier Entities under this Agreement (collectively, the "HollyFrontier Payment Obligations"). HollyFrontier agrees that the Partnership Entities shall be entitled to enforce directly against HollyFrontier any of the HollyFrontier Payment Obligations.

(b) Guaranty Absolute. HollyFrontier hereby guarantees that the HollyFrontier Payment Obligations will be paid strictly in accordance with the terms of the Agreement. The obligations of HollyFrontier under this Agreement constitute a present and continuing guaranty of payment, and not of collection or collectability. The liability of HollyFrontier under this Agreement shall be absolute, unconditional, present, continuing and irrevocable irrespective of:

(i) any assignment or other transfer of this Agreement or any of the rights thereunder of the Partnership Entities;

(ii) any amendment, waiver, renewal, extension or release of or any consent to or departure from or other action or inaction related to this Agreement;

(iii) any acceptance by the Partnership Entities of partial payment or performance from the HollyFrontier Entities;

(iv) any bankruptcy, insolvency, reorganization, arrangement, composition, adjustment, dissolution, liquidation or other like proceeding relating to the HollyFrontier

Entities or any action taken with respect to this Agreement by any trustee or receiver, or by any court, in any such proceeding;

(v) any absence of any notice to, or knowledge of, Holly, of the existence or occurrence of any of the matters or events set forth in the foregoing subsections (i) through (iv); or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor.

The obligations of HollyFrontier hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the HollyFrontier Payment Obligations or otherwise.

(c) Waiver. HollyFrontier hereby waives promptness, diligence, all setoffs, presentments, protests and notice of acceptance and any other notice relating to any of the HollyFrontier Payment Obligations and any requirement for the Partnership Entities to protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the HollyFrontier Entities, any other entity or any collateral.

(d) Subrogation Waiver. HollyFrontier agrees that for so long as there is a current or ongoing default or breach of this Agreement by any of the HollyFrontier Entities, HollyFrontier shall not have any rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification or other rights of payment or recovery from the HollyFrontier Entities for any payments made by HollyFrontier under this Section 13, and HollyFrontier hereby irrevocably waives and releases, absolutely and unconditionally, any such rights of subrogation, contribution, reimbursement, indemnification and other rights of payment or recovery it may now have or hereafter acquire against the HollyFrontier Entities during any period of default or breach of this Agreement by any of the HollyFrontier Entities until such time as there is no current or ongoing default or breach of this Agreement by the HollyFrontier Entities.

(e) Reinstatement. The obligations of HollyFrontier under this Section 13 shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the HollyFrontier Payment Obligations is rescinded or must otherwise be returned to the HollyFrontier Entities or any other entity, upon the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation or reorganization of the HollyFrontier Entities or such other entity, or for any other reason, all as though such payment had not been made.

(f) Continuing Guaranty. This Section 13 is a continuing guaranty and shall (i) remain in full force and effect until the first to occur of the indefeasible payment in full of all of the HollyFrontier Payment Obligations, (ii) be binding upon Holly, its successors and assigns and (iii) inure to the benefit of and be enforceable by the Partnership Entities and their respective successors, transferees and assigns.

(g) No Duty to Pursue Others. It shall not be necessary for the Partnership Entities (and HollyFrontier hereby waives any rights which HollyFrontier may have to require the Partnership Entities), in order to enforce such payment by Holly, first to (i) institute suit or exhaust its remedies against the HollyFrontier Entities or others liable on the HollyFrontier Payment Obligations or any other person, (ii) enforce the Partnership Entities' rights against any other guarantors of the HollyFrontier Payment Obligations, (iii) join the HollyFrontier Entities or any others liable on the HollyFrontier Payment Obligations in any action seeking to enforce this Section 13, (iv) exhaust any remedies available to the Partnership Entities against any security which shall ever have been given to secure the HollyFrontier Payment Obligations, or (v) resort to any other means of obtaining payment of the HollyFrontier Payment Obligations.

Section 13. Guarantee by the Partnership and Operating Partnership.

(a) Payment and Performance Guaranty. Each of the Partnership and the Operating Partnership unconditionally, absolutely, continually and irrevocably guarantees, as principal and not as surety, to the HollyFrontier Entities the punctual and complete payment in full when due of all amounts due from the Partnership Entities under the Agreement (collectively, the "HEP Payment Obligations") and the punctual and complete performance of all other obligations of the Partnership Entities under this Agreement (collectively, the "HEP Performance Obligations", together with the HEP Payment Obligations, the "HEP Obligations"). Each of the Partnership and the Operating Partnership agrees that the HollyFrontier Entities shall be entitled to enforce directly against the Partnership and the Operating Partnership any of the HEP Obligations.

(b) Guaranty Absolute. Each of the Partnership and the Operating Partnership hereby guarantees that the HEP Payment Obligations will be paid, and the HEP Performance Obligations will be performed, strictly in accordance with the terms of this Agreement. The obligations of each of the Partnership and the Operating Partnership under this Agreement constitute a present and continuing guaranty of payment and performance, and not of collection or collectability. The liability of each of the Partnership and the Operating Partnership under this Agreement shall be absolute, unconditional, present, continuing and irrevocable irrespective of:

(i) any assignment or other transfer of the Agreement or any of the rights thereunder of the HollyFrontier Entities;

(ii) any amendment, waiver, renewal, extension or release of or any consent to or departure from or other action or inaction related to the Agreement;

(iii) any acceptance by the HollyFrontier Entities of partial payment or performance from the Partnership Entities;

(iv) any bankruptcy, insolvency, reorganization, arrangement, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Partnership Entities or any action taken with respect to the Agreement by any trustee or receiver, or by any court, in any such proceeding;

(v) any absence of any notice to, or knowledge of, the Partnership or the Operating Partnership, of the existence or occurrence of any of the matters or events set forth in the foregoing subsections (i) through (iv); or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor.

The obligations of each of the Partnership and the Operating Partnership hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the HEP Obligations or otherwise.

(c) Waiver. Each of the Partnership and the Operating Partnership hereby waives promptness, diligence, all setoffs, presentments, protests and notice of acceptance and any other notice relating to any of the HEP Payment Obligations and any requirement for the HollyFrontier Entities to protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Partnership Entities, any other entity or any collateral.

(d) Subrogation Waiver. Each of the Partnership and the Operating Partnership agrees that for so long as there is a current or ongoing default or breach of this Agreement by any of the Partnership Entities, the Partnership and the Operating Partnership shall not have any rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification or other rights of payment or recovery from the Partnership Entities for any payments made by the Partnership or the Operating Partnership under this Section 14, and each of the Partnership and the Operating Partnership hereby irrevocably waives and releases, absolutely and unconditionally, any such rights of subrogation, contribution, reimbursement, indemnification and other rights of payment or recovery it may now have or hereafter acquire against the Partnership Entities during any period of default or breach of this Agreement by any of the Partnership Entities until such time as there is no current or ongoing default or breach of this Agreement by the Partnership Entities.

(e) Reinstatement. The obligations of the Partnership and the Operating Partnership under this Section 14 shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the HEP Payment Obligations is rescinded or must otherwise be returned to the Partnership Entities or any other entity, upon the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation or reorganization of the Partnership Entities or such other entity, or for any other reason, all as though such payment had not been made.

(f) Continuing Guaranty. This Section 14 is a continuing guaranty and shall (i) remain in full force and effect until the first to occur of the indefeasible payment and/or performance in full of all of the HEP Payment Obligations, (ii) be binding upon the Partnership, the Operating Partnership, and each of their respective successors and assigns and (iii) inure to the benefit of and be enforceable by the HollyFrontier Entities and their respective successors, transferees and assigns.

(g) No Duty to Pursue Others. It shall not be necessary for the HollyFrontier Entities (and each of the Partnership and the Operating Partnership hereby waives any rights which the Partnership or the Operating Partnership, as applicable, may have to require the HollyFrontier Entities), in order to enforce such payment by the Partnership or the Operating Partnership, first to (i) institute suit or exhaust its remedies against the Partnership Entities or others liable on the HEP Obligations or any other person, (ii) enforce the HollyFrontier Entities' rights against any other guarantors of the HEP Obligations, (iii) join the Partnership Entities or any others liable on the HEP Obligations in any action seeking to enforce this Section 14, (iv) exhaust any remedies available to the HollyFrontier Entities against any security which shall ever have been given to secure the HEP Obligations, or (v) resort to any other means of obtaining payment of the HEP Obligations.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement as of the date first written above.

PARTNERSHIP ENTITIES:

HOLLY ENERGY PARTNERS - OPERATING, L.P.

By: /s/ Bruce R. Shaw
Bruce R. Shaw
President

HEP WOODS CROSS, L.L.C.
HEP PIPELINE, L.L.C.

By: HOLLY ENERGY PARTNERS — OPERATING, L.P.,
Sole Member

By: /s/ Bruce R. Shaw
Bruce R. Shaw
President

HOLLYFRONTIER ENTITIES:

NAVAJO REFINING COMPANY, L.L.C.
HOLLY REFINING & MARKETING COMPANY – WOODS CROSS LLC
HOLLYFRONTIER REFINING & MARKETING LLC

By: /s/ Michael C. Jennings
Michael C. Jennings
Chief Executive Officer and President

[Signature Page 1 of 2 to the Second Amended and Restated Crude Pipelines and Tankage Agreement]

ACKNOWLEDGED AND AGREED
FOR PURPOSES OF Section 2(p)(iii),
Section 9(b) AND Section 13 AND
ACKNOWLEDGING THE SECOND AMENDMENT
AND RESTATEMENT OF THE ORIGINAL
PIPELINES AGREEMENT:

HOLLYFRONTIER CORPORATION

By: /s/ Michael C. Jennings
Michael C. Jennings
Chief Executive Officer and President

ACKNOWLEDGED AND AGREED
FOR PURPOSES OF Section 2(p)(iii),
Section 9(b), Section 12(f) AND Section 14
AND ACKNOWLEDGING THE SECOND AMENDMENT
AND RESTATEMENT OF THE ORIGINAL
PIPELINES AGREEMENT:

HOLLY ENERGY PARTNERS, L.P.

By: HEP Logistics Holdings, L.P.,
its General Partner

By: Holly Logistic Services, L.L.C.,
its General Partner

By: /s/ Bruce R. Shaw
Bruce R. Shaw
President

Annex A

Definitions

"Affiliate" means, with to respect to a specified person, any other person controlling, controlled by or under common control with that first person. As used in this definition, the term "control" includes (a) with respect to any person having voting securities or the equivalent and elected directors, managers or persons performing similar functions, the ownership of or power to vote, directly or indirectly, voting securities or the equivalent representing 50% or more of the power to vote in the election of directors, managers or persons performing similar functions, (b) ownership of 50% or more of the equity or equivalent interest in any person and (c) the ability to direct the business and affairs of any person by acting as a general partner, manager or otherwise. Notwithstanding the foregoing, for purposes of this Agreement, the HollyFrontier Entities, on the one hand, and the Partnership Entities, on the other hand, shall not be considered affiliates of each other.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Applicable Law" means any applicable statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, permit, approval, concession, grant, franchise, license, agreement, requirement, or other governmental restriction or any similar form of decision of, or any provision or condition of any permit, license or other operating authorization issued under any of the foregoing by, or any determination of, any Governmental Authority having or asserting jurisdiction over the matter or matters in question, whether now or hereafter in effect and in each case as amended (including, without limitation, all of the terms and provisions of the common law of such Governmental Authority), as interpreted and enforced at the time in question.

"Arbitrable Dispute" means any and all disputes, Claims, controversies and other matters in question between any of the Partnership Entities, on the one hand, and any of the HollyFrontier Entities, on the other hand, arising out of or relating to this Agreement or the alleged breach hereof, or in any way relating to the subject matter of this Agreement regardless of whether (a) allegedly extra-contractual in nature, (b) sounding in contract, tort or otherwise, (c) provided for by Applicable Law or otherwise or (d) seeking damages or any other relief, whether at law, in equity or otherwise.

"Artesia Crude Oil Pipeline Tankage" means the following crude oil tankage associated with the Artesia Delivery System:

(a) Abo Station Tank 1007;

(b) Artesia Station Tank 970;

(c) Barnsdall Station Tank 1028;

(d) Beeson Station Tanks 972 and 973;

(e) Maljamar Park Station Tanks 46, 47 and 48; and

(f) Henshaw Station Tanks 1048 and 1049.

"Artesia Delivery System" means

(a) the following crude oil pipelines:

(i) the Beeson to North Artesia pipeline (6-inch) – 11 miles;

(ii) the Barnsdall to North Artesia pipeline (4/6-inch) – 7 miles;

(iii) the Barnsdall jumper pipeline to Lovington pipeline (8-inch) – 2 miles;

(iv) the Artesia Station to North Artesia pipeline (4-inch) – 4 miles;

(v) the North Artesia to Evans Junction pipeline (8-inch) – 6 miles;

(vi) the Abo to Evans Junction pipeline (6-inch) – 1.2 miles; and

(vii) the Artesia to Bad Luck pipeline (12-inch) – 13 miles and

(b) the Artesia Crude Oil receiving, metering and handling facilities.

"Artesia Refinery" means the refining facilities owned by Navajo Refining in Artesia.

"bpd" means barrels per day.

"bpq" means barrels per quarter.

"Beeson Pipeline" means the 37-mile Crude Oil pipeline from Beeson station to Lovington, New Mexico (8-inch).

"Buyer Parties" has the meaning set forth in the recitals to this Agreement.

"Claim" means any existing or threatened future claim, demand, suit, action, investigation, proceeding, governmental action or cause of action of any kind or character (in each case, whether civil, criminal, investigative or administrative), known or unknown, under any theory, including those based on theories of contract, tort, statutory liability, strict liability, employer liability, premises liability, products liability, breach of warranty or malpractice.

"Contract Quarter" means a three-month period that commences on July 1, October 1, January 1, or April 1, and ends on September 30, December 31, March 31 or June 30, respectively, except that the initial Contract Quarter commenced on March 1, 2008.

"Contract Year" means a year that commences on July 1 and ends on the last day of June, except that the initial Contract Year commenced on March 1, 2008.

"Control" (including with correlative meaning, the term "controlled by") means, as used with respect to any Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Crude Oil" means the direct liquid product of oil wells, oil processing plants, the indirect liquid petroleum products of oil or gas wells, oil sands or a mixture of such products, but does not include natural gas liquids or Refined Products.

"Crude Oil Gathering Lease Connection Pipelines" means the following pipelines:

(a) Barnsdall Station lease connection pipelines;

(b) Maljamar Park lease connection pipelines;

(c) Beeson Station lease connection pipelines;

(d) Burton Flats lease connection pipelines;

(e) Abo Station lease connection pipelines;

(f) Artesia Station lease connection pipelines;

(g) Eagle lease connection pipelines;

(h) North Monument lease connection pipelines;

(i) South Monument lease connection pipelines;

(j) Monument Sweet lease connection pipelines;

(k) Russell Station lease connection pipelines;

(l) Riley Station lease connection pipelines;

(m) Wood Station (Seminole Gathering) lease connection pipelines;

(n) Baumgart Station lease connection pipelines;

(o) Chevron Lacts at Lovington Station 126 lease connection pipelines; and

(p) the Devon Lease Connection Pipelines.

"Crude Oil Gathering Pipelines" means the following pipelines:

(a) Abo Station to BP Sweet System (4 inch) – 1.2 miles;

(b) Artesia Station to Abo Trunk Line (6 inch) – 6.5 miles;

(c) Maljamar Park to Beeson Station (4 inch) – approximately 14 miles;

(d) Wood Station to Russell Station (6 inch) – 13.5 miles;

(e) Riley Station to Russell Station (6 inch) – 5 miles;

(f) Baumgart Station to Riley Station (6 inch) – 7 miles; and

(g) the Crude Oil Gathering Lease Connection Pipelines.

"Crude Oil Trunk Pipelines" means the Artesia Delivery System, the Lovington Delivery System, and the Beeson Pipeline.

"Devon Lease Connection Pipelines" means the 25 Devon Parkway and Devon Hackberry lease connection pipelines set forth on Exhibit D to the Malaga TSA.

"Drop-Down Assets" means, collectively, the Pipeline Assets and Tankage Assets.

"Effective Time" means 12:01 a.m., Dallas, Texas time, on March 1, 2008.

"First Amended Pipelines Agreement" means that certain Amended and Restated Pipelines and Tankage Agreement entered into on December 1, 2009, to be effective as of January 1, 2009, as amended, among Holly, Navajo Pipeline, Navajo Refining, Woods Cross Refining, the Partnership, the Operating Partnership, HEP Pipeline and HEP Woods Cross.

"Force Majeure" means acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, civil disturbances, riots; storms, floods, washouts; arrests, the emergency, disaster or crisis order of any Governmental Authority having jurisdiction while the same is in force and effect; explosions, breakage, accident to machinery, storage tanks or lines of pipe; inability to obtain or unavoidable delay in obtaining material or equipment; and any other causes whether of the kind herein enumerated or otherwise not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome. Notwithstanding anything in this Agreement to the contrary, inability of a Party to make payments when due, be profitable or to secure funds, arrange bank loans or other financing, obtain credit or have adequate capacity or production (other than for reasons of Force Majeure) shall not be regarded as events of Force Majeure.

"Governmental Authority" means any federal, state, local or foreign government or any provincial, departmental or other political subdivision thereof, or any entity, body or authority exercising executive, legislative, judicial, regulatory, administrative or other governmental functions or any court, department, commission, board, bureau, agency, instrumentality or administrative body of any of the foregoing.

"HollyFrontier" means HollyFrontier Corporation (formerly known as Holly Corporation), a Delaware corporation.

"Lovington Crude Oil Pipeline Tankage" means the following crude oil tankage associated with the Lovington Delivery System:

(a) Crouch Station Tank 1038;

(b) Monument Junction Tank;

(c) Hobbs Station Tanks 5201 and 5202;

(d) Russell Station Tanks 5101, 5102 and 5103;

(e) Wood Station Tanks 5301 and 5302;

(f) Riley Station Tanks 5001 and 5003; and

(g) Baumgart Station Tank 5002.

"Lovington Delivery System" means the following crude oil pipelines:

(a) the Russell to Lovington pipeline (12-inch) – 23 miles;

(b) the Hobbs to Lovington pipeline (8-inch) – 20 miles;

(c) the Crouch to Lovington pipeline (6/8-inch) – 11 miles;

(d) the Russell to Hobbs pipeline (6-inch) – 20 miles; and

(e) the Gaines to Hobbs pipeline (6-inch) – 6 miles.

"Lovington Refinery" means the refining facilities owned by Navajo Refining near Lovington, New Mexico.

"Malaga TSA" means that certain Transportation Services Agreement dated as of July 16, 2013, to be effective as of 12:01 a.m., Dallas, Texas time, on June 1, 2013, by and between HFRM and the Operating Partnership, pursuant to which the Operating Partnership will provide certain transportation services for HFRM on the Pipeline System (as defined in the Malaga TSA).

"Minimum Pipeline Revenue Commitment" means the Minimum Roswell Pipeline Revenue Commitment, the Minimum Trunk Pipeline Revenue Commitment, the Minimum Gathering Pipeline Revenue Commitment and the Minimum Woods Cross Pipeline Revenue Commitment.

"Navajo Pipeline" means Navajo Pipeline Co., L.P., a Delaware limited partnership.

"Omnibus Agreement" means the Eighth Amended and Restated Omnibus Agreement, dated as of the date hereof, by and among Holly, the Partnership and certain of their respective subsidiaries.

"Original Pipelines Agreement" means that certain Pipelines and Tankage Agreement dated February 29, 2008, as amended.

“Partnership” means Holly Energy Partners, L.P., a Delaware limited partnership.

“Person” means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

“Pipeline Assets” means, collectively: (i) the Crude Oil Trunk Pipelines; (ii) the Crude Oil Gathering Pipelines; (iii) the Woods Cross Pipelines; and (iv) the Roswell Products Pipeline.

“PPI” means the Producers Price Index-Commodities-Finished Goods, (PPI), et al., produced by the U.S. Department of Labor, Bureaus of Labor Statistics, series ID WPUSOP3000 (as of December 31, 2007) – located at http://www.bls.gov/data/.

“Prime Rate” means the prime rate per annum announced by Union Bank, N.A., or if Union Bank, N.A. no longer announces a prime rate for any reason, the prime rate per annum announced by the largest U.S. bank measured by deposits from time to time as its base rate on corporate loans, automatically fluctuating upward or downward with each announcement of such prime rate.

“Product” means Refined Products and Crude Oil.

“Refined Product” means jet fuel, gasoline, kerosene and diesel fuel.

“Refineries” means, collectively, the Artesia Refinery, the Lovington Refinery and the Woods Cross Refinery.

“Refinery Tankage” means, collectively:

(a) the crude oil tanks 1201A and 1201B at the Lovington Refinery;

(b) the crude oil tanks 103, 121 and 126 at the Woods Cross Refinery;

(c) the crude oil tank 437 at such time as HollyFrontier completes relocation of the tank within the Artesia Refinery; and

(d) the crude oil tank which will replace the current crude oil tank 439 at the Artesia Refinery, upon such time as HollyFrontier completes construction of the replacement tank.

“Roswell Products Pipeline” means the Artesia to Roswell (4-inch) – 36 mile pipeline that is currently dedicated to the transport of jet fuel.

“Roswell Terminal” means the terminal leased by HEP Pipeline, L.L.C. from the City of Roswell, and located in the Roswell International Air Center in Roswell, New Mexico and Tanks 1216, 1218 and 1219.

“Tankage Assets” means, collectively,

(a) the Refinery Tankage;

(b) the Artesia Crude Oil Pipeline Tankage; and

(c) the Lovington Crude Oil Pipeline Tankage.

"Woods Cross Crude Oil Pipeline" means the 4 mile pipeline from Chevron to the Woods Cross Refinery (12 inch).

"Woods Cross Pipelines" means, collectively:

(a) the Woods Cross Crude Oil Pipeline;

(b) the Woods Cross Product Pipeline (Woods Cross-Chevron); and

(c) the Woods Cross Product Pipeline (Woods Cross-Pioneer).

"Woods Cross Product Pipeline (Woods Cross-Chevron)" means the 4 mile pipeline from Woods Cross Refinery to Chevron (8 inch).

"Woods Cross Product Pipeline (Woods Cross-Pioneer)" means the 2 mile pipeline from Woods Cross Refinery to Pioneer Pipeline (10 inch).

"Woods Cross Refinery" means the refining facilities located in Woods Cross, Utah.

"Woods Cross Refining" means Woods Cross Refining Company, L.L.C., a Delaware limited liability company.

In addition, the following terms have the meanings given to them in the Sections indicated in the following table:

Term	Section
"Additives"	Section 2(g)
"Capital Calculation Notice"	Section 2(p)(ii)
"Capital Fee"	Section 2(p)(i)
"Claimant"	Section 12(e)
"Deficiency Notice"	Section 9(a)
"Deficiency Payment"	Section 9(a)
"DRA"	Section 2(g)
"Force Majeure Notice"	Section 3
"Gathering Pipeline Minimum Capacity"	Section 2(a)(ii)
"HEP Pipeline"	Preamble
"HEP Woods Cross"	Preamble
"HollyFrontier Entities"	Preamble
"HFRM"	Preamble
"Holly Refining – Woods Cross"	Preamble
"Incremental Capital"	Section 2(p)(i)
"Initial Tank Inspection Period"	Section 2(h)
"Initial Tank Inspections"	Section 2(h)
"Lease Connection Expense Cap"	Section 2(p)
"Letter Agreement"	Recitals
"Minimum Gathering Pipeline Revenue Commitment"	Section 2(a)(i)
"Minimum Roswell Pipeline Revenue Commitment"	Section 2(a)(i)
"Minimum Trunk Pipeline Revenue Commitment"	Section 2(a)(i)
"Minimum Woods Cross Pipeline Revenue Commitment"	Section 2(a)(i)
"Navajo Refining"	Preamble
"Operating Partnership"	Preamble
"Parties" or "Party"	Preamble
"Partnership Entities"	Preamble
"Purchase Agreement"	Recitals
"Refund"	Section 9(c)
"Respondent"	Section 12(e)
"Roswell Pipeline Minimum Capacity"	Section 2(a)(ii)
"Roswell Terminal Payment"	Section 2(d)
"Seller Parties"	Section 2(d)
"Tankage Revenue Commitment"	Section 2(c)
"Term"	Section 6
"Trunk Pipeline Minimum Capacity"	Section 2(a)(ii)
"Volume Incentive Tariff"	Section 2(b)(iii)
"Woods Cross Minimum Capacity"	Section 2(a)(ii)

Annex A

SCHEDULE I

MINIMUM PIPELINE REVENUE COMMITMENT

Contract Year	Minimum Trunk Pipeline Revenue Commitment per Year	Minimum Gathering Pipeline Revenue Commitment per Year	Minimum Woods Cross Pipeline Revenue Commitment per Year	Minimum Roswell Pipeline Revenue Commitment per Contract Quarter
March 1, 2008	$13,552,450	$9,125,000	$730,000	$35,000
July 1, 2008	$14,076,293	$9,477,709	$758,217	$36,353
July 1, 2009	$14,963,451	$10,075,041	$806,003	$38,644
July 1, 2010	$14,963,451	$10,075,041	$806,003	$38,644
July 1, 2011	$15,596,689	$10,501,407	$840,113	$40,279
July 1, 2012	$16,524,864	$11,126,356	$890,108	$42,677

SCHEDULE II

VOLUME INCENTIVE TARIFF

Contract Year	**Volume Incentive Tariff**
January 1, 2009	$0.3258 per barrel
July 1, 2009	$0.3658 per barrel
July 1, 2010	$0.3658 per barrel
July 1, 2011	$0.3910 per barrel
July 1, 2012	$0.4246 per barrel

SCHEDULE III

TANKAGE REVENUE COMMITMENT

Contract Year	Tankage Revenue Commitment per Month
March 1, 2008	$184,000
July 1, 2008	$193,504
July 1, 2009	$208,215
July 1, 2010	$208,215
July 1, 2011	$222,544
July 1, 2012	$241,685

SCHEDULE IV

ROSWELL TERMINAL PAYMENT

Contract Year	Roswell Terminal Payment per Year
March 1, 2008	$100,000
July 1, 2008	$103,865
July 1, 2009	$110,411
July 1, 2010	$110,411
July 1, 2011	$115,083
July 1, 2012	$121,932

EXHIBIT A

Attached to and made
Part of the Second Amended and Restated Crude Pipelines and Tankage Agreement, dated July 16, 2013

Crude Oil Trunk Pipeline Tariff Rate

		If the average volume is equal to or in excess of 85,000 bpd in any month			
Contract Year	**Volumes less than 85,000 bpd average volume in any month**	**The first 85,000 bpd average volume in any month**	**The next 7,500 bpd average volume in any month**	**Any excess up to a maximum of 110,000 bpd average volume in any month**	**Any excess above 110,000 bpd average volume in any month**
March 1, 2008	$0.47 per barrel	$0.40 per barrel	$0.30 per barrel	$0.20 per barrel	To be mutually agreed upon by the Parties
July 1, 2008	$0.4943 per barrel	$0.4243 per barrel	$0.3243 per barrel	$0.2243 per barrel	To be mutually agreed upon by the Parties
July 1, 2009	$0.5317 per barrel	$0.4619 per barrel	$0.3619 per barrel	$0.2619 per barrel	To be mutually agreed upon by the Parties
July 1, 2010	$0.5317 per barrel	$0.4619 per barrel	$0.3619 per barrel	$0.2619 per barrel	To be mutually agreed upon by the Parties
July 1, 2011	$0.5685 per barrel	$0.4937 per barrel	$0.3868 per barrel	$0.2799 per barrel	To be mutually agreed upon by the Parties
July 1, 2012	$0.6174 per barrel	$0.5362 per barrel	$0.4201per barrel	$0.3040 per barrel	To be mutually agreed upon by the Parties

EXHIBIT B

Attached to and made
Part of the Second Amended and Restated Crude Pipelines and Tankage Agreement, dated July 16, 2013

Crude Oil Gathering Pipelines Tariff Rate

Contract Year	**Crude Oil Gathering Pipelines Tariff Rate**
March 1, 2008	$0.50 per barrel (which includes storage in the Artesia Crude Oil Pipeline Tankage and Lovington Crude Oil Pipeline Tankage)
July 1, 2008	$0.5258 per barrel (which includes storage in the Artesia Crude Oil Pipeline Tankage and Lovington Crude Oil Pipeline Tankage)
July 1, 2009	$0.5658 per barrel (which includes storage in the Artesia Crude Oil Pipeline Tankage and Lovington Crude Oil Pipeline Tankage)
July 1, 2010	$0.5658 per barrel (which includes storage in the Artesia Crude Oil Pipeline Tankage and Lovington Crude Oil Pipeline Tankage)
July 1, 2011	$0.6047 per barrel (which includes storage in the Artesia Crude Oil Pipeline Tankage and Lovington Crude Oil Pipeline Tankage)
July 1, 2012	$0.6567 per barrel (which includes storage in the Artesia Crude Oil Pipeline Tankage and Lovington Crude Oil Pipeline Tankage)

EXHIBIT C

Attached to and made
Part of the Second Amended and Restated Crude Pipelines and Tankage Agreement, dated July 16, 2013

Woods Cross Pipelines Tariff Rate

Contract Year	**Woods Cross Pipelines Tariff Rate**
March 1, 2008	$0.25 per barrel
July 1, 2008	$0.2629 per barrel
July 1, 2009	$0.2829 per barrel
July 1, 2010	$0.2829 per barrel
July 1, 2011	$0.3024 per barrel
July 1, 2012	$0.3284 per barrel

EXHIBIT D

Attached to and made
Part of the Second Amended and Restated Crude Pipelines and Tankage Agreement, dated July 16, 2013

Roswell Product Pipeline Tariff Rate

Contract Year	**Roswell Product Pipeline Tariff Rate**
March 1, 2008	$0.45 per barrel with a $0.50 per barrel capital recovery surcharge (to be indexed and which expires February 28, 2013)
July 1, 2008	$0.4732 per barrel with a $0.50 per barrel capital recovery surcharge (to be indexed and which expires February 28, 2013)
July 1, 2009	$0.5092 per barrel with a $0.50 per barrel capital recovery surcharge (to be indexed and which expires February 28, 2013)
July 1, 2010	$0.5092 per barrel with a $0.50 per barrel capital recovery surcharge (to be indexed and which expires February 28, 2013)
July 1, 2011	$0.5442 per barrel with a $0.50 per barrel capital recovery surcharge (to be indexed and which expires February 28, 2013)
July 1, 2012	$0.5910 per barrel with a $0.50 per barrel capital recovery surcharge (to be indexed and which expires February 28, 2013)

EXHIBIT E

Attached to and made
Part of the Second Amended and Restated Crude Pipelines and Tankage Agreement, dated July 16, 2013

Flow Reversal Rate

Contract Year	**Flow Reversal Rate**
March 1, 2008	$0.40 per barrel
July 1, 2008	$0.40 per barrel
July 1, 2009	$0.5319 per barrel
July 1, 2010	$0.5319 per barrel
July 1, 2011	$0.5685 per barrel
July 1, 2012	$0.6174 per barrel

Exhibit 10.4

REFINED PRODUCTS PURCHASE AGREEMENT

by and between

HOLLY REFINING & MARKETING-TULSA LLC,
a Delaware limited liability company

and

SINCLAIR TULSA REFINING COMPANY,
a Wyoming corporation

December 1, 2009

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REFINED PRODUCTS PURCHASE AGREEMENT

THIS REFINED PRODUCTS PURCHASE AGREEMENT (this "***Agreement***") dated effective as of December 1, 2009 (the "***Effective Date***"), is entered into by and between HOLLY REFINING & MARKETING-TULSA LLC, a Delaware limited liability company ("***Holly***") and SINCLAIR TULSA REFINING COMPANY, a Wyoming corporation ("***Sinclair***"). Each of Holly and Sinclair are individually referred to as a "***Party***" and collectively as the "***Parties***". HOLLY CORPORATION, a Delaware corporation (the "***Holly Guarantor***") enters into this Agreement for purposes of Article XII only. THE SINCLAIR COMPANIES, a Wyoming corporation (the "***Sinclair Guarantor***") enters into this Agreement for purposes of Article XIII only.

RECITALS

WHEREAS, pursuant to the terms of that certain Asset Sale and Purchase Agreement dated as of October 19, 2009, (as amended, the "***ASPA***"), among Holly, HEP Tulsa LLC and Sinclair, Sinclair and certain of its affiliates sold all of their interests in their Tulsa, Oklahoma refinery (the "***Tulsa Refinery***") to Holly and its affiliates on the Effective Date; and

WHEREAS, Sinclair desires to continue to receive the products (the "***Products***") listed on Exhibit A produced at the Tulsa Refinery from and after the Effective Date and Holly desires to sell and deliver the Products to Sinclair, pursuant to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Defined Terms. As used in this Agreement, the following terms shall have the respective meanings indicated below:

"***Acceptable Product Range***" means the volume of each Product between the Minimum Amount and the Maximum Amount for such Product.

"***Affiliates***" means, with respect to any specified Person, any other person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such specified Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"***Agreement***" has the meaning given to such term in the introductory paragraph.

"***API***" has the meaning given to such term in Section 4.2(c).

"***ASPA***" has the meaning given to such term in the Recitals.

"***ASTM***" has the meaning given to such term in Section 4.2(c).

"***Bank Rate***" means a fluctuating interest rate equal at all times to the prime rate of interest published from time to time by *The Wall Street Journal*.

"***Bankruptcy Code***" has the meaning given to such term in Section 14.11.

"***Business Day***" means any day other than a Saturday, a Sunday or a day on which banks in Tulsa, Oklahoma are authorized or required by Law to be closed.

"***Change Factor***" has the meaning given to such term in Section 3.7.

"***Change in Law***" means any Law adopted or amended, or any change in the interpretation or application of any Law, after the Effective Date by any Governmental Authority requiring a change in (i) the allocation of RINs between the Parties provided in Article X or (ii) Product quality.

"***Collateral Value***" means, as of the date of determination, the sum of (i) the undrawn amount of any valid letters of credit or cash collateral provided pursuant to Section 3.4, plus (ii) the Fair Market Value of the Pledged Stock (as defined in the Pledge Agreement), if any. In the event Sinclair desires to deliver any additional collateral to provide adequate assurances of Sinclair's payment of the Required Collateral Amount, and such collateral is reasonably satisfactory to Holly as provided in Section 3.4, prior to such additional collateral being included

for purposes of calculating the Collateral Value, Sinclair shall meet all of the requirements of the Pledge Agreement with respect to such additional collateral.

“***Combined Plants***” means the Tulsa Refinery and the oil refinery owned by Holly and located to the west of the Tulsa Refinery.

“***Confidential Information***” means all (i) confidential, proprietary or non-public information of a Party, whether set forth in a writing, orally or in any other manner, including all non-public information and material of such Party (and of companies with which such Party has entered into confidentiality agreements) that another Party obtains knowledge of or access to, including non-public information regarding products, processes, business strategies and plans, customer lists, research and development programs, computer programs, hardware configuration information, technical drawings, algorithms, know-how, formulas, processes, ideas, inventions (whether patentable or not), trade secrets, schematics and other technical, business, marketing and product development plans, revenues, expenses, earnings projections, forecasts, strategies, and other non-public business, technological and financial information and (ii) pricing information in this Agreement.

“***Delivery Point***” has the meaning given to such term in Section 4.1.

“***Effective Date***” has the meaning given to such term in the introductory paragraph.

“***EPA***” means the United States Environment Protection Agency.

“***Ethanol***” means fuel grade ethanol meeting ASTM D4806 specifications.

“***Ethanol Fee***” has the meaning given to such term in Exhibit D.

“***Expert***” has the meaning given to such term in Section 10.3.

“***Force Majeure Event***” means the occurrence of war, fire, flood, strike, lockout, or other labor trouble, interruption in supply of any raw material, accident, breakdown of equipment or machinery, riot, act of Governmental Authority, act of God, or any contingency beyond the reasonable control of the affected Party; provided, (i) the event or circumstance is not within the reasonable control of the affected Party, is not the result of the fault or negligence of the affected Party and/or could not, by the exercise of due diligence, have been overcome or avoided by the affected Party and (ii) no economic event or circumstance generally affecting the refining and marketing industry shall be considered a Force Majeure Event, except the imposition of any Taxes or other requirement(s) by a Governmental Authority or an event affecting the cost of the RINs that are the subject of Article X.

“***Forecasted Volume***” has the meaning given to such term in Section 2.4(b)(i).

“***Governmental Authority***” means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof) having authority over the Tulsa Refinery or the transactions contemplated by this Agreement.

"***HEP Units***" has the meaning given to such term in the ASPA.

"***Holly***" has the meaning given to such term in the introductory paragraph.

"***Holly Guarantor***" has the meaning given to such term in the introductory paragraph.

"***Indemnifying Party***" has the meaning given to such term in Section 9.1.

"***Initial Term***" has the meaning given to such term in Section 2.2.

"***Law***" means any applicable statute, law (including common law), rule, ordinance, regulation, ruling, requirement, writ, injunction, decree, order or other official act of or by any Governmental Authority, whether such Laws now exist or hereafter come into effect.

"***Magellan***" means Magellan Midstream Partners, L.P., its successors and assigns, and its affiliates.

"***Magellan Pipeline***" means the pipeline and related facilities owned by Magellan originating at the Tulsa Refinery, limited to the midcontinent region.

"***Maximum Amount***" means the "Maximum Amount" provided for each Product set forth in Exhibit C.

"***Minimum Amount***" means the "Minimum Amount" provided for each Product set forth in Exhibit C.

"***MMT***" means methylcyclopentadienyl manganese tricarbonyl.

"***Nominated Volume***" has the meaning given to such term in Section 2.4(b)(i).

"***Off-Spec Product***" has the meaning given to such term in Section 2.4(g).

"***Party***" and "***Parties***" have the meaning given to such terms in the introductory paragraph.

"***Person***" means any individual, partnership, joint venture, corporation, limited liability company, limited liability partnership, trust, unincorporated organization or Governmental Authority or any department or agency thereof.

"***Pipeline Pricing Day***" has the meaning given to such term in Section 3.1(a).

"***Platts Index Page***" has the meaning given to such term in Section 3.5.

"***Pledge Agreement***" shall have the meaning given to such term in Section 3.4.

"***Product Price***" has the meaning given to such term in Section 3.1.

"***Products***" has the meaning given to such term in the Recitals.

"***Proration Event***" means any curtailment, shortage or cessation (i) in Holly's existing or contemplated supply of Products from the Combined Plants or (ii) in the raw materials used to manufacture the Products (including any shortage of raw materials resulting from Holly's decision not to purchase such raw materials due to Holly's decision that the cost of available crude products are unreasonably high), irrespective of the cause or foreseeability of such curtailment, shortage, or cessation.

"***Rack Pricing Day***" has the meaning given to such term in Section 3.1(b).

"***Receiving Party Personnel***" has the meaning given to such term in Section 11.5.

"***Required Collateral Amount***" means the amount, at the time of such determination, which is equal to (i) sum of (a) all amounts invoiced to Sinclair pursuant to this Agreement (including applicable taxes and fees) which remain unpaid, and (b) the value of Products (volume delivered multiplied by the Product Price for such Products), plus applicable taxes and fees, that have been delivered to Sinclair but not invoiced, and (c) the value of Products (volume delivered multiplied by the Product Price for such Products), plus applicable taxes and fees, for Product deliveries scheduled for the day of determination and through and including the next Business Day; *less* (ii) the amount of Sinclair's available open credit amount approved from time to time by Holly as contemplated by Section 3.4.

"***RINs***" has the meaning given to such term in Section 10.1.

"***RVP***" means Reid vapor pressure.

"***Sinclair***" has the meaning given to such term in the introductory paragraph.

"***Sinclair Additives***" means IVD (intake valve deposit) additives, lubricity additives and premium diesel additives.

"***Sinclair Guarantor***" has the meaning given to such term in the introductory paragraph.

"***SOC***" means Sinclair Oil Corporation, a Wyoming corporation.

"***Specifications***" has the meaning given to such term in Section 2.3.

"***Taxes***" has the meaning given to such term in Section 6.1.

"***Three Day Wrap***" has the meaning given to such term in Section 3.1(a).

"***Tulsa Rack***" means the rack facilities at the Tulsa Refinery available for the delivery of the Products.

"***Tulsa Refinery***" has the meaning given to such term in the Recitals.

"***Turnaround Event***" means any significant planned outage at the Tulsa Refinery.

Section 1.2. Interpretation. In this Agreement, unless a clear contrary intention appears: (a) the singular includes the plural and vice versa; (b) reference to any Person includes such Person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity; (c) reference to any gender includes each other gender; (d) reference to any agreement (including this Agreement), document or instrument means such agreement, document, or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of this Agreement; (e) reference to any Article or Section means such Article or Section of this Agreement, and references in any Section to any clause means such clause of such Section; (f) each reference to an Exhibit refers to such Exhibit attached to this Agreement, which is made a part hereof for all purposes; (g) "hereunder," "hereof," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof; (h) the terms "include," "includes" and "including" are not limiting and shall be deemed to be followed by the phrase "without limitation,"; and (i) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding" and "through" means "through and including."

ARTICLE II
TERM; SPECIFICATIONS; QUANTITIES AND NOMINATIONS

Section 2.1. Sale and Purchase. Subject to the terms and conditions set forth in this Agreement, Holly shall sell and deliver, and Sinclair shall purchase and receive, the Products.

Section 2.2. Term. This Agreement shall be effective commencing on the Effective Date and shall remain in effect for five years from the Effective Date (the "***Initial Term***"); provided, Sinclair may extend this Agreement for one additional five year period if Sinclair is not in default hereunder and provides written notice of such extension to Holly at least 180 days prior to the end of the Initial Term.

Section 2.3. Specifications. The specifications ("***Specifications***") for the Products are set forth in Exhibit B.

Section 2.4. Quantities and Nominations.

(a) Exhibit C sets forth the Acceptable Product Range for each Product that may be nominated to be sold and delivered by Holly to Sinclair on a monthly basis pursuant to the terms of this Section 2.4. Notwithstanding the immediately preceding sentence, the Parties may mutually agree in writing, each in their sole discretion, to the sale of a different quantity of Products in a particular month or to amend Exhibit C from time to time.

(b) The specific quantity of Products to be sold and delivered each month shall be determined as follows:

(i) By the twelfth day of each calendar month, Holly by written notice to Sinclair shall: (a) nominate the specific volume (the "***Nominated Volume***") of each Product that it in good faith expects

to produce and have available to deliver to Sinclair in the next calendar month; provided, the Nominated Volume must be within the Acceptable Product Range for each Product set forth in Exhibit C unless otherwise agreed in writing by the Parties, and (b) provide Holly's good faith forecast of the expected volume and grades (the "***Forecasted Volume***") of each Product to be produced by Holly and delivered to Sinclair for the two months immediately after the next calendar month. If Holly does not nominate a Nominated Volume by the twelfth day of a month, then the Nominated Volume shall be deemed to be the Maximum Amount for each Product in the next calendar month.

(ii) By the 15th day of each calendar month, Sinclair shall propose for Holly's consideration, in Holly's discretion, any revisions to the Forecasted Volume provided by Holly for the two months immediately after the next calendar month. Holly shall respond to Sinclair's proposals by the 20th day of each calendar month.

(iii) Except as set forth in Article VII or unless otherwise agreed in writing by the Parties, Holly shall sell and deliver, and Sinclair shall purchase and receive, the Nominated Volume of each Product on a monthly basis. Volumes of the Products shall be delivered ratably during each month.

(iv) The schedulers for each of Holly and Sinclair shall serve as the primary point of contact for communications between the Parties relating to the day-to-day performance of the Parties under this Section 2.4(b).

(c) In the event that Sinclair fails to take the Nominated Volume of any Product in a particular month, and provided that (i) such Nominated Volume has been produced and is available for taking by Sinclair and (ii) Sinclair is not prevented from taking such Nominated Volume due to a Force Majeure Event or a Turnaround Event, or any act or omission of Holly, Holly shall have the right to resell such Product using commercially reasonable efforts and Sinclair agrees to make Holly whole for any deficiency in price which Holly receives in the sale of such Product below the Product Price, plus reasonable added out-of-pocket transportation costs which Holly may incur in selling such Products. Sinclair shall pay any such deficiency not later than 30 days after receipt of Holly's invoice for such amount. In the event that Holly fails to deliver the Nominated Volume of any Product in a particular month, and provided that (i) such Nominated Volume is available for taking by Sinclair and (ii) Holly is not prevented from delivering such Nominated Volume due to a Force Majeure Event or a Turnaround Event, or any act or omission of Sinclair, Sinclair shall have the right to purchase products using commercially reasonable efforts in lieu of such Product from a third party and Holly agrees to make Sinclair whole for any deficiency in price which Sinclair is required to pay in the purchase of such products above the Product Price, plus reasonable added out-of-pocket transportation costs which

Sinclair may incur in purchasing such Products. Holly shall pay any such deficiency not later than 30 days after receipt of Sinclair's invoice for such amount. Upon the reasonable request of a Party, the other Party shall provide verification to the requesting Party of the price at which Product was resold or purchased pursuant to this Section 2.4(c).

(d) Notwithstanding the foregoing provisions of this Section 2.4 but subject to Article VII, Holly shall use good faith efforts to produce and make available to Sinclair amounts of each Product up to the Maximum Amount for such Product.

(e) Notwithstanding anything herein to the contrary, the volume of Products to be sold and delivered for the calendar month December 2009 is set forth in Exhibit C.

(f) Notwithstanding anything herein to the contrary, Holly may provide purchased product that meets the Specifications in lieu of production of the Products at the Tulsa Refinery; provided, such purchased product is delivered to Sinclair at the Magellan Pipeline Central Oklahoma origins, or such other locations acceptable to Sinclair on the Magellan Pipeline.

(g) If Sinclair discovers, prior to delivery, that any Product tendered for delivery fails to comply with the Specifications ("***Off-Spec Product***"), Sinclair may reject such Product or, at its option and upon notice to Holly, may accept such Product, in which case price adjustments shall be made by mutual agreement.

ARTICLE III
PRODUCT PRICE; PAYMENT

Section 3.1. Product Price. Sinclair shall pay Holly by wire transfer to the bank account designated by Holly from time to time the price (the "***Product Price***") for all Products purchased and taken by Sinclair under this Agreement as follows, without deduction, setoff or other reduction except as expressly provided herein:

(a) For Product delivered into the Magellan Pipeline, the Product Price shall be determined based on a three day average (the "***Three Day Wrap***") of the price of the Product, determined the day of, day before, and day after, the date of delivery (based on the beginning of pump into the Magellan Pipeline) (each of such three days being a "***Pipeline Pricing Day***"). If a Pipeline Pricing Day falls on a Saturday then the Pipeline Pricing Day for such delivery will be the preceding Friday. If a Pipeline Pricing Day falls on a Sunday then the Pipeline Pricing Day for such delivery shall be the following Monday. If a Pipeline Pricing Day falls on a holiday where no pricing is available, then the Pipeline Pricing Day for such delivery shall be the nearest pricing day. If there is a tie, the Pipeline Pricing Day for such delivery shall roll forward to the next pricing day. Subject to the provisions above, the price of the Product for each Pipeline Pricing Day in a Three Day Wrap used to determine the Product Price shall be determined in accordance with Exhibit D.

(b) For Product delivered at the Tulsa Rack, the Product Price shall be the price of the Product for the date of delivery (the "***Rack Pricing Day***") determined in accordance

with Exhibit D. If a Rack Pricing Day falls on a Saturday or Sunday, then the Rack Pricing Day for such delivery will be the immediately preceding Friday. If the Rack Pricing Day falls on a holiday where no pricing is available, then the Rack Pricing Day for such delivery shall be the immediately preceding pricing day.

Section 3.2. Additives.

(a) Sinclair Additives may be provided by Sinclair to Holly prior to delivery of the Products. If Sinclair provides Holly with a Sinclair Additive for a Product, Holly shall inject such Sinclair Additive prior to delivery of such Product to Sinclair at Sinclair's designated dosage. A fee of $0.0015/gallon of Product to which Sinclair Additives are added will be collected as an administrative fee by Holly from Sinclair for the amount of Sinclair Additives added to the Products. Sinclair shall be entitled to use the additive injection system and related equipment and storage facilities at the Tulsa Refinery for purposes of adding Sinclair Additives to the Products and Holly agrees to cooperate in good faith with Sinclair in connection with such activities.

(b) If Holly provides a Sinclair Additive for a Product at Sinclair's request, in addition to the administrative fee provided for in Section 3.2(a), Sinclair shall pay Holly for the cost of such Sinclair Additives plus a fee of $0.004/gallon of Product to which Sinclair Additives are added.

(c) Sinclair shall provide Sinclair Additives for Holly's use at Sinclair's out of pocket third party cost for such Sinclair Additives plus 10%.

(d) The use of MMT in any Product by Holly is prohibited.

Section 3.3. Payment.

(h) Holly shall send Sinclair an invoice for all Products taken by Sinclair on the day such Products are taken from the Tulsa Rack, and one day after such Products are delivered into the Magellan Pipeline. Sinclair shall pay undisputed amounts in Holly's invoice by wire transfer not later than three days from the date of Holly's invoice. Sinclair shall notify Holly with regard to any portion of Holly's invoice which it disputes in good faith and the reasons therefore, not later than three Business Days following receipt of Holly's invoice. Any overdue balance owed by a Party, except an amount that is disputed in good faith by said Party, shall accrue daily interest charges at a rate equal to the lesser of (i) 150% of the Bank Rate (as in effect on the past due date) calculated on the basis of a 360-day year and (ii) the maximum rate of interest permitted by applicable Law. Any overdue balance owed by a Party that is disputed by such Party in good faith shall bear interest at a rate equal to the lesser of (i) 100% of the Bank Rate (as in effect on the past due date) calculated on the basis of a 360-day year and (ii) the maximum rate of interest permitted by applicable Law. The Parties shall work together to resolve any invoice disputes by not later than two (2) days following the date payment was originally due. If a payment due date falls on a Saturday or a bank or federal holiday, other than Monday, the payment shall be due on the immediately preceding Business Day. If the payment

due date falls on a Sunday or Monday bank or federal holiday, the payment shall be due on the following Business Day.

(i) In addition to its other rights and remedies, in the event Sinclair fails to make any payment when due, Holly may (i) terminate this Agreement, in whole or in part, forthwith and without notice if Sinclair does not pay all undisputed amounts due to Holly within thirty (30) calendar days after Holly's exercise of Holly's right of suspension under Section 3.3(b)(ii), (ii) if Sinclair does not pay to Holly all undisputed amounts within one (1) Business Day of a payment due date pursuant to the terms of this Section 3.3, suspend deliveries until all indebtedness is paid in full, and/or (iii) if Sinclair does not pay to Holly all undisputed amounts within one (1) Business Day of a payment due date pursuant to the terms of this Section 3.3, place Sinclair on a cash-on-delivery or prepayment basis.

Section 3.4. Financial Responsibility.

(a) Prior to the Effective Date, Sinclair shall either: (i) pledge 641,000 HEP Units to Holly pursuant to a pledge and security agreement in a form mutually satisfactory to the Parties (the "***Pledge Agreement*"**) or (ii) provide letters of credit, cash collateral or other financial assurances, reasonably satisfactory to Holly to provide adequate assurances of Sinclair's payment of amounts due or to become due under this Agreement.

(b) Upon Sinclair's request, Holly shall periodically update its credit evaluation to determine, in Holly's discretion reasonably exercised, an open credit limit, if any, to be granted to Sinclair or its guarantor hereunder. Sinclair shall promptly provide Holly with such financial and other information as Holly may reasonably request to allow Holly to update Holly's credit evaluation.

(c) If Holly determines in good faith that changes to Sinclair's financial condition warrant a change in Holly's open credit limit, Holly will advise Sinclair of such and Sinclair shall increase or decrease its pledge of HEP Units or provide to Holly letters of credit, cash collateral or other financial assurances reasonably satisfactory to Holly to provide adequate assurances of Sinclair's payment of amounts due or to become due under this Agreement.

(d) Notwithstanding anything in this Agreement to the contrary, if at any time or from time to time the Collateral Value is less than the Required Collateral Amount and such shortfall has not been assured by Sinclair with other forms of financial assurances acceptable to Holly pursuant to this Section 3.4, then Holly shall have the right without liability or prior notice to Sinclair to immediately suspend deliveries of Product to Sinclair to the extent necessary to ensure that the Required Collateral Amount is and remains less than the Collateral Value. The exercise by Holly of such right of suspension shall be without prejudice to and in addition to Holly's other rights and remedies hereunder and shall not relieve Sinclair from any of its obligations under this Agreement, including the obligation to purchase and take timely delivery of the Nominated Volume.

Section 3.5. Platts Product Price References. All references in this Agreement to "Platts Group 3 Spot" prices shall refer to the prices for Products published by Platts on the relevant day

on page 18 of the Platts Global Alert for "Platts US Group 3 Product Assessments" (the "***Platts Index Page***"), two examples of which are attached as Exhibit E hereto. References in this Agreement to the "Platts Group 3 Spot Low" price shall refer to the low price quoted for a Product on the Platts Index Page on the relevant day. References in this Agreement to the "Platts Group 3 Spot Mean" price shall refer to the average of the low price and the high price quoted for a Product on the Platts Index Page on the relevant day.

Section 3.6. Replacement Index.

(a) Except as expressly set forth in Exhibit D, in the event that (i) the Platts Index Page ceases to exist or contain any of the data necessary to determine the Product Price in question for a Product, (ii) the Platts Index Page changes the basis for the determination of any of such data in a manner that is adverse to either of the Parties or (iii) there is a variation in the Products and the Platts Index Page does not publish a price for such Product, then the Product Price in question shall be based on such alternative publication, index or manner as most closely approximates the pricing methods then adopted by firms in the refining and marketing industry for deliveries at locations near the Delivery Point and as reasonably acceptable to both Holly and Sinclair. In the event that no agreement is reached regarding an alternative pricing method in such a situation, then the matter shall be referred to an Expert for determination in accordance with Section 10.3.

(b) The Parties acknowledge this is a long-term refined products supply agreement and it is their intent for this Agreement to continue to apply if the Products listed in Exhibit A are no longer produced at the Tulsa Refinery during the term of this Agreement as a result of market changes, changes in Law or other factors. If as a result of market changes, changes in Law or other factors, all or part of the Products listed in Exhibit A are no longer produced at the Tulsa Refinery, then the Parties agree that the new refined products produced at the Tulsa Refinery shall be made available for delivery to Sinclair and this Agreement shall continue to apply to such new refined products. If the Parties are unable to agree on the pricing and other arrangements for such new refined products, then the matter shall be referred to an Expert for determination in accordance with Section 10.3. Nothing in this Section 3.6(b) shall affect or diminish in any way the rights of the Parties pursuant to Article VII.

Section 3.7. Adjustment. The fees provided for in Section 3.2(a), Section 3.2(b), Part 4 of Exhibit D and the Ethanol Fee are subject to adjustment as provided in this Section 3.7. Such fees will be adjusted each January 1 commencing January 1, 2011 to reflect any upward change in the annual change rounded to four decimal places of the Producer Price Index-Commodities – Finished Goods, (PPI), as revised, produced by the U.S. Department of Labor, Bureau of Labor Statistics. The series ID is WPUSOP3000 as of 10/1/2009 – located at http://www.bls.gov/data/. The change factor ("***Change Factor***") for the fees described in the first sentence of this Section 3.7 shall be equal to a percentage amount calculated as follows: the annual PPI index figure for the most current year less the annual PPI index figure for the immediately preceding year, which amount shall be divided by the annual PPI index figure for the immediately preceding year; provided the Change Factor in any year shall not be greater than four (4) percent. If the annual PPI index change in a given year from the immediately preceding year is negative, then the Change Factor will be deemed to be "zero."

ARTICLE IV
DELIVERY POINT; PRODUCT MEASUREMENT

Section 4.1. Delivery Point and Title and Risk of Loss. All Products shall be tendered by Holly and taken by Sinclair at the point where the Products pass from Holly's delivery equipment at the Tulsa Refinery's last outlet flange/Magellan Pipeline custody transfer meter into the Magellan Pipeline or into Sinclair's (or Sinclair's designees) rail cars or truck transports at the Tulsa Rack (the "***Delivery Point***"). Title and risk of loss to Products shall pass from Holly to Sinclair at the Delivery Point. Sinclair shall coordinate the shipment of Product with Holly on a daily basis. Holly shall be responsible for scheduling all deliveries of Product into the Magellan Pipeline directly with Magellan. Sinclair shall be responsible for transportation of all Products from the Delivery Point, including contracting for all rail and truck transportation services, and such rail and truck transportation services shall meet Holly's site access, insurance, safety and other requirements applicable to Persons entering the Tulsa Refinery generally. Holly agrees to work with Sinclair to help coordinate and facilitate the orderly, timely and ratable delivery of Products and the logistics associated with those deliveries.

Section 4.2. Measurements and Tests.

(j) Unless otherwise specified, quantities delivered (i) into transport trucks shall be measured by the calibrated weight scales or calibrated meters at the Tulsa Refinery; or (ii) into pipelines shall be measured by calibrated meters maintained by the Magellan Pipeline, or if such are not available, by terminal tank gauges. Upon reasonable prior notice to the other Party, either Party may require presence of an independent petroleum inspector at the line of delivery. Such inspector shall be appointed jointly, and the cost of the inspector's services shall be paid by the Party requiring the presence of the inspector. The inspector's determinations shall be conclusive and binding upon both Parties. Each Party shall have the right, upon reasonable prior notice, to have a representative present to witness all gauges, tests, and measurements. In the absence of either Party's representative, the gauges, tests and measurements of the other Party shall be deemed to be correct.

(k) All measurements shall represent 100 percent volume, consisting of United States barrels of 42 gallons, the quantity and gravity of which will be adjusted to 60 degrees Fahrenheit temperature. Temperature corrections to 60 degrees Fahrenheit shall be made in accordance with the latest edition of Table 6A or 6B of the Petroleum Measurement Tables of the American Petroleum Institute (API) Standard 2540/American Society of Testing and Materials (ASTM) D 1250/Institute of Petroleum (IP) Designation 200, whichever is in use at the discharge terminal. Automatic temperature compensators for metered delivery are acceptable when in compliance with Table 6A or 6B, whichever applies, except where local Laws prohibit temperature correction for the Product, delivery method, and the Delivery Point.

(l) Sinclair shall have the right, but not the duty, to inspect the Products prior to delivery. The warranties provided by Holly in Article V shall remain in effect if Sinclair exercises such inspection rights. Notwithstanding anything in this Agreement to the contrary, regardless of whether Sinclair exercises such inspection rights or if a quality issue arises after the Delivery Point, absent manifest error, Holly's samples and quality results for any Product

delivered at the Magellan Pipeline shall be binding on the Parties and shall govern any dispute with respect to such deliveries at the Magellan Pipeline accepted by Magellan. Samples of the Products shall be taken from the tank(s) or pipeline as appropriate. The sample shall be by line-sampling devices where available. Tests to determine quality shall be made from such samples and shall be made in accordance with standard test methods specified in the official publications of either the American Society for Testing and Materials ("***ASTM***") or the American Petroleum Institute ("***API***"), whichever are in general use at the discharge terminal. Other appropriate test methods as mutually agreed may be used for the qualities where no methods are prescribed in ASTM or API publications on the delivery date. In any event, written notice of any claim which Sinclair may have relating to quantity or quality of Product in each delivery must be delivered to Holly within five Business Days after the date of delivery of the Product or such claim shall be deemed waived.

ARTICLE V
WARRANTIES; ADDITIONAL COVENANTS

Section 5.1. Quality. Holly warrants that the Products sold by Holly hereunder will meet the Specifications; provided, however, that this Section 5.1 shall not apply to any Off-Spec Products offered by Holly and accepted by Sinclair pursuant to Section 2.4(g).

Section 5.2. Compliance with Laws. Holly warrants that the Products will be produced, delivered, and sold to Sinclair at the Delivery Point in compliance with all applicable Laws, including the Uniform Commercial Code. In accordance with the Federal Trade Commission's requirements for gasoline octane certification under the Petroleum Marketing Practices Act, Holly hereby certifies the accuracy of the octane rating(s) of any automotive gasoline(s) described in this Agreement.

Section 5.3. Standards. Holly shall comply with all federal, state, and local volatility regulations for gasoline and alcohol blends (including, but not limited to 40 CFR 80.27 and 80.28), and warrants and certifies that any Products delivered pursuant to this Agreement are in compliance with the applicable standard when delivered to Sinclair.

Section 5.4. Documentation. Holly shall provide to Sinclair for each delivery either a certificate of analysis, a bill of lading, delivery ticket, a loading ticket, or invoice that certifies that any motor gasoline delivered is in compliance with the applicable RVP requirements at the time of delivery.

Section 5.5. No Liens. Holly warrants title to the Product delivered hereunder, that it has the right to sell such Product and that such Product is free from liens and adverse claims of every kind created by Holly's acts or omissions. Holly will pay all royalties and other sums due on production, processing or handling prior to the Delivery Point of the Product delivered.

Section 5.6. Benefit of Warranties. The warranties of Holly set forth in this Article V shall run to Sinclair but not to its jobbers, dealers or customers.

Section 5.7. No Other Warranties. UNLESS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT, HOLLY MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED,

INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS OF THE PRODUCT(S) FOR ANY PARTICULAR PURPOSE, EVEN IF SUCH PURPOSE IS KNOWN TO HOLLY. ANY IMPLIED WARRANTIES ARE EXPRESSLY DISCLAIMED AND EXCLUDED.

Section 5.8. Sinclair Acknowledgement. Sinclair acknowledges that the material used to produce Product covered hereunder is derived from crude oil, containing, or which may be found to contain, substances hazardous to the health and safety of persons and property. Sinclair acknowledges that there may be hazards associated with the loading, unloading, transporting, handling or use of the Product sold hereunder, which may require that warning be communicated to or other precautionary action taken with all persons handling, coming into contact with, or in any way concerned with the product sold hereunder. SINCLAIR ASSUMES AS TO ITS EMPLOYEES, INDEPENDENT CONTRACTORS, AND SUBSEQUENT PURCHASERS OF THE PRODUCT SOLD HEREUNDER ALL RESPONSIBILITY FOR ALL SUCH NECESSARY WARNINGS OR OTHER PRECAUTIONARY MEASURES RELATING TO HAZARDS TO PERSON AND PROPERTY ASSOCIATED WITH THE PRODUCT SOLD HEREUNDER AND, FURTHERMORE, SINCLAIR SHALL DEFEND AT ITS OWN EXPENSE, INDEMNIFY FULLY AND HOLD HARMLESS HOLLY AND ITS AFFILIATES, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LIABILITIES; LOSSES; DAMAGES; DEMANDS; CLAIMS (INCLUDING CLAIMS OF INDEMNITY AND/OR CONTRIBUTION); PENALTIES; FINES; ACTIONS; SUITS; LEGAL, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS; JUDGMENTS, ORDERS, DIRECTIVES, INJUNCTIONS, DECREES OR AWARDS OF ANY JURISDICTION; COSTS AND EXPENSES (INCLUDING, BUT NOT LIMITED TO, ATTORNEYS' FEES AND RELATED COSTS) ARISING OUT OF OR IN ANY MANNER RELATED TO SINCLAIR'S FAILURE TO PROVIDE NECESSARY WARNINGS OR OTHER PRECAUTIONARY MEASURES IN CONNECTION WITH THE PRODUCT SOLD HEREUNDER AS PROVIDED ABOVE; OTHER THAN ARISING FROM HOLLY'S FAILURE TO PROVIDE SINCLAIR WITH A MATERIAL DATA SHEET FOR EACH PRODUCT DELIVERED HEREUNDER.

ARTICLE VI
TAXES

Section 6.1. Taxes. Holly shall be responsible for all taxes, excises, fees, duties or other charges now existing or hereafter imposed directly or indirectly on or with respect to the Products, components of the Products, or raw material from which the Products are derived ("***Taxes***"), that are imposed before delivery of the Products to Sinclair, and Sinclair shall be responsible for Taxes now existing or hereafter imposed on and after delivery of the Products to Sinclair. Notwithstanding anything to the contrary herein, the Party liable for income, franchise, doing business and value-added Taxes under the applicable statute shall remain liable for such income, franchise, doing business and value-added Taxes. If Sinclair furnishes Holly with a timely and valid resale or other exemption certificate or proof of export sufficient to support an exemption from any Tax, then such Tax shall not be added to the Product Price; provided, if a taxing authority denies any Tax exemption claimed by Sinclair on the sale of Products hereunder,

Sinclair shall promptly reimburse Holly for such Tax, including any interest, penalties and attorneys' fees related thereto.

ARTICLE VII
FORCE MAJEURE; TURNAROUND EVENTS; PRORATION EVENTS

Section 7.1. Force Majeure Event. Subject to the following provisions of this Article VII, a Party shall not be responsible for any loss or damage to the other Party resulting from any delay in performing or failure to perform any obligation under this Agreement by such Party (other than obligations to make payments) to the extent such failure or delay is caused by a Force Majeure Event; provided, any liabilities for payments accrued prior to the occurrence of the Force Majeure Event shall not be excused. If Holly is prevented from delivering Products or Sinclair is prevented from receiving or transporting Products due to a Force Majeure Event for a period of 180 continuous days, then the non-affected Party may terminate this Agreement upon written notice to the other Party.

Section 7.2. Force Majeure Notice. The Party whose ability to perform is affected by a Force Majeure Event must, as a condition to its right to suspend its obligations under this Article VII, as soon as reasonably practicable but in any event within ten (10) days, give the other Party notice setting forth the particulars of the Force Majeure Event and, to the extent possible, the expected duration of the Force Majeure Event and the volumes of Products expected to be affected by the Force Majeure Event. The Party suffering a Force Majeure Event shall use commercially reasonable efforts to (i) resolve such Force Majeure Event promptly and (ii) limit the impact of such Force Majeure Event on the transactions contemplated by this Agreement; provided, however, that neither Party shall be required to settle any strikes, lockouts, or other industrial disturbances in order to resolve or limit the impact of such Force Majeure Event. The party claiming a Force Majeure Event shall provide regular updates regarding the Force Majeure Event to the other Party.

Section 7.3. Turnaround Events. Prior to November 1 of each year, Holly shall provide Sinclair a non-binding estimate of all Turnaround Events expected to impact production of any Products during the following calendar year. Holly shall periodically provide updates to Sinclair regarding any anticipated Turnaround Events and, in any event, shall provide written notice to Sinclair of any Turnaround Event at least 30 days in advance, including the volume impact on the Products in connection with such Turnaround Event. Except as provided in Section 7.4, Holly shall not be responsible for supplying the Products during any Turnaround Event if Holly has provided notice of such Turnaround Event pursuant to the immediately preceding sentence of this Section 7.3.

Section 7.4. Proration.

(a) In addition to the provisions of Sections 7.1 and 7.2, if a Proration Event occurs and Holly is unable (i) to comply with any or all of its obligations to Sinclair or any third party customer or (ii) to meet the internal requirements of Holly or its Affiliates from the Combined Plants, then, upon written notice to Sinclair, Holly, at its discretion, but in a non-discriminatory and commercially reasonable manner, may withhold, suspend, or reduce its sales

to Sinclair hereunder pursuant to the terms of this Section 7.4 until the inability set forth in clauses (i) and (ii) no longer exists. Notwithstanding the foregoing, Sinclair shall be entitled to receive at the Delivery Point, as its prorated share of any remaining production of Product after the occurrence of the Proration Event, at least an amount equal to the actual, aggregate production of each type of Product from the Combined Plants multiplied by a fraction, the numerator of which is the last Nominated Volume of each type of such Product prior to the occurrence of the Proration Event and the denominator of which is the aggregate volume of each type of such Product produced at the Combined Plants prior to the occurrence of the Proration Event needed to comply with Holly's obligations as set forth in clause (i) above and to meet Holly's internal requirements as set forth in clause (ii) above; provided that in no event shall such prorated volume of Product be less than the "Minimum Amount" for each Product to be delivered at the Tulsa Rack set forth in the second table of Exhibit C.

(b) If the circumstances described in Section 7.4(a) have occurred, Holly shall have no obligation to purchase any products in the open or spot market to supplement Holly's existing or contemplated supply of Products.

ARTICLE VIII
DEFAULT AND REMEDIES

Section 8.1. Termination in the Event of Certain Breaches. In the event: (i) either Party shall default, in any material respect, in the due performance or observance by it of any of the terms, covenants or agreements contained in this Agreement or (ii) either Party shall become or be adjudicated insolvent, and/or bankrupt, or a receiver or trustee shall be appointed for either Party or its property or a petition for reorganization or arrangement under any bankruptcy or insolvency law shall be approved, or an assignment shall be made for the benefit of creditors of either Party, or either Party shall file a voluntary petition in bankruptcy or shall consent to the appointment of a receiver or trustee (each of the events listed in this clause (ii) being considered a "default" under this Agreement), the non-defaulting Party shall have the right, at its sole discretion, in the case of a default under clause (ii), to immediately terminate this Agreement and/or exercise the remedies provided in Section 14.11 to the extent applicable, and in the case of a default under clause (i), except in the case of a monetary default by Sinclair hereunder, to terminate this Agreement if the defaulting Party has failed to (A) commence diligent efforts to cure the default within 30 days of receipt of written notice of such default from the non-defaulting Party or (B) complete the cure of the default within a reasonable time after such notice.

Section 8.2. Offsets and Recoupment. In addition to any other rights that the non-defaulting Party may have in the event of one Party's default respecting this Agreement, the non-defaulting Party may offset or otherwise recoup damages arising therefrom, including withholding payment, delivery or acceptance of product, material or services, relating to any agreement or transaction with the defaulting Party or any affiliate of the defaulting Party. The rights granted in this Section 8.2 are in addition to, and not a limitation of, the rights and remedies of the non-defaulting Party existing otherwise in this Agreement, at law or in equity.

ARTICLE IX
INDEMNIFICATION

Section 9.1. Obligations. Each Party (the "***Indemnifying Party***") shall indemnify, protect, defend and hold harmless the other Party from and against the full amount of any and all claims, actions, liabilities, losses, costs and expenses (including reasonable attorneys' fees and expert witness fees) for property damage, damage to the environment and natural resources, personal injury or death, and fines or penalties arising in whole or in part out of (i) negligent or willful acts or omissions by the Indemnifying Party or its agents, employees or contractors, which in any way relate to this Agreement, (ii) the handling or use of Products by the Indemnifying Party, (iii) a breach of this Agreement or (iv) violations of any Laws by the Indemnifying Party or its agents, employees or contractors.

Section 9.2. Concurrent and Comparative Negligence. THE INDEMNITY PROVIDED IN SECTION 9.1 SHALL REQUIRE INDEMNIFICATION FOR THE FULL AMOUNT OF CLAIMS, ACTIONS, LIABILITIES, LOSSES, COSTS AND EXPENSES, AS PROVIDED ABOVE, EVEN IN THE EVENT OF CONCURRENT NEGLIGENCE WITH A THIRD PARTY, EXCEPT IN THE EVENT THAT BOTH PARTIES' OWN NEGLIGENCE OR WILLFUL ACT OR OMISSION (INCLUDING THAT OF THEIR AGENTS, EMPLOYEES OR CONTRACTORS) IS A CONCURRING CAUSE OF INJURY, DEATH OR DAMAGES, IN WHICH CASE THE OBLIGATION TO INDEMNIFY SHALL BE COMPARATIVE, AND EACH PARTY SHALL INDEMNIFY THE OTHER BASED UPON THE PERCENTAGE OF COMPARATIVE FAULT ATTRIBUTED TO EACH AS A CAUSE OF SUCH INJURY, DAMAGE OR DEATH.

Section 9.3. Product. If Holly delivers any Off-Spec Product to Sinclair, Holly shall (i) be responsible and indemnify Sinclair for any claims, actions, liabilities, losses, costs and expenses (including reasonable attorneys' fees and expert witness fees) Sinclair may incur in respect of such Off-Spec Product, including any claims made against Sinclair by third parties in connection therewith; and (ii) replace any such Off-Spec Product at its expense; provided, this Section 9.3 shall not be applicable if Holly notifies Sinclair of its intent to deliver any Off-Spec Product, and Sinclair accepts delivery of such Off-Spec Product pursuant to Section 2.4(g).

Section 9.4. Limitation on Liability. TO THE FULLEST EXTENT PERMITTED BY LAW, AND NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT, NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY OR ANY THIRD PARTY (EXCEPT FOR, IN EACH CASE, ANY DAMAGES ACTUALLY PAID TO A THIRD PARTY THAT IS NOT AN INDEMNIFIED PARTY PURSUANT TO A THIRD PARTY CLAIM FOR WHICH INDEMNIFICATION IS REQUIRED HEREUNDER) FOR ANY EXEMPLARY, PUNITIVE, SPECIAL, CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES OR DAMAGES FOR ANY LOST OR PROSPECTIVE PROFITS OR REVENUES, LOSS OF USE OR LOSSES BY REASON OF COST OF CAPITAL, WHETHER ARISING OUT OF BREACH OF CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE PRINCIPLE, AND WHETHER OR NOT ARISING FROM ANY OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR

OTHER FAULT, AND EACH SUCH PERSON RELEASES EACH OF THE OTHER SUCH PERSONS FROM LIABILITY FOR ANY SUCH DAMAGES.

ARTICLE X
RENEWABLE IDENTIFICATION NUMBERS

Section 10.1. Renewable Identification Numbers. Holly shall be entitled to the benefits associated with all Renewable Identification Numbers ("***RINs***") under the EPA Renewable Fuel Standards program in respect of the Products that are generated by Holly or Sinclair at the Tulsa Refinery, including the Tulsa Rack, regardless of whether Holly is the blender of record. Subject to Section 10.2, Sinclair shall be entitled to the benefits associated with all other RINs generated by Sinclair's blending activities that occur after delivery of the Products by Holly to Sinclair. For the avoidance of doubt, subject to Section 10.2, Sinclair shall be entitled to the benefits associated with all RINs in respect of the Products that are generated at the Magellan Pipeline.

Section 10.2. Allocation of RINs. If Sinclair generates RINs that Sinclair is entitled to in respect of the Products after delivery by Holly at the Delivery Point, Holly shall not be entitled to any of the benefits associated with such RINs until the later of January 1, 2011 or until the Tulsa Refinery no longer receives a "small refinery" exemption, at which time Sinclair shall provide Holly with 50% of the benefits associated with such RINs at no cost. In addition, Holly may purchase the 50% of such RINs retained by Sinclair at a mutually agreed market price. For the avoidance of doubt, Holly shall not be entitled to any RINs to which Sinclair is not entitled (e.g., RINs generated by any third party at locations other than the Tulsa Refinery).

Section 10.3. Product Pricing. If at any time the standard practice in the industry provides for the Platts Group 3 Spot price to include the retention of RINs by a seller of the Products, then the Product Price under Section 10.1 or Section 10.2 shall be altered to be consistent with such industry standards. If Sinclair and Holly cannot agree on whether the Platts Group 3 Spot price is so set within ten (10) days after the request by either Party to do so, either Party may submit the matter to an expert (the "***Expert***"). The Expert shall be a firm or an individual having appropriate expertise in the refining and marketing industry as selected by the mutual agreement of Holly and Sinclair or, if the Parties do not agree on such firm, as selected by a major accounting firm that is not then providing accounting services to either Party or its Affiliates. No Expert may have a relationship with either Party and must not have provided services to, or otherwise had any such relationship with, either Party within the five year period prior to its appointment. Any Person appointed or to be appointed as an Expert shall disclose to the Parties any circumstance likely to give rise to justifiable doubt as to the Expert's impartiality or independence, including any bias or any financial or personal interest in the result of any matter referred to the Expert or any past or present relationship with the Parties or their representatives. The Parties shall cooperate with the Expert and shall provide the Expert access to such books and records as may be reasonably necessary to permit a determination by the Expert. The resolution by the Expert shall be final and binding on the Parties. The Expert shall use commercially reasonable efforts to complete its work within 30 days following its engagement. The expenses of the Expert shall be shared equally by Holly and Sinclair.

ARTICLE XI
CONFIDENTIALITY

Section 11.1. Obligations. Each Party shall retain the other Parties' Confidential Information in confidence and not disclose the same to any third party nor use the same, except as authorized by the disclosing Party in writing or as expressly permitted in this Article XI. Each Party further agrees to take the same care with the other Party's Confidential Information as it does with its own, but in no event less than a reasonable degree of care. Excepted from these obligations of confidence and non-use is that information which:

(a) is available, or becomes available, to the general public without fault of the receiving Party;

(b) was in the possession of the receiving Party on a non-confidential basis prior to receipt of the same from the disclosing Party;

(c) is obtained by the receiving Party without an obligation of confidence from a third party who is rightfully in possession of such information and, to the receiving Party's knowledge, is under no obligation of confidentiality to the disclosing Party; or

(d) is independently developed by the receiving Party without reference to or use of the disclosing Party's Confidential Information.

For the purpose of this Section 11.1, a specific item of Confidential Information shall not be deemed to be within the foregoing exceptions merely because it is embraced by, or underlies, more general information in the public domain or in the possession of the receiving Party.

Section 11.2. Permitted Disclosures. Notwithstanding Section 11.1, each Party is permitted to disclose the existence of this Agreement and the volumes of Products to be delivered hereunder to third parties in connection with its business and affairs.

Section 11.3. Required Disclosures. Notwithstanding Section 11.1, if the receiving Party becomes legally compelled to disclose, or is required to disclose by the rules of an applicable stock exchange, any of the disclosing Party's Confidential Information, the receiving Party shall promptly advise the disclosing Party of such requirement to disclose Confidential Information, in order that, where possible, the disclosing Party may seek a protective order or such other remedy as the disclosing Party may consider appropriate in the circumstances. The receiving Party shall disclose only that portion of the disclosing Party's Confidential Information that it is required to disclose.

Section 11.4. Return of Information. Upon written request by the disclosing Party, all of the disclosing Party's Confidential Information in whatever form shall be returned to the disclosing Party upon termination of this Agreement to the extent practicable, without the receiving Party retaining copies thereof except that one copy of all such Confidential Information may be retained by a Party's legal department solely to the extent that such Party is required to keep a copy of such Confidential Information pursuant to applicable Law.

Section 11.5. Receiving Party Personnel. The receiving Party will limit access to the Confidential Information of the disclosing Party to those of its employees and contractors that have a need to know such information in order for the receiving Party to exercise or perform its rights and obligations under this Agreement (the "***Receiving Party Personnel***"). The Receiving Party Personnel who have access to any Confidential Information of the disclosing Party will be made aware of the confidentiality provision of this Agreement, and will be required to abide by the terms thereof.

Section 11.6. Survival. The obligation of confidentiality under this Article XI shall survive the expiration or termination of this Agreement for a period of two years.

ARTICLE XII
HOLLY GUARANTEE

Section 12.1. Holly Guarantor's Responsibilities. The Holly Guarantor, which hereby acknowledges that it will benefit from the transactions contemplated by this Agreement, hereby unconditionally and irrevocably guarantees to Sinclair the full, due and punctual performance and observation by Holly of all the obligations of Holly under the terms of this Agreement and, in the event of any failure by Holly to perform or observe such obligations, the Holly Guarantor shall be liable for the obligations of Holly arising hereunder as if it were a primary obligor.

Section 12.2. Holly Guarantor Obligations. The obligations of the Holly Guarantor under this Article XII:

(a) shall be continuing obligations and shall not be satisfied, discharged or affected by any intermediate payment or settlement of account or any change in the constitution or control of, or the insolvency of, or any liquidation, winding up or analogous proceedings relating to, Holly or any change in the terms, conditions and undertakings on the part of Holly contained in this Agreement;

(b) shall not be discharged, prejudiced, lessened, affected or impaired by any act, omission or circumstance whatsoever which but for this provision might operate to release or exonerate Holly from all or any part of such obligations or in any way discharge, prejudice, lessen, affect or impair the same; and

(c) shall not be released or diminished by any variation of the terms of this Agreement, any forbearance, neglect or delay in seeking performance or any granting of time of such performance.

Section 12.3. Order of Claims. The Holly Guarantor waives any right it may have to require Sinclair first to proceed against or claim payment from Holly before claiming against it under this Article XII.

Section 12.4. No Limitations of Sinclair's Rights. This guarantee is in addition to and without limiting and not in limitation of or substitution for any rights or security which Sinclair may now or hereafter have or hold for the performance and observance of any of Holly's obligations given in or pursuant to this Agreement.

Section 12.5. Enforceability Against Holly Guarantor. As a separate and independent stipulation, the Holly Guarantor agrees that any obligations expressed to be given by Holly under this Agreement (including any monies expressed to be payable), which may not be enforceable against or recoverable from Holly by reason of any legal limitation, disability or incapacity on or on behalf of Holly or any fact or circumstance shall nevertheless be enforceable against the Holly Guarantor as though the same had been incurred by the Holly Guarantor and the Holly Guarantor were the sole and principal obligor in respect thereof and/or shall be performed or paid by the Holly Guarantor on demand. The Holly Guarantor agrees that any limitations or waivers of rights by Holly under this Agreement shall also apply to any rights of the Holly Guarantor under this Agreement.

Section 12.6. Limitations. The Holly Guarantor's liability hereunder shall be and is specifically limited to payment and performance expressly required to be made by Holly in accordance with the terms of this Agreement. Notwithstanding any other provision in this Article XII to the contrary, the Holly Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Holly is entitled with respect to this Agreement, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Holly. Notwithstanding any other provisions of this Agreement to the contrary, no term or provision of this Article XII shall be amended, modified, altered, waived, or supplemented except in a writing signed by the Holly Guarantor and Sinclair.

ARTICLE XIII
SINCLAIR GUARANTEE

Section 13.1. Sinclair Guarantor's Responsibilities. The Sinclair Guarantor, which hereby acknowledges that it will benefit from the transactions contemplated by this Agreement, hereby unconditionally and irrevocably guarantees to Holly the full, due and punctual performance and observation by Sinclair of all the obligations of Sinclair under the terms of this Agreement and, in the event of any failure by Sinclair to perform or observe such obligations, the Sinclair Guarantor shall be liable for the obligations of Sinclair arising hereunder as if it were a primary obligor.

Section 13.2. Sinclair Guarantor Obligations. The obligations of the Sinclair Guarantor under this Article XIII:

(a) shall be continuing obligations and shall not be satisfied, discharged or affected by any intermediate payment or settlement of account or any change in the constitution or control of, or the insolvency of, or any liquidation, winding up or analogous proceedings relating to, Sinclair or any change in the terms, conditions and undertakings on the part of Sinclair contained in this Agreement;

(b) shall not be discharged, prejudiced, lessened, affected or impaired by any act, omission or circumstance whatsoever which but for this provision might operate to release or exonerate Sinclair from all or any part of such obligations or in any way discharge, prejudice, lessen, affect or impair the same; and

(c) shall not be released or diminished by any variation of the terms of this Agreement, any forbearance, neglect or delay in seeking performance or any granting of time of such performance.

Section 13.3. Order of Claims. The Sinclair Guarantor waives any right it may have to require Holly first to proceed against or claim payment from Sinclair before claiming against it under this Article XIII.

Section 13.4. No Limitations of Holly’s Rights. This guarantee is in addition to and without limiting and not in limitation of or substitution for any rights or security which Holly may now or hereafter have or hold for the performance and observance of any of Sinclair’s obligations given in or pursuant to this Agreement.

Section 13.5. Enforceability Against Sinclair Guarantor. As a separate and independent stipulation, the Sinclair Guarantor agrees that any obligations expressed to be given by Sinclair under this Agreement (including any monies expressed to be payable), which may not be enforceable against or recoverable from Sinclair by reason of any legal limitation, disability or incapacity on or on behalf of Sinclair or any fact or circumstance shall nevertheless be enforceable against the Sinclair Guarantor as though the same had been incurred by the Sinclair Guarantor and the Sinclair Guarantor were the sole and principal obligor in respect thereof and/or shall be performed or paid by the Sinclair Guarantor on demand. The Sinclair Guarantor agrees that any limitations or waivers of rights by Sinclair under this Agreement shall also apply to any rights of the Sinclair Guarantor under this Agreement.

Section 13.6. Limitations. The Sinclair Guarantor’s liability hereunder shall be and is specifically limited to payment and performance expressly required to be made by Sinclair in accordance with the terms of this Agreement. Notwithstanding any other provision in this Article XIII to the contrary, the Sinclair Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Sinclair is entitled with respect to this Agreement, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Sinclair. Notwithstanding any other provisions of this Agreement to the contrary, no term or provision of this Article XIII shall be amended, modified, altered, waived, or supplemented except in a writing signed by the Sinclair Guarantor and Holly.

ARTICLE XIV
MISCELLANEOUS

Section 14.1. Audits.

(d) If Sinclair did not receive the Minimum Amount for any period for reasons not attributable to Sinclair, a Proration Event, a Force Majeure or a Turnaround Event, Sinclair may, upon its request and at its sole expense, audit any and all records of Holly relating to the volume of Products produced during that period; provided, Holly shall have the right to exclude any trade secrets, formulas, processes, or other information that would be considered Confidential Information if obtained by Sinclair from Holly from such inspection. Holly further agrees to maintain its books and records relating to the Products sold to Sinclair hereunder and relating to the events described in the immediately preceding sentence, Ethanol sales, Sinclair

Additives, or additives added by Holly for a period of one year from the date such Product was provided and to make such books and records available to Sinclair upon reasonable advance written notice during normal business hours no more often than twice within such one year period.

(e) Holly may, upon its request and at its sole expense, audit any and all records of Sinclair relating to Sinclair's blending activities that occur after delivery of the Products by Holly to Sinclair that result in the generation of RINs; provided, Sinclair shall have the right to exclude any trade secrets, formulas, processes, or other information that would be considered Confidential Information if obtained by Holly from Sinclair from such inspection. Sinclair further agrees to maintain its books and records relating to the generation of RINs for a period of one year from the date RINs are generated and to make such books and records available to Holly upon reasonable advance written notice during normal business hours no more often than twice within such one year period.

Section 14.2. Change in Law. If a Change in Law occurs, the Parties agree to negotiate in good faith to modify the terms of this Agreement to preserve the economic equilibrium between the Parties and as otherwise necessary for each Party to maintain its rights and benefits under this Agreement.

Section 14.3. Assignment. This Agreement shall extend to and be binding upon the Parties, their successors and assigns; provided, neither Party shall assign this Agreement without the written consent of the other Party, not to be unreasonably withheld, conditioned or delayed; provided without the consent of the other Party (a) Holly may assign this agreement to any of its Affiliates or to the purchaser of substantially all of the assets owned by Holly and located at the Combined Plants, and (b) Sinclair may assign this Agreement to SOC from and after the date on which the HEP Units are no longer pledged pursuant to the Pledge Agreement and either Sinclair or SOC has provided alternative financial assurances for the payment of the Required Collateral Amount satisfactory to Holly as provided in Section 3.4. Except for an assignment pursuant to subpart (a) or subpart (b) immediately above, each Party shall have the right to review and approve the creditworthiness of a proposed assignee as a condition to its consent.

Section 14.4. Notices. Except as set forth in Section 2.4(b)(iv), all notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be addressed to the intended recipient as set forth below:

If to Holly: Holly Refining & Marketing-Tulsa LLC
100 Crescent Court, Suite 1600
Dallas, Texas 75201
Attn: President
Tel: 214-871-3442

With a copy to: Holly Refining & Marketing-Tulsa LLC
100 Crescent Court, Suite 1600
Dallas, Texas 75201

Attn: General Counsel
Tel: (214) 871-3555

If to Sinclair: Sinclair Tulsa Refining Company
550 East South Temple
Salt Lake City, UT 84130-0825
Attn: President
Tel: (801) 524-2750

With a copy to: Sinclair Oil Corporation
550 East South Temple
Salt Lake City, UT 84130-0825
Attn: General Counsel
Tel: (801) 524-2756

Any notice, request, demand, claim, or other communication hereunder may be sent to the intended recipient at the addresses set forth above using registered or certified mail, return receipt requested, postage prepaid, and any other means (including personal delivery, expedited courier, messenger service, or ordinary mail where receipt thereof is confirmed, but specifically excluding telecopy and electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient or such receipt is refused by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving to other Party notice in the manner herein set forth.

Section 14.5. Laws and Regulations. The Parties shall comply fully with all applicable Laws by whatever authority, including those relating to health, safety and protection of the environment. If any provision of this Agreement is held by a court of law to be illegal and unlawful, the remainder of this Agreement shall continue to be effective and enforceable if commercially reasonable.

Section 14.6. Counterparts. This Agreement may be executed in multiple counterparts by the different signatories hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 14.7. Entire Agreement. This Agreement (including any attachments, exhibits or addenda hereto and thereto), constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the subject matter hereof.

Section 14.8. No Modification. No amendments, additions to, alterations, modifications or waivers of all or any part of this Agreement shall be of any effect, unless in writing and signed by Sinclair, Holly, the Sinclair Guarantor and the Holly Guarantor. If the provisions of this Agreement and the provisions of any purchase order or order acknowledgement written in connection with this Agreement conflict, then the provisions of this Agreement shall prevail.

Section 14.9. No Waiver. Failure of Sinclair, Holly, the Sinclair Guarantor or the Holly Guarantor to require performance of any provision of this Agreement shall not affect either Party's right to full performance thereof at any time thereafter, and the waiver by any such parties of a breach of any provision hereof shall not constitute a waiver of a similar breach in the future or of any other breach or nullify the effectiveness of such provision.

Section 14.10. Employee Regulations. All employees, contractors, and designees (including, inspection and truck and rail transportation service providers) of each Party when on the property of the other Party shall conform to the rules and regulations concerning safety and the routing procedures of such other Party. Holly reserves the right, at its sole discretion, to refuse access to its property to any Sinclair employee, contractor, or designee that is in violation of Holly's rules and regulations concerning safety and its routing procedures.

Section 14.11. Liquidation and Close Out. This Agreement is a forward contract as defined in the Section 101(25) of U.S. Federal Bankruptcy Code (the "***Bankruptcy Code***") and a forward agreement as such term is used in Section 101(53B) of the Bankruptcy Code. If one Party shall voluntarily file a petition in bankruptcy, reorganization or receivership, shall become insolvent, shall fail to pay its debts as they become due, or shall fail to give adequate assurance or security of its ability to perform its obligations hereunder within 48 hours after receipt of a request therefore, the other Party shall have the immediate right to liquidate, terminate, accelerate and/or close out this Agreement and all other forward contracts and forward agreements (as defined by the Bankruptcy Code) between the Parties (regardless of whether the liquidating Party is the delivering Party or the receiving Party thereunder) by calculating the difference in price for the Product hereunder and the prevailing market price for the Product or the commercially reasonable equivalent price for the Product as published in an industry publication multiplied by the remaining quantities of the Product to be delivered hereunder. The liquidation balances shall be netted to a single sum. The owing Party shall pay the other Party in U.S. Dollars by wire transfer in immediately available funds within 24 hours after receiving the results of the calculation. The liquidation and close-out of this Agreement and all other forward contracts shall be in addition to any other rights and remedies which the other Party may have.

Section 14.12. Relationship of Parties. The Parties are independent contractors. Nothing in this Agreement is intended nor shall be construed to constitute the Parties partners or joint venturers with respect to the subject matter of this Agreement, this being an agreement for the purchase and sale of petroleum products only and nothing herein shall be deemed to confer upon either Party any property, lien or security interest in the facilities owned by the other Party.

Section 14.13. Remedies Not Exclusive. The specific remedies provided in this Agreement are not intended to be exclusive, and the exercise of any such specific remedy shall not be deemed to be an election of an exclusive remedy. The specific remedies provided in this Agreement are cumulative of all other remedies available to the Parties at law or in equity.

Section 14.14. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the domestic Laws of the State of Utah without giving effect to any choice or conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Utah. The

Parties hereby consent to the jurisdiction of any state or federal court located within Salt Lake County, Utah and Dallas County, Texas and, irrevocably agree that (i) all actions or proceedings arising out of or related to this Agreement initiated by Holly shall be brought in Salt Lake County, Utah, and (ii) all actions or proceedings arising out of or related to this Agreement initiated by Sinclair shall be brought in Dallas County, Texas. Each Party waives any defense of forum non conveniens and agrees to be bound by any judgment rendered thereby in connection with this Agreement. For the avoidance of doubt, the Parties agree that, once an action or proceeding is brought in the above-required forum, the other Party to the action or proceeding may bring any counterclaims in the same forum. Each Party agrees that service upon it by registered mail shall constitute sufficient notice; provided that nothing herein shall affect the right to serve process in any other manner permitted by Law.

Section 14.15. No Third Party Beneficiaries. Nothing in this Agreement shall confer any rights or remedies upon any Person other than the Parties and their respective Affiliates, successors and permitted assigns.

Section 14.16. Specific Performance. The Parties acknowledge and agree that either Party may be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, the Parties hereto agree that each Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any state or federal court located within Salt Lake County, Utah or Dallas County, Texas, in addition to any other remedy to which they may be entitled, at law or in equity.

Section 14.17. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING HEREUNDER.

[*Remainder of page left intentionally blank.*]

Section 14.18.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the Effective Date.

HOLLY REFINING & MARKETING-TULSA LLC

By: Holly Refining & Marketing Company, Member

By:
Name:
Title:

SINCLAIR TULSA REFINING COMPANY

By:
Name:
Title:

For purposes of Article XII of this Agreement only:

HOLLY CORPORATION

By:
Name:
Title:

For purposes of Article XIII of this Agreement only:

THE SINCLAIR COMPANIES

By:
Name:
Title: _____________________________

[Signature Page to Refined Products Purchase Agreement]

Exhibit A

Products

1. Unleaded Gasoline
    a. Unleaded Regular Gasoline
    b. Unleaded Premium Gasoline
    c. Kansas City - Low RVP Unleaded Regular Gasoline
    d. Kansas City - Low RVP Unleaded Premium Gasoline
    e. Tulsa - 7.8# RVP Unleaded Regular Gasoline
    f. Tulsa - 7.8# RVP Unleaded Premium Gasoline
    g. Oxygenated Unleaded Regular Gasoline
    h. Oxygenated Unleaded Premium Gasoline

2. Ultra Low Sulfur Diesel
    a. Ultra Low Sulfur No.1 Diesel
    b. Ultra Low Sulfur No.2 Diesel

3. Ethanol

4. Such additional Products as may be agreed between the Parties from time to time.

Exhibit B

Specifications

If the Magellan Pipeline is the Delivery Point, Specifications for Products shall be as indicated in the Magellan Pipeline specifications. If the Magellan Pipeline is not the Delivery Point, all Products shall at all times meet or be better than the product quality standards customarily adopted by sellers of Products at rack loading facilities in the metropolitan Tulsa, Oklahoma area.

Exhibit C

Acceptable Product Range

Product	Minimum Amount	Maximum Amount
Unleaded Gasoline	29,000 barrels per day, subject to increases as provided below	32,000 barrels per day, subject to increases as provided below
Ultra Low Sulfur Diesel	The lesser of the following: (i) 16,000 barrels per day, or (ii) 100% of Holly's Tulsa production from the Combined Plants less between 16,000 and 20,000 barrels per day through June 2012 (being the amount of Ultra Low Sulfur Diesel that Holly is committed to provide to BNSF Railway Company under that certain Diesel Fuel Purchase Agreement as in existence on the Effective Date); provided, if the Minimum Amount of Ultra Low Sulfur Diesel is less than 16,000 barrels per day as a result of this clause (ii), then Holly shall be required to deliver additional volumes of Unleaded Gasoline to the extent needed to cause the Minimum Amount of Products in the aggregate to equal 45,000 barrels per day	The lesser of the following: (i) 18,000 barrels per day, or (ii) 100% of Holly's Tulsa production from the Combined Plants less between 16,000 and 20,000 barrels per day through June 2012 (being the amount of Ultra Low Sulfur Diesel that Holly is committed to provide to BNSF Railway Company under that certain Diesel Fuel Purchase Agreement as in existence on the Effective Date); provided, if the Maximum Amount of Ultra Low Sulfur Diesel is less than 18,000 barrels per day as a result of this clause (ii), then Holly shall be required to deliver additional volumes of Unleaded Gasoline to the extent needed to cause the Maximum Amount of Products in the aggregate to equal 50,000 barrels per day

Of the Unleaded Gasoline and Ultra Low Sulfur Diesel volumes identified above, the Nominated Volume for the following Products shall be within the following ranges for the indicated months, unless mutually agreed in writing by both Parties. For the avoidance of doubt, subject to the terms of Article VII, the total volume of Unleaded Gasoline and Ultra Low Sulfur Diesel shall be within the Acceptable Product Range as specified in the table above.

Product	Minimum Amount (Barrels per day)	Maximum Amount (Barrels per day)	Period/Delivery Point
Unleaded Premium Gasoline	4,000	5,000	to be delivered over Tulsa Rack or into Magellan Pipeline, which volumes include the deliveries of Unleaded Premium Gasoline identified below in this table
<u>Tulsa Rack Deliveries</u>			
Unleaded Regular Gasoline	5,000	9,000	from May to September only the Product to be delivered to meet these volumes shall be 7.8# RVP Tulsa Unleaded Regular Gasoline, and Unleaded Regular Gasoline shall be delivered in all other months to meet these volumes; to be delivered over Tulsa Rack.
Unleaded Premium Gasoline	400	600	from May to September only the Product to be delivered to meet these volumes shall be 7.8# RVP Tulsa Unleaded Premium Gasoline, and Unleaded Premium Gasoline shall be delivered in all other months to meet these volumes; to be delivered over Tulsa Rack.
ULSD (as identified on the Platts Index Page)	2,000	3,000	to be delivered over Tulsa Rack
<u>Magellan Pipeline Deliveries</u>			
Unleaded Regular Gasoline	3,000	5,000	from April to August only the Product to be delivered to meet these volumes shall be low RVP Kansas City Regular Gasoline, and Unleaded Regular Gasoline shall be delivered in all other months to meet these volumes; to be delivered into Magellan Pipeline

Unleaded Premium Gasoline	1,000	2,000	from April to August only the Product to be delivered to meet these volumes shall be low RVP Kansas City Premium Gasoline, and Unleaded Premium Gasoline shall be delivered in all other months to meet these volumes; to be delivered into Magellan Pipeline
Ultra Low Sulfur No. 1 Diesel	1,000	3,000	from October to February only; to be delivered into Magellan Pipeline

The volume of Products to be sold and delivered in December 2009 is set forth below:

Magellan Pipeline Deliveries:

Product	**Nominated Volume** (Barrels Per Day)
Unleaded Premium Gasoline	4,200
Unleaded Regular Gasoline	19,500
Ultra Low Sulfur No. 1 Diesel	3,000
ULSD (as identified on the Platts Index Page)	12,100

Tulsa Rack Deliveries:

Product	**Nominated Volume** (December Cumulative Volume)
Unleaded Premium Gasoline	5,000
Unleaded Regular Gasoline	67,000
ULSD (as identified on the Platts Index Page)	28,000

Exhibit D

Product Price

1. Unleaded Gasoline

a. *Unleaded Regular Gasoline and Unleaded Premium Gasoline:*

The Product Price for Unleaded Regular Gasoline with a base octane of 87 and Unleaded Premium Gasoline with a base octane of 91 (and in each case with a base RVP meeting standard Magellan Pipeline specifications, adjusted seasonally) shall be equal to the Platts Group 3 Spot Low price for such Products; provided, the Product Price shall be no lower than the Platts Group 3 Spot Mean less 0.25 cents per gallon.

b. *Kansas City Gasoline:*

If Platts Group 3 Spot prices are not posted for low RVP Kansas City Gasoline (and with a low RVP meeting standard Magellan Pipeline specifications, adjusted seasonally), the price differential to the Platts Group 3 Spot Low will be mutually agreed between the Parties for the summer season (as designated by the Magellan Pipeline) no later than March 15 of each year. If the Parties are unable to mutually agree on such a price, then Holly shall deliver Unleaded Regular Gasoline in accordance with the pricing in paragraph (a) above.

c. *Tulsa Gasoline:*

If Platts Group 3 Spot prices are not posted for 7.8# RVP Tulsa Gasoline and such gasoline is supplied, the value added to the Product Price will be: (i) 47.5% of the 100% differential between the Tulsa OPIS 7.8# Contract Net Rack Average posting for the appropriate grade of gasoline vs. the Platts Group 3 Spot low price for the appropriate grade of gasoline, which amount shall be deemed to be zero if this calculation results in a negative amount; plus (ii) 52.5% of the 100% differential between 9.0# and 7.8# Platts Gulf Coast Spot Conventional Gasoline, which amount shall be deemed to be zero if this calculation results in a negative amount.

2. Ultra Low Sulfur Diesel

a. *Ultra Low Sulfur No.2 Diesel:*

The Product Price for Ultra Low Sulfur No.2 Diesel shall be equal to the Platts Group 3 Spot Low price for such Product (identified as ULSD on the Platts Index Page); provided, the Product Price shall be no lower than the Platts Group 3 Spot Mean less 0.25 cents per gallon.

b. *Ultra Low Sulfur No.1 Diesel:*

The Product Price for Ultra Low Sulfur No.1 Diesel shall be equal to the Platts Group 3 Spot Low price for such Product (identified as ULS No.1 on the Platts Index Page beginning on November 1 of each year); provided, the Product Price shall be no lower than the Platts Group 3 Spot Mean less 0.25 cents per gallon.

3. General Policy

If a suboctane product becomes the product of choice and there is not a Platts Group 3 Spot price posted for the different grades, the Parties shall negotiate in good faith to agree on a price for such products. If the Parties are unable to reach agreement in such circumstances, then the matter shall be referred to an Expert for determination in accordance with Section 10.3 of the Agreement.

4. Loading Fees

A loading fee of 0.6 cents per gallon will be charged by Holly to Sinclair on all Products taken over the Tulsa Rack, subject to adjustment as provided in Section 3.7 of the Agreement. If Products are delivered by rail, the Parties shall negotiate in good faith to agree on a loading fee for such Products.

5. Ethanol Pricing

Holly shall be the blender of record for all oxygenated gasoline sales at the Tulsa Rack, with a price for such oxygenated gasoline based on the following formula:

(90% x Tulsa gasoline price) + (10% x Ethanol price) = oxygenated gasoline price per gallon.

Where:

Tulsa gasoline price = the applicable Group 3 Spot Price plus any RVP differential; and

Ethanol price = Holly’s cost of Ethanol plus a fee (the “***Ethanol Fee***”) of four (4) cents per gallon of Ethanol, subject to adjustment for the Ethanol Fee pursuant to Section 3.7 of the Agreement.

Exhibit E

Example of Platts Index Page

[see attached]

PGA 000018
18--Platts US Group 3 Product Assessments - 28sep09
Houston (Platts)--28sep2009/415 pm EDT/2015 GMT

10.00 RVP (Cts/Gal)
Unleaded +164.99 -165.49+
Prem. unleaded* -176.99 -177.49-
LS Diesel +174.61 -175.11+
LS Diesel off-road +174.61 -175.11+
ULSD +174.61 -175.11+
Jet Fuel +170.86 -171.36+
* - 10.00 RVP

--REFILING: veraSun files for chapter 11 bankruptcy protection (p248)

Begins p100

--Platts Global Alert--

Cont p106

PGA 000106
106--Platts news headlines

03Nov08/0556 pm EST/2256 GMT

—Total says makes significant gas, condensate find offshore Brunei (p247)
—Nicor says Q3 net income falls to $1.3 million (p246)
—Kazakhstan to consider changes to oil export duty schedule (p245)
—December NYMEX gas contract drops overnight as temperatures rise (p120)
—Iran will face economic problems from sub $60/b oil: central bank (p119)
—BP starts $650 mil appraisal program on Oman tight gas fields (p118)
—UPDATE 2: StatoilHydro's Q3 earnings disappoint, confirms targets (p117)
—Benchmark gasoline 10ppm barge cracks plummets to record low (p116)
—US NHC monitoring weather system in Caribbean for possible storm (p115)
—Shell's Dutch Moerdijk cracker to shut down for repairs Monday (p114)
—TNK-BP's 175,000 b/d Ukraine refinery back from maintenance (p113)
—Azerbaijan's Socar may delay oil projects on low crude price: TV (p112)
—Kuwait cuts 5% of November crude liftings to term buyers in Asia (p111)

Begins p100 --Platts Global Alert--

PGA 000131
131--NYMEX Closing Energy Futures Cracks/Differentials
3-Nov-08 4:46PM

	Crack Spreads (CL:RBOB:HO)			Differentials		
	($/BBL)	($/BBL)	($/BBL)	($/BBL)	($/BBL)	($/GAL)
	3-2-1	5-3-2	2-1-1	RB-CL	HO-CL	RB-HO
DEC	2.00	3.74	6.34	-6.69	19.37	-0.6203
JAN	2.85	4.57	7.14	-5.73	20.01	-0.6128
FEB	3.52	5.20	7.71	-4.86	20.29	-0.5988
MAR	4.04	5.65	8.05	-3.99	20.09	-0.5733
APR	7.92	9.06	10.79	2.17	19.40	-0.4103
MAY	7.90	9.00	10.64	2.42	18.87	-0.3918

(N/A indicates incomplete data for that month)

PGA 000018
18--Platts US Group 3 product Assessments - 03NOV08
New York (Platts)--3Nov2008/436 pm EST/2136 GMT

13.50 RV (Cts/Gal)
Unleaded -135.50 -136.00-
Prem. Unleaded* -145.50 -146.00-
LS Diesel -200.53 -201.03-LS Diesel Off-road -200.53 -201.03-
ULSD -200.53 -201.03-
Jet Fuel -200.78 -201.28-
ULS No. 1 -218.03 -218.53-

* - 13.50 RVP

FIRST AMENDMENT
TO
REFINED PRODUCTS PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO REFINED PRODUCTS PURCHASE AGREEMENT (this "Amendment") is entered into as of the 17th day of May, 2010 (the "Effective Date") by and between SINCLAIR TULSA REFINING COMPANY, a Wyoming corporation, (together with its successors and/or assigns, the "Sinclair"), and HOLLY REFINING & MARKETING-TULSA LLC, a Delaware limited liability company (together with its successors and/or assigns, "Holly") Each of Holly and Sinclair are individually referred to as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, the Parties previously entered into that certain Refined Products Purchase Agreement dated as of December 1, 2009 (such agreement, with all exhibits and attachments, the "Products Purchase Agreement") pursuant to which Holly agreed to sell, and Sinclair agreed to purchase, certain Products, as therein defined. Capitalized terms not otherwise defined in this Amendment shall have the meaning ascribed to such terms in the Products Purchase Agreement.

WHEREAS, in accordance with Section 3.4(a)(i) of the Products Purchase Agreement, Sinclair has pledged 641,000 HEP Units (the "Pledged Units") to Holly pursuant to a certain Pledge and Security Agreement dated as of December 1, 2009 (the "Pledge Agreement"), and such HEP Units are represented by certificate no. HEP 0202 (the "Existing Certificate").

WHEREAS, Sinclair and Holly are entering into a certain First Amendment to the Pledge and Security Agreement (the "PSA Amendment"), pursuant to which Sinclair is being granted the right to separate the Existing Certificate into thirteen (13) separate certificates as more particularly described therein (the "New Certificates"), and obtain a release of some of the New Certificates from the security interests granted to Holly upon the terms and conditions set forth therein.

AGREEMENT**:**

NOW, THEREFORE, in consideration of the agreements and covenants set forth in this Amendment, and for other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged, the Parties hereby amend the Products Purchase Agreement and agree as follows:

1. Incorporation of Recitals. The recitals for this Amendment are fully incorporated herein by the reference thereto with the same force and effect as though recited herein.

2. Conditions Precedent. This Amendment shall not be effective until the following events shall have occurred: (a) each of Sinclair and Holly shall have executed and delivered this Amendment and the PSA Amendment, (b) all of the conditions precedent to the effectiveness of the PSA Amendment shall have been satisfied by Sinclair or waived by Holly, and (c) Sinclair shall not be in default under the Products Purchase Agreement,

3. Definitions. The following definitions are added to Section 1.1 of the Products Purchase Agreement:

> "*Pledge Agreement*" means that certain Pledge and Security Agreement dated as of December 1, 2009 between Sinclair, as Pledgor, and Holly, as Secured Party, as the same may be amended, restated, supplemented or otherwise modified from time to time.

> "*Registration Rights Agreement*" means that certain Registration Rights and Transfer Restriction Agreement, dated as of October 19, 2009, between HEP and Sinclair, as the same may be amended, restated, supplemented or otherwise modified from time to time.

4. Release of Collateral. The following is added as new Section 3.4(e) of the Products Purchase Agreement:

> (e) In the event that Sinclair otherwise meets Holly's requirements for open credit as contemplated by Sections 3.4(b) and 3.4(c), a portion of the HEP Units pledged to Holly pursuant to Section 3.4(a)(i) will be released by Holly as provided in, and subject, to the terms and conditions precedent of the Pledge Agreement; provided that, in each case, each of the following conditions precedent shall have been satisfied: (i) no default has occurred and is continuing under this Agreement or the Pledge Agreement, (ii) Sinclair is not prohibited from selling, assigning or otherwise transferring such HEP Units under the Registration Rights Agreement, and (iii) the Collateral Value of the Collateral subject to Holly's continuing security interest under the Pledge Agreement both before and immediately after such release shall exceed the Required Collateral Value, as determined by Holly in its discretion, reasonably exercised.

5. Ratification of Products Purchase Agreement. Except as set forth in this Amendment, the parties ratify and affirm the Products Purchase Agreement in its entirety, and the Products Purchase Agreement shall remain in full force and effect.

6. Representations and Warranties of Sinclair. Each of the representations, warranties, and covenants contained in this Section 6 constitutes a material part of the consideration to Holly in entering into this Amendment, and Sinclair acknowledges that Holly relying on the correctness and completeness of these representations, warranties, and covenants in entering into this Amendment. Each of the following representations and warranties is true and accurate as of the date of execution of this Amendment and will survive the consummation of the transactions contemplated hereby. Accordingly, Sinclair covenants, represents, and warrants to Holly as follows:

> (a) No default has occurred and is continuing under the Products Purchase Agreement or the Pledge Agreement.

(b) Each and all representations and warranties of Sinclair in the Products Purchase Agreement are accurate and correct on the date hereof and shall continue in effect as provided in the Products Purchase Agreement.

(c) The execution and delivery of this Amendment has been duly authorized by all requisite action by or on behalf of Sinclair. This Amendment has been duly executed and delivered on behalf of Sinclair.

(d) This Amendment in no way limits or restricts the right of Holly to exercise and enforce any and/or all of its rights and remedies under the Products Purchase Agreement.

7. Omnibus Amendment. Any and all other terms and provisions of the Products Purchase Agreement are hereby amended and modified wherever necessary, and even though not specifically addressed herein, so as to conform to the amendments set forth in the preceding paragraphs hereof. Except as expressly modified and amended hereby, all other terms and conditions of the Product Purchase Agreement shall continue in full force and effect.

8. Counterparts. This Amendment may be executed in counterparts each of which shall be deemed an original. An executed counterpart of this Amendment transmitted by facsimile shall be equally as effective as a manually executed counterpart.

9. Successors and Assigns. This Amendment shall inure for the benefit of and shall be binding on each of the parties hereto and their respective successors and/or assigns.

10. Entire Agreement. This Amendment contains the entire agreement between the parties hereto as to the subject matter hereof and, except as provided for in this Amendment, the terms and provisions of the Products Purchase Agreement stay in full force and effect. To the extent of any conflict between the provisions of this Amendment and the provisions of the Products Purchase Agreement, the provisions of this Amendment shall control.

[THE REST OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the respective dates set forth below, to be effective as of the Effective Date.

HOLLY REFINING & MARKETING-TULSA LLC

By:
Name:
Title:

SINCLAIR TULSA REFINING COMPANY

By:
Name:
Title:

CONSENT OF GUARANTORS

The undersigned hereby consent to the foregoing Amendment and agrees to be bound by the provisions thereof.

HOLLY CORPORATION

By:
Name:
Title:

THE SINCLAIR COMPANIES

By:
Name:
Title: _____________________________

SECOND AMENDMENT
TO
REFINED PRODUCTS PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO REFINED PRODUCTS PURCHASE AGREEMENT (this "Amendment") is entered into as of the 19th day of December, 2011 to be effective as of January 1, 2012 (the "Effective Date") by and between SINCLAIR OIL CORPORATION, a Wyoming corporation, (together with its successors and/or assigns, the "Sinclair"), as successor in interest to Sinclair Tulsa Refining Company, and HOLLYFRONTIER REFINING & MARKETING LLC, a Delaware limited liability company (formerly known as Holly Refining & Marketing Company LLC) (together with its successors and/or assigns, "HFRMC"). Each of HFRMC and Sinclair are individually referred to as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, Sinclair and HFRMC are parties to that certain Refined Products Purchase Agreement dated as of December 1, 2009, as amended on May 17, 2010 (such agreement, with all exhibits and attachments, as amended, the "Products Purchase Agreement") pursuant to which HFRMC agreed to sell, and Sinclair agreed to purchase, certain Products, as therein defined. Capitalized terms not otherwise defined in this Amendment shall have the meaning ascribed to such terms in the Products Purchase Agreement.

WHEREAS, the Parties desire to modify the method for determining the Product Price to be paid for the delivery of Product into the Magellan Pipeline, commencing on the Effective Date, as more fully set forth in this Amendment;

AGREEMENT**:**

NOW, THEREFORE, in consideration of the agreements and covenants set forth in this Amendment, and for other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged, the Parties hereby amend the Products Purchase Agreement and agree as follows:

1. Incorporation of Recitals. The recitals for this Amendment are fully incorporated herein by the reference thereto with the same force and effect as though recited herein.

2. Definitions. Section 1.1 of the Products Purchase Agreement is hereby amended by deleting the definition of "Three-Day Wrap" and adding the following definitions:

"***Monthly Average***" means the cumulative average for a given calendar month of the daily Platts Index Page postings of the price for each Product (determined as provided in Exhibit D hereto) during such calendar month.

"***Provisional Price***" shall be the Monthly Average of the price for the applicable Product in effect for the calendar month immediately preceding the calendar month in which the subject Product shipments are occurring.

3. Product Price. Section 3.1(a) of the Agreement is hereby deleted in its entirety and the following substituted in lieu thereof:

(a) For each gallon of Product delivered into the Magellan Pipeline during a calendar month, the Product Price shall be the Monthly Average for the calendar month in which such delivery occurs. This Section 3.1(a) does not apply to any sale of Product at the Tulsa Rack; the price for such sales governed by Section 3.1(b) hereof.

4. Payment. The following is added immediately following the first sentence of Section 3.3 of the Product Purchase Agreement:

The initial invoices for Product delivered into the Magellan Pipeline shall use the Provisional Price. By the tenth (10th) day of the calendar month immediately following such delivery into the Magellan Pipeline, the Product Price for such Product shall be recalculated using the actual Monthly Average for the applicable calendar month and Holly shall either issue to Sinclair an invoice (if the Monthly Average is greater than the Provisional Price) or credit memo (if the Monthly Average is below the Provisional Price).

5. Omnibus Amendment. Any and all other terms and provisions of the Products Purchase Agreement are hereby amended and modified wherever necessary, and even though not specifically addressed herein, so as to conform to the amendments set forth in the preceding Sections hereof. Except as expressly modified and amended hereby, all other terms and conditions of the Product Purchase Agreement shall continue in full force and effect.

6. Counterparts. This Amendment may be executed in counterparts each of which shall be deemed an original. An executed counterpart of this Amendment transmitted by facsimile or electronic mail shall be equally as effective as a manually executed counterpart.

7. Successors and Assigns. This Amendment shall inure for the benefit of and shall be binding on each of the parties hereto and their respective successors and/or assigns.

8. Entire Agreement. This Amendment contains the entire agreement between the parties hereto as to the subject matter hereof. To the extent of any conflict between the provisions of this Amendment and the provisions of the Products Purchase Agreement, the provisions of this Amendment shall control.

[THE REST OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the respective dates set forth below, to be effective as of the Effective Date.

HOLLYFRONTIER REFINING & MARKETING-COMPANY

By:
Name:
Title:

SINCLAIR OIL CORPORATION

By:
Name:
Title:

CONSENT OF GUARANTORS

The undersigned hereby consent to the foregoing Amendment and agrees to be bound by the provisions thereof.

HOLLYFRONTIER CORPORATION

By:
Name:
Title:

THE SINCLAIR COMPANIES

By:
Name:
Title: _____________________________

THIRD AMENDMENT
TO
REFINED PRODUCTS PURCHASE AGREEMENT

THIS THIRD AMENDMENT TO REFINED PRODUCTS PURCHASE AGREEMENT (this "Amendment") is entered into as of the 1st day of June, 2012 to be effective as of May 1, 2012 (the "Effective Date") by and between SINCLAIR OIL CORPORATION, a Wyoming corporation, (together with its successors and/or assigns, the "Sinclair"), as successor in interest to Sinclair Tulsa Refining Company, and HOLLYFRONTIER REFINING & MARKETING LLC, a Delaware limited liability company (formerly known as Holly Refining & Marketing Company LLC) (together with its successors and/or assigns, "HFRMC"). Each of HFRMC and Sinclair are individually referred to as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, Sinclair and HFRMC are parties to that certain Refined Products Purchase Agreement dated as of December 1, 2009, as amended as of May 17, 2010 and January 1, 2012 (such agreement, with all exhibits and attachments, as amended, the "Products Purchase Agreement") pursuant to which HFRMC agreed to sell, and Sinclair agreed to purchase, certain Products, as therein defined. Capitalized terms not otherwise defined in this Amendment shall have the meaning ascribed to such terms in the Products Purchase Agreement.

WHEREAS, the Parties desire to modify the method for determining the Product Price to be paid for the delivery of Product into the Magellan Pipeline, commencing on the Effective Date, as more fully set forth in this Amendment;

AGREEMENT**:**

NOW, THEREFORE, in consideration of the agreements and covenants set forth in this Amendment, and for other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged, the Parties hereby amend the Products Purchase Agreement and agree as follows:

1. Incorporation of Recitals. The recitals for this Amendment are fully incorporated herein by the reference thereto with the same force and effect as though recited herein.

2. Definitions. Section 1.1 of the Products Purchase Agreement is hereby amended by deleting in its entirety the definitions of "Monthly Average" and "Platts Index Page" and adding the following definitions:

"***Monthly Average***" means the cumulative average for a given calendar month of the daily OPIS Calendar-Day Average reported in the OPIS Spots Report for Tulsa under the OPIS Calendar-Day Average postings of the price for each Product (determined as provided in Exhibit D hereto) during such calendar month.

"***OPIS***" means Oil Price Information Service, www.opisnet.com.

"***OPIS Spots Report***" has the meaning given to such term in Section 3.5.

3. References to OPIS Index Page. Each reference in the Product Purchase Agreement to the term of "Platts Index Page" is hereby replaced with a reference to the term "OPIS Spots Report" in each instance where such reference occurs.

4. References to OPIS Group 3 Spot. Each reference in the Product Purchase Agreement to the term of "Platts Group 3 Spot" is hereby replaced with a reference to the term "OPIS Group 3 Cash Spot" in each instance where such reference occurs.

5. Product Price References. Section 3.5 of the Agreement is hereby deleted in its entirety and the following substituted in lieu thereof:

> Section 3.5 OPIS Product Price References. All references in this Agreement to "OPIS Group 3 Prompt Spot" prices shall refer to the prices for Products on the relevant date as published by OPIS in the OPIS Full-Day Refined Spots Report (or in its absence, a comparable successor publication designated by Holly and agreed to by Sinclair) (the "***OPIS Spots Report***"), an example of which is attached as Exhibit E hereto. References in this Agreement to the "OPIS Group 3 Spot Low" price shall refer to the OPIS Group 3 Spot Low price quoted for a Product in the OPIS Spots Report on the relevant day. References in this Agreement to the "OPIS Group 3 Spot Mean" price shall refer to the average of the OPIS Group 3 Spot Low price and the OPIS Group 3 Spot High price quoted for a Product in the OPIS Spots Report on the relevant day.

6. Exhibits. Exhibit D and Exhibit E to the Products Purchase Agreement are hereby deleted in their entirety and Exhibit D and Exhibit E attached hereto substituted in lieu thereof.

7. Omnibus Amendment. Any and all other terms and provisions of the Products Purchase Agreement are hereby amended and modified wherever necessary, and even though not specifically addressed herein, so as to conform to the amendments set forth in the preceding Sections hereof. Except as expressly modified and amended hereby, all other terms and conditions of the Product Purchase Agreement shall continue in full force and effect.

8. Counterparts. This Amendment may be executed in counterparts each of which shall be deemed an original. An executed counterpart of this Amendment transmitted by facsimile or electronic mail shall be equally as effective as a manually executed counterpart.

9. Successors and Assigns. This Amendment shall inure for the benefit of and shall be binding on each of the parties hereto and their respective successors and/or assigns.

10. Entire Agreement. This Amendment contains the entire agreement between the parties hereto as to the subject matter hereof. To the extent of any conflict between the provisions of this Amendment and the provisions of the Products Purchase Agreement, the provisions of this Amendment shall control.

[THE REST OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the respective dates set forth below, to be effective as of the Effective Date.

HOLLYFRONTIER REFINING & MARKETING-COMPANY LLC

By:
Name:
Title:

SINCLAIR OIL CORPORATION

By:
Name:
Title:

CONSENT OF GUARANTORS

The undersigned hereby consent to the foregoing Amendment and agrees to be bound by the provisions thereof.

HOLLYFRONTIER CORPORATION

By:
Name:
Title:

THE SINCLAIR COMPANIES

By:
Name:
Title: ______________________________

Exhibit D
Product Price

1. Unleaded Gasoline

a. *Unleaded Regular Gasoline and Unleaded Premium Gasoline:*

The Product Price for Regular Unleaded Gasoline with a base octane of 87 and Unleaded Premium Gasoline with a base octane of 91 (and in each case with a base RVP meeting standard Magellan Pipeline specifications, adjusted seasonally) shall be equal to the OPIS Group 3 Prompt Spot Low price (cents per gallon) for such Products; provided, the Product Price shall be no lower than the OPIS Group 3 Prompt Spot Mean price less $0.0025 per gallon.

b. *Kansas City Gasoline:*

If OPIS Group 3 Prompt Spot prices are not posted for low RVP Kansas City Gasoline (and with a low RVP meeting standard Magellan Pipeline specifications, adjusted seasonally), the price differential to the OPIS Group 3 Prompt Spot Low price (cts/gal) will be mutually agreed between the Parties for the summer season (as designated by the Magellan Pipeline) no later than March 15 of each year. If the Parties are unable to mutually agree on such a price, then Holly shall deliver Regular Unleaded Gasoline in accordance with the pricing in paragraph (a) above.

c. *Tulsa Gasoline:*

For the 7.8 RVP Tulsa Gasoline, the Product Price shall be equal to the sum of the following (determined based on the postings for the day prior to rack lifting): OPIS Group 3 Unleaded 87 (N Grade) Spot Low posting MINUS $0.03 per gallon for the octane differential, PLUS $0.0225 per gallon for the RVP differential, for a NET minus $0.0075 per gallon.

2. Ultra Low Sulfur Diesel

a. *Ultra Low Sulfur No.2 Diesel:*

The Product Price for Ultra Low Sulfur No.2 Diesel shall be equal to the OPIS Group 3 Prompt Spot Low price for such Product; provided, the Product Price shall be no lower than the OPIS Group 3 Prompt Spot Mean for such Product less $0.0025 per gallon.

b. *Ultra Low Sulfur No.1 Diesel:*

The Product Price for Ultra Low Sulfur No.1 Diesel shall be equal to the OPIS Group 3 Prompt Spot Low price for such Product; provided, the Product Price shall be no lower than the OPIS Group 3 Prompt Spot Mean for such Product less $0.0025 per gallon.

3. General Policy

If a sub-octane product becomes the product of choice and there is not an OPIS Group 3 Prompt Spot price posted for the different grades, the Parties shall negotiate in good faith to agree on a price for such products. If the Parties are unable to reach agreement in such circumstances, then the matter shall be referred to an Expert for determination in accordance with Section 10.3 of the Agreement.

4. Loading Fees

A loading fee of $0.006 per gallon will be charged by Holly to Sinclair on all Products taken over the Tulsa Rack, subject to adjustment as provided in Section 3.7 of the Agreement. If Products are delivered by rail, the Parties shall negotiate in good faith to agree on a loading fee for such Products.

5. Ethanol Pricing

Holly shall be the blender of record for all oxygenated gasoline sales at the Tulsa Rack, with a price for such oxygenated gasoline based on the following formula:

(90% x Tulsa gasoline price) + (10% x Ethanol price) = oxygenated gasoline price per gallon.

Where:

Tulsa gasoline price = the applicable OPIS Group 3 Prompt Spot price plus any RVP differential; and

Ethanol price = Holly's cost of Ethanol plus a fee (the "***Ethanol Fee***") of four (4) cents per gallon of Ethanol, subject to adjustment for the Ethanol Fee pursuant to Section 3.7 of the Agreement.

6. Administrative Fees

As noted in Section 3.2 Additives, a fee of $0.0015 p/gallon of Product to which Sinclair Additives are added will be collected as an administrative fee by Holly from Sinclair for the amount of Sinclair Additives added to the Products.

Exhibit E

Example of an OPIS Spots Report

[see attached]

	#GP3UNL	#GP3PRE	#GP3ULS	#GP3UL1
Date	**Group 3 Unl (USC)**	**Group 3 Pre (USC)**	**Group 3 Ultra Low Sulfur Dsl (USC)**	**Group 3 ULSD No1 (USC)**
	Low	Low	Low	Low
05/09/2012	288.9100	309.9100	300.9100	
Average	288.9100	309.9100	300.9100	0.0000

Exhibit 31.1

CERTIFICATION

I, Michael C. Jennings, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HollyFrontier Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 8, 2013

/s/ Michael C. Jennings

Michael C. Jennings
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Douglas S. Aron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HollyFrontier Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's most recent fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2013

/s/ Douglas S. Aron

Douglas S. Aron
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER UNDER SECTION 906 OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the accompanying report on Form 10-Q for the quarterly period ended June 30, 2013 and filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael C. Jennings, Chief Executive Officer of HollyFrontier Corporation (the "Company") hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2013

/s/ Michael C. Jennings

Michael C. Jennings
Chief Executive Officer and President

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL
OFFICER UNDER SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the accompanying report on Form 10-Q for the quarterly period ended June 30, 2013 and filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Douglas S. Aron, Chief Financial Officer of HollyFrontier Corporation (the “Company”) hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2013

/s/ Douglas S. Aron

Douglas S. Aron
Executive Vice President and Chief Financial Officer