

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015
OR

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

For the transition period from _____ to _____

Commission File Number 1-3876

HOLLYFRONTIER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**2828 N. Harwood, Suite 1300
Dallas, Texas**

(Address of principal executive offices)

75-1056913

(I.R.S. Employer Identification No.)

75201-1507

(Zip Code)

(214) 871-3555

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, \$0.01 par value registered on the New York Stock Exchange.

Securities registered pursuant to 12(g) of the Act:
None.

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

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

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

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

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

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

On June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the Common Stock, par value \$0.01 per share, held by non-affiliates of the registrant was approximately \$7.4 billion, based upon the closing price on the New York Stock Exchange on such date. (This is not deemed an admission that any person whose shares were not included in the computation of the amount set forth in the preceding sentence necessarily is an "affiliate" of the registrant.)

176,518,605 shares of Common Stock, par value \$.01 per share, were outstanding on February 19, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its annual meeting of stockholders to be held on May 11, 2016, which proxy statement will be filed with the Securities and Exchange Commission within 120 days after December 31, 2015, are incorporated by reference in Part III.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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-K, including, but not limited to, those under “Business and Properties” in Items 1 and 2, “Risk Factors” in Item 1A, “Legal Proceedings” in Item 3 and “Management's Discussion and Analysis of Financial Condition and Results of Operations” in Item 7, are forward-looking statements. Forward-looking statements use words such as “anticipate,” “project,” “expect,” “plan,” “goal,” “forecast,” “intend,” “should,” “would,” “could,” “believe,” “may,” and similar expressions and statements regarding our plans and objectives for future operations. 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. All statements concerning our expectations for future results of operations are based on forecasts for our existing operations and do not include the potential impact of any future acquisitions. 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 Securities and Exchange Commission filings.

Cautionary statements identifying important factors that could cause actual results to differ materially from our expectations are set forth in this Form 10-K, including without limitation the forward-looking statements that are referred to above. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth in this Form 10-K under “Risk Factors” in Item 1A and in conjunction with the discussion in this Form 10-K 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-K 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.

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 and is used to manufacture tires and industrial rubber products and in the production of specialty 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 an 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 oil 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 commercial heavy duty engine oils, passenger car oils and specialty products for industrial applications such as heat transfer, metalworking, rubber and other general process oil.

“**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.

“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.

Items 1 and 2. Business and Properties

COMPANY OVERVIEW

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 Annual Report on Form 10-K 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.

We merged with Frontier Oil Corporation (“Frontier”) on July 1, 2011. Concurrent with the merger, we changed our name from Holly Corporation (“Holly”) to HollyFrontier and changed the ticker symbol for our common stock traded on the New York Stock Exchange to “HFC.” Accordingly, this document includes Frontier, its consolidated subsidiaries and the operations of the merged Frontier businesses effective July 1, 2011, but not prior to this date.

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 were incorporated in Delaware in 1947 and maintain our principal corporate offices at 2828 N. Harwood, Suite 1300, Dallas, Texas 75201-1507. Our telephone number is 214-871-3555 and our internet website address is www.hollyfrontier.com. The information contained on our website does not constitute part of this Annual Report on Form 10-K. A print copy of this Annual Report on Form 10-K will be provided without charge upon written request to the Vice President, Investor Relations at the above address. A direct link to our SEC filings is available on our website under the Investor Relations tab. Also available on our website are copies of our Corporate Governance Guidelines, Audit Committee Charter, Compensation Committee Charter, Nominating / Corporate Governance Committee Charter, Environmental, Health, Safety, and Public Policy Committee Charter and Code of Business Conduct and Ethics, all of which will be provided without charge upon written request to the Vice President, Investor Relations at the above address. Our Code of Business Conduct and Ethics applies to all of our officers, employees and directors, including our principal executive officer, principal financial officer and principal accounting officer. Our common stock is traded on the New York Stock Exchange under the trading symbol “HFC.”

On February 21, 2011, we entered into a merger agreement providing for a “merger of equals” business combination between us and Frontier. On July 1, 2011, North Acquisition, Inc., a direct wholly-owned subsidiary of Holly, merged with and into Frontier, with Frontier surviving as a wholly-owned subsidiary of Holly. Subsequent to the merger and following approval by HollyFrontier’s post-closing board of directors, Frontier merged with and into HollyFrontier, and HollyFrontier continued as the surviving corporation. This merger combined the legacy Frontier refinery operations consisting of refineries in El Dorado, Kansas (the “El Dorado Refinery”) and Cheyenne, Wyoming (the “Cheyenne Refinery”) with Holly’s legacy refinery operations to form HollyFrontier. The aggregate equity consideration paid in connection with the merger was \$3.7 billion.

As of December 31, 2015, we:

- owned and operated 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”), the Cheyenne Refinery and a refinery in Woods Cross, Utah (the “Woods Cross Refinery”);
- owned and operated HollyFrontier Asphalt Company (“HFC Asphalt”), formerly known as NK Asphalt Partners, which operates various asphalt terminals in Arizona, New Mexico and Oklahoma;
- owned a 39% interest in HEP, which includes our 2% general partner interest.

HEP is a consolidated variable interest entity (“VIE”) as defined under U.S. generally accepted accounting principles (“GAAP”). Information on HEP’s assets and acquisitions completed between 2011 and 2016 can be found under the “Holly Energy Partners, L.P.” section provided later in this discussion of Items 1 and 2, “Business and Properties.”

Our operations are currently organized into two reportable segments, Refining and HEP. The Refining segment includes the operations of our El Dorado, Tulsa, Navajo, Cheyenne and Woods Cross Refineries and HFC Asphalt. The HEP segment involves all of the operations of HEP. See Note 19 “Segment Information” in the Notes to Consolidated Financial Statements for additional information on our reportable segments.

REFINERY OPERATIONS

Our refinery operations serve the Mid-Continent, Southwest and Rocky Mountain regions of the United States. We own and operate five complex refineries having a combined crude oil processing capacity of 443,000 barrels per stream day. Each of our refineries has the complexity to convert discounted, heavy and sour crude oils into a high percentage of gasoline, diesel and other high-value refined products. For 2015, gasoline, diesel fuel, jet fuel and specialty lubricants (excluding volumes purchased for resale) represented 52%, 35%, 4% and 3%, respectively, of our total refinery sales volumes.

The tables presented below and elsewhere in this discussion of our refinery operations set forth information, including non-GAAP performance measures, about our refinery operations. The cost of products and refinery gross and net operating margins do not include the non-cash effects of lower of cost or market inventory valuation adjustments and depreciation and amortization. Reconciliations to amounts reported under GAAP are provided under “Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles” following Item 7A of Part II of this Form 10-K.

	Years Ended December 31,		
	2015	2014	2013
Consolidated			
Crude charge (BPD) ⁽¹⁾	432,560	406,180	387,520
Refinery throughput (BPD) ⁽²⁾	463,580	436,400	424,780
Refinery production (BPD) ⁽³⁾	446,560	425,010	413,820
Sales of produced refined products (BPD)	438,000	420,990	410,730
Sales of refined products (BPD) ⁽⁴⁾	488,350	461,640	446,390
Refinery utilization ⁽⁵⁾	97.6%	91.7%	87.5%
Average per produced barrel ⁽⁶⁾			
Net sales	\$ 71.32	\$ 110.19	\$ 115.60
Cost of products ⁽⁷⁾	55.25	96.21	99.61
Refinery gross margin ⁽⁸⁾	16.07	13.98	15.99
Refinery operating expenses ⁽⁹⁾	5.71	6.38	6.15
Net operating margin ⁽⁸⁾	\$ 10.36	\$ 7.60	\$ 9.84
Refinery operating expenses per throughput barrel ⁽¹⁰⁾	\$ 5.39	\$ 6.16	\$ 5.95
Feedstocks:			
Sweet crude oil	51%	53%	52%
Sour crude oil	25%	23%	21%
Heavy sour crude oil	15%	15%	17%
Black wax crude oil	2%	2%	2%
Other feedstocks and blends	7%	7%	8%
Total	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 7A of Part II of this Form 10-K.

(7) Transportation, terminal and refinery storage costs billed from HEP are included in cost of products.

(8) Excludes lower of cost or market inventory valuation adjustment of \$227.0 million and \$397.5 million for the years ended December 31, 2015 and 2014, respectively.

(9) Represents operating expenses of our refineries, exclusive of depreciation and amortization and pension settlement costs.

(10) Represents refinery operating expenses, exclusive of depreciation and amortization and pension settlement costs, divided by refinery throughput.

Principal Products and Customers

Set forth below is information regarding our principal products.

	Years Ended December 31,		
	2015	2014	2013
Consolidated			
Sales of produced refined products:			
Gasolines	52%	50%	50%
Diesel fuels	35%	34%	33%
Jet fuels	4%	4%	5%
Fuel oil	1%	2%	2%
Asphalt	2%	3%	3%
Lubricants	3%	2%	2%
LPG and other	3%	5%	5%
Total	100%	100%	100%

Light products are shipped to customers via product pipelines or are available for loading at our refinery truck facilities and terminals. Light products are also made available to customers at various other locations via exchange with other parties.

Our principal customers for gasoline include other refiners, convenience store chains, independent marketers and retailers. Diesel fuel is sold to other refiners, truck stop chains, wholesalers and railroads. Jet fuel is sold for commercial airline use. Specialty lubricant products are sold in both commercial and specialty markets. LPG's are sold to LPG wholesalers and LPG retailers. We produce and purchase asphalt products that are sold to governmental entities, paving contractors or manufacturers. Asphalt is also blended into fuel oil and is either sold locally or is shipped to the Gulf Coast. See Note 21 "Significant Customers" in the Notes to Consolidated Financial Statements for additional information on our significant customers.

Mid-Continent Region (El Dorado and Tulsa Refineries)

Facilities

The El Dorado Refinery is a high-complexity coking refinery with a 135,000 barrels per stream day processing capacity and the ability to process significant volumes of heavy and sour crudes. The integrated refining processes at the Tulsa West and East refinery facilities provide us with a highly complex refining operation having a combined crude processing rate of approximately 125,000 barrels per stream day. For 2015, gasoline, diesel fuel, jet fuel and specialty lubricants (excluding volumes purchased for resale) represented 50%, 33%, 7% and 4%, respectively, of our Mid-Continent sales volumes.

The following table sets forth information about our Mid-Continent region operations, including non-GAAP performance measures.

	Years Ended December 31,		
	2015	2014	2013
Mid-Continent Region (El Dorado and Tulsa Refineries)			
Crude charge (BPD) ⁽¹⁾	263,340	243,240	234,930
Refinery throughput (BPD) ⁽²⁾	277,260	255,020	257,030
Refinery production (BPD) ⁽³⁾	266,170	249,350	251,470
Sales of produced refined products (BPD)	258,420	245,600	247,030
Sales of refined products (BPD) ⁽⁴⁾	295,470	273,630	269,790
Refinery utilization ⁽⁵⁾	101.3%	93.6%	90.4%
Average per produced barrel ⁽⁶⁾			
Net sales	\$ 72.33	\$ 110.79	\$ 115.63
Cost of products ⁽⁷⁾	56.88	98.39	99.35
Refinery gross margin ⁽⁸⁾	15.45	12.40	16.28
Refinery operating expenses ⁽⁹⁾	4.95	5.73	5.50
Net operating margin ⁽⁸⁾	\$ 10.50	\$ 6.67	\$ 10.78
Refinery operating expenses per throughput barrel ⁽¹⁰⁾	\$ 4.61	\$ 5.52	\$ 5.29

	Years Ended December 31,		
	2015	2014	2013
Mid-Continent Region (El Dorado and Tulsa Refineries)			
Feedstocks:			
Sweet crude oil	59%	71%	69%
Sour crude oil	21%	11%	6%
Heavy sour crude oil	15%	14%	16%
Other feedstocks and blends	5%	4%	9%
Total	100%	100%	100%

Footnote references are provided under our Consolidated Refinery Operating Data table on page 7.

The El Dorado Refinery is located on 1,100 acres south of El Dorado, Kansas and is a fully integrated refinery. The principal processing units at the El Dorado Refinery consist of crude and vacuum distillation; hydrodesulfurization of naphtha, kerosene, diesel, and gas oil streams; isomerization; catalytic reforming; aromatics recovery; catalytic cracking; alkylation; delayed coking; hydrogen production; and sulfur recovery. Refining operations began at the site in 1917 and the operating units now present include both newly constructed units and older units that have been upgraded over the years.

The Tulsa West facility is located on a 750-acre site in Tulsa, Oklahoma situated along the Arkansas River. The principal processing units at the Tulsa West facility consist of crude and vacuum distillation (with light ends recovery), naphtha hydrodesulfurization, propane de-asphalting, lubes extraction, MEK dewaxing, delayed coker and butane splitter units. Most of the operating units at the facility currently in service were built in the late 1950s and early 1960s. The refinery was reconfigured to emphasize specialty lubricant production in the early 1990s.

The Tulsa East facility is located on a 466-acre site also in Tulsa, Oklahoma situated along the Arkansas River. The principal process units at the Tulsa East facility consist of crude and vacuum distillation, naphtha hydrodesulfurization, FCC, isomerization, catalytic reforming, alkylation, scanfiner, diesel hydrodesulfurization and sulfur units.

Markets and Competition

The primary markets for the El Dorado Refinery's refined products are Colorado and the Plains States, which include the Kansas City metropolitan area. The gasoline, diesel and jet fuel produced by the El Dorado Refinery are primarily shipped via pipeline to terminals for distribution by truck or rail. We ship product via the NuStar Pipeline Operating Partnership L.P. Pipeline to the northern Plains States, via the Magellan Pipeline Company, L.P. ("Magellan") mountain pipeline to Denver, Colorado, and on the Magellan mid-continent pipeline to the Plains States. Additionally, HEP's on-site truck and rail racks facilitate access to local refined product markets.

The El Dorado Refinery faces competition from other Plains States and Mid-Continent refiners, but the principal competitors for the El Dorado Refinery are Gulf Coast refiners. Our Gulf Coast competitors typically have lower production costs due to greater economies of scale; however, they incur higher refined product transportation costs, which allows the El Dorado Refinery to compete effectively in the Plains States and Rocky Mountain region with Gulf Coast refineries.

The Tulsa Refineries serve the Mid-Continent region of the United States. Distillates and gasolines are primarily delivered from the Tulsa Refineries to market via pipelines owned and operated by Magellan. These pipelines connect the refinery to distribution channels throughout Colorado, Oklahoma, Kansas, Missouri, Illinois, Iowa, Minnesota, Nebraska and Arkansas. Additionally, HEP's on-site truck and rail racks facilitate access to local refined product markets.

We have an offtake agreement through November 2019 with an affiliate of Sinclair whereby Sinclair purchases 45,000 to 50,000 BPD of gasoline and distillate products at market prices from us to supply its branded and unbranded marketing network throughout the Midwest. Upon expiration, the offtake agreement can be renewed by Sinclair for an additional five-year term. For the year ended December 31, 2015, sales to Sinclair represented approximately 27% of the Tulsa Refineries' total sales and 8% of our total consolidated sales.

The Tulsa Refineries' principal customers for conventional gasoline include Sinclair, other refiners, convenience store chains, independent marketers and retailers. Sinclair, truck stop operators and railroads are the primary diesel customers. Jet fuel is sold primarily for commercial use. The refinery's asphalt and roofing flux products are sold via truck or railcar directly from the refineries or to customers throughout the Mid-Continent region primarily to paving contractors and manufacturers of roofing products.

For the year ended December 31, 2015, sales to Shell Oil represented approximately 11% of our Mid-Continent refineries' total sales and 9% of our total consolidated sales. We have a sales agreement with an affiliate of Shell Oil under which Shell Oil purchases gasoline and diesel production of the El Dorado Refinery and Tulsa Refineries at market prices through October 2017 primarily to support its branded marketing network.

Our Tulsa West facility also produces specialty lubricant products sold in both commercial and specialty markets throughout North America and to customers with operations in Central America and South America. The specialty lubricant products are high-value products that provide a significantly higher margin contribution to the refinery. Base oil customers include blender-compounders who prepare the various finished lubricant and grease products sold to end users. Agricultural products are formulated as supplemental carriers for herbicides and as Environmental Protection Agency ("EPA") registered pesticide oils, are sold to product formulators. Process oil customers include rubber and chemical industry customers. Specialty waxes are sold primarily to packaging customers as coating material for paper and cardboard, and to non-packaging customers in the construction materials, adhesive and candle-making markets. Our production represents approximately 5% of paraffinic oil capacity and 14% of wax production capacity in the United States market and is one of four refineries of specialty aromatic oils in North America.

Principal Products

Set forth below is information regarding the principal products produced at our El Dorado and Tulsa Refineries:

	Years Ended December 31,		
	2015	2014	2013
Mid-Continent Region (El Dorado and Tulsa Refineries)			
Sales of produced refined products:			
Gasolines	50%	47%	47%
Diesel fuels	33%	33%	31%
Jet fuels	7%	7%	8%
Fuel oil	1%	1%	1%
Asphalt	2%	3%	3%
Lubricants	4%	4%	4%
LPG and other	3%	5%	6%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

Crude Oil and Feedstock Supplies

Both of our Mid-Continent Refineries are connected via pipeline to Cushing, Oklahoma, a significant crude oil pipeline trading and storage hub. The El Dorado Refinery and the Tulsa Refineries are located approximately 125 miles and 50 miles, respectively, from Cushing, Oklahoma. Local pipelines provide direct access to regional Oklahoma crude production as well as access to United States onshore and Canadian crudes. The proximity of the refineries to the Cushing pipeline and storage hub provides the flexibility to optimize their crude slate with a wide variety of crude oil supply options. Additionally, we have transportation service agreements to transport Canadian crude oil on the Spearhead and Keystone Pipelines, enabling us to transport Canadian crude oil to Cushing for subsequent shipment to either of our Mid-Continent Refineries.

We also purchase isobutane, natural gasoline, butane and other feedstocks for processing at our Mid-Continent Refineries. The El Dorado Refinery is connected to Conway, Kansas, a major gas liquids trading and storage hub, via the Oneok Pipeline. From time to time, other feedstocks such as gas oil, naphtha and light cycle oil are purchased from other refiners for use at our refineries.

Southwest Region (Navajo Refinery)

Facilities

The Navajo Refinery has a crude oil processing capacity of 100,000 barrels per stream day and has the ability to process sour crude oils into high-value light products such as gasoline, diesel fuel and jet fuel. For 2015, gasoline and diesel fuel (excluding volumes purchased for resale) represented 55% and 39%, respectively, of our Southwest sales volumes.

The following table sets forth information about our Southwest region operations, including non-GAAP performance measures.

	Years Ended December 31,		
	2015	2014	2013
Southwest Region (Navajo Refinery)			
Crude charge (BPD) ⁽¹⁾	100,450	98,120	87,910
Refinery throughput (BPD) ⁽²⁾	111,840	110,250	97,310
Refinery production (BPD) ⁽³⁾	110,210	107,520	94,490
Sales of produced refined products (BPD)	111,580	106,870	94,830
Sales of refined products (BPD) ⁽⁴⁾	119,560	115,620	104,320
Refinery utilization ⁽⁵⁾	100.5%	98.1%	87.9%
Average per produced barrel ⁽⁶⁾			
Net sales	\$ 69.76	\$ 110.54	\$ 117.79
Cost of products ⁽⁷⁾	53.57	94.58	103.88
Refinery gross margin ⁽⁸⁾	16.19	15.96	13.91
Refinery operating expenses ⁽⁹⁾	4.92	5.43	6.04
Net operating margin ⁽⁸⁾	\$ 11.27	\$ 10.53	\$ 7.87
Refinery operating expenses per throughput barrel ⁽¹⁰⁾	\$ 4.91	\$ 5.26	\$ 5.89
Feedstocks:			
Sweet crude oil	36%	13%	8%
Sour crude oil	54%	74%	72%
Heavy sour crude oil	—%	2%	11%
Other feedstocks and blends	10%	11%	9%
Total	100%	100%	100%

Footnote references are provided under our Consolidated Refinery Operating Data table on page 7.

The Navajo Refinery's Artesia, New Mexico facility is located on a 561-acre site and is a fully integrated refinery with crude distillation, vacuum distillation, FCC, ROSE (solvent deasphalter), HF alkylation, catalytic reforming, hydrodesulfurization, mild hydrocracking, isomerization, sulfur recovery and product blending units. The operating units at the Artesia facility include newly constructed units, older units that have been relocated from other facilities and upgraded and re-erected in Artesia, and units that have been operating as part of the Artesia facility (with periodic major maintenance) for many years, in some very limited cases since before 1970.

The Artesia facility is operated in conjunction with a refining facility located in Lovington, New Mexico, approximately 65 miles east of Artesia. The principal equipment at the Lovington facility consists of a crude distillation unit and associated vacuum distillation units that were constructed after 1970. The Lovington facility processes crude oil into intermediate products that are transported to Artesia by means of three intermediate pipelines owned by HEP. These products are then upgraded into finished products at the Artesia facility. The combined crude oil capacity of the Navajo Refinery facilities is 100,000 BPSD and it typically processes or blends an additional 10,000 BPSD of natural gasoline, butane, gas oil and naphtha.

Markets and Competition

The Navajo Refinery primarily serves the southwestern United States market, including the metropolitan areas of El Paso, Texas; Albuquerque, Moriarty and Bloomfield, New Mexico; Phoenix and Tucson, Arizona; and portions of northern Mexico. Our products are shipped through HEP's pipelines from Artesia, New Mexico to El Paso, Texas and from El Paso to Albuquerque and to Mexico via products pipeline systems owned by Magellan and from El Paso to Tucson and Phoenix via a products pipeline system owned by Kinder Morgan's subsidiary, SFPP, L.P. ("SFPP"). In addition, petroleum products from the Navajo Refinery are transported to markets in northwest New Mexico, to Moriarty, New Mexico, near Albuquerque, via HEP's pipelines running from Artesia to San Juan County, New Mexico, and to Bloomfield, New Mexico. We have refined product storage through our pipelines and terminals agreement with HEP at terminals in El Paso, Texas; Tucson, Arizona; and Artesia and Moriarty, New Mexico.

El Paso Market

The El Paso market for refined products is currently supplied by a number of area and Gulf Coast refiners and pipelines. Area refiners include Navajo, WRB Refining, LLC (“WRB”) (a joint venture between Phillips 66 and Cenovus Energy), Valero, Alon USA, Inc. (“Alon”) and Western Refining. Pipelines serving this market are owned by Magellan, NuStar Energy L.P. and HEP. Refined products from the Gulf Coast are transported via Magellan pipelines.

Arizona Market

The Arizona market for refined products is currently supplied by a number of refiners via pipelines and trucks. Refiners include companies located in west Texas, eastern New Mexico, northern New Mexico, the Gulf Coast and the West Coast. Magellan's pipeline systems deliver refined products from the Texas Gulf Coast to El Paso and, through interconnections with third-party common carrier pipelines, into the Arizona market.

New Mexico Markets

The Artesia, Albuquerque, Moriarty and Bloomfield markets are supplied by a number of refiners via pipelines and trucks. Refiners include Navajo, Valero, Western Refining, Alon and WRB.

We use a common carrier pipeline out of El Paso to serve the Albuquerque market. In addition, HEP leases from Mid-America Pipeline Company, L.L.C., a pipeline between White Lakes, New Mexico and the Albuquerque vicinity and Bloomfield, New Mexico. The lease agreement currently runs through 2017, and HEP has options to renew for two additional ten-year periods. HEP owns and operates a 12-inch pipeline from the Navajo Refinery to the leased pipeline as well as terminalling facilities in Moriarty, which is 40 miles east of Albuquerque. This facility permits us to ship light products to the Albuquerque and Santa Fe, New Mexico areas. In addition, we serve southern Colorado and northern Arizona primarily out of a terminal in Bloomfield, New Mexico, which is owned by Western Refining.

Principal Products

Set forth below is information regarding the principal products produced at our Navajo Refinery:

	Years Ended December 31,		
	2015	2014	2013
Southwest Region (Navajo Refinery)			
Sales of produced refined products:			
Gasolines	55%	54%	51%
Diesel fuels	39%	38%	39%
Fuel oil	2%	4%	6%
Asphalt	1%	1%	1%
LPG and other	3%	3%	3%
Total	100%	100%	100%

Crude Oil and Feedstock Supplies

The Navajo Refinery is situated near the Permian Basin, an area that has historically, and continues to have, abundant supplies of crude oil available both for regional users and for export to other areas. We purchase crude oil from independent producers in southeastern New Mexico and west Texas as well as from major oil companies. The crude oil is gathered through HEP's pipelines and through third-party tank trucks and crude oil pipeline systems for delivery to the Navajo Refinery.

We also purchase volumes of isobutane, natural gasoline and other feedstocks to supply the Navajo Refinery from sources in Texas and the Mid-Continent area that are delivered to our region on a common carrier pipeline owned by Enterprise Products, L.P. Ultimately all volumes of these products are shipped to the Artesia refining facilities on HEP's intermediate pipelines running from Lovington to Artesia. From time to time, we purchase gas oil, naphtha and light cycle oil from other refiners for use as feedstock.

Rocky Mountain Region (Cheyenne and Woods Cross Refineries)

Facilities

The Cheyenne and the Woods Cross Refineries have crude oil processing capacities of 52,000 and 31,000 barrels per stream day, respectively. The Cheyenne Refinery processes heavy Canadian crudes as well as local sweet crudes such as that produced from the Bakken shale and similar resources. The Woods Cross Refinery processes regional sweet and black wax crude as well as Canadian sour crude oils into high-value light products. For 2015, gasoline and diesel fuel (excluding volumes purchased for resale) represented 57% and 36%, respectively, of our Rocky Mountain sales volumes.

The following table sets forth information about our Rocky Mountain region operations, including non-GAAP performance measures.

	Years Ended December 31,		
	2015	2014	2013
Rocky Mountain Region (Cheyenne and Woods Cross Refineries)			
Crude charge (BPD) ⁽¹⁾	68,770	64,820	64,680
Refinery throughput (BPD) ⁽²⁾	74,480	71,130	70,440
Refinery production (BPD) ⁽³⁾	70,180	68,140	67,860
Sales of produced refined products (BPD)	68,000	68,520	68,870
Sales of refined products (BPD) ⁽⁴⁾	73,320	72,390	72,280
Refinery utilization ⁽⁵⁾	82.9%	78.1%	77.9%
Average per produced barrel ⁽⁶⁾			
Net sales	\$ 70.05	\$ 107.51	\$ 112.49
Cost of products ⁽⁷⁾	51.80	90.95	94.63
Refinery gross margin ⁽⁸⁾	18.25	16.56	17.86
Refinery operating expenses ⁽⁹⁾	9.89	10.20	8.65
Net operating margin ⁽⁸⁾	\$ 8.36	\$ 6.36	\$ 9.21
Refinery operating expenses per throughput barrel ⁽¹⁰⁾			
	\$ 9.03	\$ 9.83	\$ 8.46
Feedstocks:			
Sweet crude oil	42%	44%	43%
Sour crude oil	—%	2%	1%
Heavy sour crude oil	37%	30%	34%
Black wax crude oil	13%	15%	14%
Other feedstocks and blends	8%	9%	8%
Total	100%	100%	100%

Footnote references are provided under our Consolidated Refinery Operating Data table on page 7.

The Cheyenne Refinery facility is located on a 255-acre site and is a fully integrated refinery with crude distillation, vacuum distillation, coking, FCC, HF alkylation, catalytic reforming, hydrodesulfurization of naphtha and distillates, butane isomerization, hydrogen production, sulfur recovery and product blending units. The operating units at the Cheyenne Refinery include both newly constructed units and older units that have been upgraded over the years.

The Woods Cross Refinery facility is located on a 200-acre site and is a fully integrated refinery with crude distillation, solvent deasphalter, FCC, HF alkylation, catalytic reforming, hydrodesulfurization, isomerization, sulfur recovery and product blending units. The operating units at the Woods Cross Refinery include newly constructed units, older units that have been relocated from other facilities, upgraded and re-erected in Woods Cross, and units that have been operating as part of the Woods Cross facility (with periodic major maintenance) for many years, in some very limited cases since before 1950. The facility typically processes or blends an additional 2,000 BPSD of natural gasoline, butane and gas oil over its 31,000 BPSD capacity.

We own and operate 4 miles of hydrogen pipeline that connects the Woods Cross Refinery to a hydrogen plant located on the property of Chevron's Salt Lake City Refinery. Additionally, HEP owns and operates 12 miles of crude oil and refined products pipelines that allows us to connect our Woods Cross Refinery to common carrier pipeline systems.

Construction continues on our existing expansion project to increase planned processing capacity to 45,000 BPSD and includes new refining facilities and a new rail loading rack for intermediates and finished products associated with refining waxy crude oil. This initial phase of the project is expected to cost \$420.0 million and is planned to be put into operation during the first quarter of 2016. An additional investment of \$20.0 million is being made to allow for greater crude slate flexibility, which we believe will increase capacity utilization and improve overall economic returns during periods when wax crudes are in short supply. Further discussion of this project can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Liquidity and Capital Resources.

We have signed a 10-year, 20,000 BPD crude oil supply agreement with Newfield Exploration Company. This agreement will supply black and yellow wax crude oil produced in the nearby Uinta Basin to the Woods Cross Refinery. Upon completion of the expansion, the Woods Cross Refinery's capacity to process waxy crude is expected to double to approximately 24,000 BPD.

Markets and Competition

The Cheyenne Refinery primarily markets its products in eastern Colorado, including metropolitan Denver, eastern Wyoming and western Nebraska. Because of the location of the Cheyenne Refinery, we are able to sell a significant portion of its diesel directly from the truck rack at the refinery, therefore, eliminating transportation costs. The Cheyenne Refinery ships refined products via the Magellan pipeline serving Denver and Colorado Springs, Colorado.

Denver Market

The most competitive market for the Cheyenne Refinery is the Denver metropolitan area. Three other refineries supply the Denver market: Wyoming refineries near Rawlins and in Casper owned by Sinclair and a refinery in Denver owned by Suncor. Five product pipelines also supply Denver, including three from outside the region.

Utah Market

The Woods Cross Refinery's primary market is Utah, which is currently supplied by a number of local refiners and the Pioneer Pipeline. In addition to our Woods Cross Refinery, local area refiners include Chevron, Tesoro, Big West and Silver Eagle. Other refiners that ship into the Woods Cross market via the Pioneer Pipeline include Sinclair, ExxonMobil, CHS and Phillips 66. We estimate the four local refineries that compete with our Woods Cross Refinery have a combined capacity to process approximately 150,000 BPD of crude oil. The five Utah refineries collectively supply an estimated 70% of the gasoline and distillate products consumed in the states of Utah and Idaho, with the remainder imported from refineries in Wyoming and Montana via the Pioneer Pipeline owned jointly by Sinclair and Phillips 66. Approximately 40% - 45% of the gasoline and diesel fuel produced by our Woods Cross Refinery is sold through a network of Phillips 66 branded marketers under a long-term supply agreement.

Idaho, Wyoming, Eastern Washington and Nevada Markets

We supply a small percentage of the refined products consumed in the combined Idaho, Wyoming, eastern Washington and Nevada markets. Our Woods Cross Refinery ships refined products over a common carrier pipeline system owned by Tesoro Logistics Northwest Pipelines LLC ("Tesoro Logistics") to numerous terminals, including HEP's terminal at Spokane, Washington and to terminals at Pocatello and Boise, Idaho and Pasco, Washington that are owned by Tesoro Logistics. We sell to branded and unbranded customers in these markets. In 2012, we began shipping refined products to Cedar City, Utah and Las Vegas, Nevada via the UNEV Pipeline. The majority of the Las Vegas, Nevada market for refined products is supplied by various West Coast refiners and suppliers via Kinder Morgan's CalNev common carrier pipeline system.

Principal Products

Set forth below is information regarding the principal products produced at our Cheyenne and Woods Cross Refineries:

	Years Ended December 31,		
	2015	2014	2013
Rocky Mountain Region (Cheyenne and Woods Cross Refineries)			
Sales of produced refined products:			
Gasolines	57%	56%	56%
Diesel fuels	36%	33%	30%
Jet fuels	—%	—%	1%
Fuel oil	3%	1%	1%
Asphalt	2%	5%	5%
LPG and other	2%	5%	7%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

Crude Oil and Feedstock Supplies

Crude oil is transported to the Cheyenne Refinery from suppliers in Canada, Colorado, Nebraska, North Dakota and Montana via common carrier pipelines owned by Spectra, Plains and Suncor Energy, as well as by truck. The Woods Cross Refinery currently obtains crude oil from suppliers in Canada, Wyoming, Utah and Colorado as delivered via common carrier pipelines that originate in Canada, Wyoming and Colorado. We also receive crude oil via the SLC Pipeline, a joint venture common carrier pipeline in which HEP owns a 25% interest. Supplies of black wax crude oil are shipped via truck.

HollyFrontier Asphalt Company

We manufacture commodity and modified asphalt products at our manufacturing facilities located in Glendale, Arizona; Albuquerque, New Mexico; Artesia, New Mexico and Catoosa, Oklahoma. Our Albuquerque and Artesia facilities manufacture modified hot asphalt products and commodity emulsions from base asphalt materials provided by our refineries and third-party suppliers. Our Glendale facility manufactures modified hot asphalt products from base asphalt materials provided by our refineries and third-party suppliers. Our Catoosa facility manufactures specialty modified asphalt and commodity asphalt products. We market these asphalt products in Arizona, New Mexico, Oklahoma, Kansas, Missouri, Texas and northern Mexico. Our products are shipped via third-party trucking companies to commercial customers that provide asphalt based materials for commercial and government projects.

HOLLY ENERGY PARTNERS, L.P.

HEP is a Delaware limited partnership that trades on the New York Stock Exchange under the trading symbol "HEP." HEP owns and operates logistic assets consisting of petroleum product and crude oil pipelines, terminals, tankage, loading rack facilities and refinery processing units that principally support our refining and marketing operations in the Mid-Continent, Southwest and Rocky Mountain regions of the United States and Alon's refinery in Big Spring, Texas. Additionally, HEP owns a 75% interest in UNEV Pipeline, LLC ("UNEV"), the owner of a pipeline running from Woods Cross, Utah to Las Vegas, Nevada (the "UNEV Pipeline") and associated product terminals, a 50% interest in Frontier Pipeline Company, the owner of a pipeline running from Wyoming to Frontier Station, Utah (the "Frontier Pipeline"), and a 25% interest in SLC Pipeline, LLC, the owner of a pipeline (the "SLC Pipeline") that serves refineries in the Salt Lake City, Utah area.

HEP generates revenues by charging tariffs for transporting petroleum products and crude oil through its pipelines, by leasing certain pipeline capacity to Alon, by charging fees for terminalling and storing refined products and other hydrocarbons and providing other services at its storage tanks, terminals and refinery processing units. HEP does not take ownership of products that it transports, terminals, stores or refines; therefore, it is not directly exposed to changes in commodity prices.

HEP's recent acquisitions (2011 through present) are summarized below:

Magellan Asset Exchange

On February 22, 2016, we obtained a 50% membership interest in Osage Pipe Line Company, LLC ("Osage") in a non-monetary exchange for a 20-year terminalling services agreement, whereby, a subsidiary of Magellan Midstream Partners ("Magellan Midstream") will provide terminalling services for all of our products originating in Artesia, New Mexico that require terminalling in or through El Paso, Texas. Osage is the owner of the Osage pipeline, a 135-mile pipeline that transports crude oil from Cushing, Oklahoma to our El Dorado Refinery in Kansas and also has a connection to the Jayhawk pipeline that services the CHS refinery in McPherson, Kansas. The Osage pipeline is the primary pipeline that supplies our El Dorado Refinery with crude oil.

Concurrent with this transaction, we entered into a nonmonetary exchange with HEP; whereby, we received HEP's El Paso terminal in exchange for our interest in Osage. Under this exchange, HEP also agreed to build two connections on its south products pipeline system that will permit us access to Magellan Midstream's El Paso terminal. Effective upon the closing of this exchange, HEP is the named operator of the Osage pipeline and is working to transition into that role.

El Dorado Asset Transaction

On November 1, 2015, HEP acquired from us newly constructed naphtha fractionation and hydrogen generation units at our El Dorado Refinery for cash consideration of \$62.0 million. In connection with this transaction, we entered into 15-year tolling agreements containing minimum quarterly throughput commitments that provide minimum annualized payments to HEP of \$15.3 million.

Frontier Pipeline Interest Transaction

On August 31, 2015, HEP purchased a 50% interest in Frontier Pipeline Company, owner of the Frontier Pipeline, from an affiliate of Enbridge, Inc. for \$55.0 million. Frontier Pipeline will continue to be operated by an affiliate of Plains All American Pipeline, L.P. ("Plains"), which owns the remaining 50% interest. The 289-mile crude oil pipeline runs from Casper, Wyoming to Frontier Station, Utah and has a 72,000 BPD capacity. The Frontier Pipeline supplies Canadian and Rocky Mountain crudes to Salt Lake City area refiners through a connection to the SLC Pipeline.

Crude Tank Farm Asset Transaction

On March 6, 2015, HEP purchased an existing crude tank farm adjacent to our El Dorado Refinery from an unrelated third-party for \$27.5 million in cash. We are the main customer of this crude tank farm.

UNEV Interest Transaction

On July 12, 2012, HEP acquired from us our 75% interest in UNEV. We received consideration consisting of \$260.0 million in cash and 1.0 million HEP common units. UNEV owns the UNEV Pipeline, a 12-inch refined products pipeline running from Salt Lake City, Utah to Las Vegas, Nevada together with terminal facilities in Cedar City, Utah and North Las Vegas.

Legacy Frontier Pipeline and Tankage Asset Transaction

On November 9, 2011, HEP acquired from us certain tankage, loading rack and crude receiving assets located at our El Dorado and Cheyenne Refineries. We received non-cash consideration consisting of promissory notes with an aggregate principal amount of \$150.0 million and 3.8 million HEP common units.

Transportation Agreements

Agreements with HEP

HEP serves our refineries under long-term pipeline, terminal, tankage and refinery processing unit throughput agreements expiring in 2019 through 2030. Under these agreements, we pay HEP fees to transport, store and process throughput volumes of refined products, crude oil and feedstocks on HEP's pipelines, terminals, tankage, loading rack facilities and refinery processing units 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 index. As of December 31, 2015, these agreements result in minimum annualized payments to HEP of \$244.9 million.

Our transactions with HEP including the transactions discussed above and fees paid under our transportation agreements with HEP and UNEV are eliminated and have no impact on our consolidated financial statements.

Agreement with Alon

HEP has a 15-year pipelines and terminals agreement with Alon expiring in 2020, under which Alon has agreed to transport on HEP's pipelines and throughput through its terminals, volumes of refined products that results in a minimum level of annual revenue. The agreed upon tariff rates are increased or decreased annually at a rate equal to the percentage change in PPI, but will not decrease below the initial tariff rate. Also, HEP has a capacity lease agreement with Alon under which Alon leases space on HEP's Orla to El Paso pipeline for the shipment of up to 15,000 barrels of refined product per day. The terms under this agreement expire in 2018 through 2022.

As of December 31, 2015, HEP's assets include:

Pipelines

- approximately 810 miles of refined product pipelines, including 340 miles of leased pipelines, that transport gasoline, diesel and jet fuel principally from our Navajo Refinery in New Mexico to our customers in the metropolitan and rural areas of Texas, New Mexico, Arizona, Colorado, Utah and northern Mexico;
- approximately 510 miles of refined product pipelines that transport refined products from Alon's Big Spring refinery in Texas to its customers in Texas and Oklahoma;
- two 65-mile pipelines that transport intermediate feedstocks and crude oil from our Navajo Refinery crude oil distillation and vacuum facilities in Lovington, New Mexico to our petroleum refinery facilities in Artesia, New Mexico;
- one 65-mile intermediate pipeline that is used for the shipment of crude oil from the gathering systems in Bamsdall and Beeson, New Mexico to our Navajo Refinery.
- approximately 940 miles of crude oil trunk, gathering and connection pipelines located in west Texas, New Mexico and Oklahoma that primarily deliver crude oil to our Navajo Refinery;
- approximately 8 miles of refined product pipelines that support our Woods Cross Refinery located near Salt Lake City, Utah;
- gasoline and diesel connecting pipelines that support our Tulsa East facility;
- five intermediate product and gas pipelines between our Tulsa East and Tulsa West facilities;
- crude receiving assets located at our Cheyenne Refinery;
- a 75% interest in the UNEV Pipeline, a 427-mile, 12-inch refined products pipeline running from Woods Cross, Utah to Las Vegas, Nevada;
- a 50% interest in Frontier Pipeline, a 289-mile crude oil pipeline running from Casper, Wyoming to Frontier Station, Utah through a connection to the SLC Pipeline; and
- a 25% interest in the SLC Pipeline, a 95-mile intrastate crude oil pipeline system that transports crude oil into the Salt Lake City, Utah area from the Utah terminus of the Frontier Pipeline, as well as crude oil flowing from Wyoming and Utah via Plains Rocky Mountain Pipeline.

Refined Product Terminals and Refinery Tankage

- four refined product terminals located in El Paso, Texas; Moriarty and Bloomfield, New Mexico; and Tucson, Arizona, with an aggregate capacity of approximately 1,200,000 barrels, that are integrated with HEP's refined product pipeline system that serves our Navajo Refinery;
- one refined product terminal located in Spokane, Washington, with a capacity of approximately 400,000 barrels, that serves third-party common carrier pipelines;
- one refined product terminal near Mountain Home, Idaho, with a capacity of 120,000 barrels, that serves a nearby United States Air Force Base;
- two refined product terminals, located in Wichita Falls and Abilene, Texas, and one tank farm in Orla, Texas with aggregate capacity of approximately 500,000 barrels, that are integrated with HEP's refined product pipelines that serve Alon's Big Spring, Texas refinery;
- a refined product loading rack facility at each of our El Dorado, Tulsa, Navajo, Cheyenne and Woods Cross Refineries, heavy product / asphalt loading rack facilities at our Tulsa East facility, Navajo Refinery Lovington facility and Cheyenne Refinery, LPG loading rack facilities at our El Dorado Refinery, Tulsa West facility and Cheyenne Refinery, lube oil loading racks at our Tulsa West facility and crude oil Leased Automatic Custody Transfer units located at our Cheyenne Refinery;
- on-site crude oil tankage at our Tulsa, El Dorado, Navajo, Cheyenne and Woods Cross Refineries having an aggregate storage capacity of approximately 1,350,000 barrels;
- on-site refined and intermediate product tankage at our El Dorado, Tulsa and Cheyenne Refineries having an aggregate storage capacity of approximately 8,800,000 barrels;
- eleven crude oil tanks adjacent to our El Dorado Refinery with a capacity of approximately 1,200,000 barrels that primarily serve our El Dorado Refinery;
- a 75% interest in UNEV Pipeline's product terminals near Cedar City, Utah and Las Vegas, Nevada with an aggregate capacity of approximately 615,000 barrels; and
- a 50% interest in Frontier Pipeline's tankage with an aggregate capacity of approximately 72,000 barrels.

Refinery Processing Units

- a newly completed naphtha fractionation tower at our El Dorado Refinery, with a capacity of 50,000 BPD of desulfurized naphtha; and
- a newly completed hydrogen generation unit at our El Dorado Refinery, with a capacity of 6.1 million standard cubic feet per day of natural gas.

ADDITIONAL OPERATIONS AND OTHER INFORMATION**Corporate Offices**

We lease approximately 60,000 square feet for our principal corporate offices in Dallas, Texas. The lease for our principal corporate offices expires in 2021. Functions performed in the Dallas office include overall corporate management, refinery and HEP management, planning and strategy, corporate finance, crude acquisition, logistics, contract administration, marketing, investor relations, governmental affairs, accounting, tax, treasury, information technology, legal and human resources support functions.

Employees and Labor Relations

As of December 31, 2015, we had 2,704 employees, of which 908 are currently covered by collective bargaining agreements having various expiration dates between 2016 and 2019. We consider our employee relations to be good.

Environmental Regulation

Refinery and pipeline operations are subject to numerous federal, state and local laws regulating the discharge of substances into the environment or otherwise relating to the protection of the environment. Permits or other authorizations are required under these laws for the operation of our refineries, pipelines and related facilities, and these permits and authorizations are subject to revocation, modification and renewal. Over the years, there have been ongoing communications, including notices of violations, about environmental matters between us and federal and state authorities, some of which have resulted or will result in changes to operating procedures and in capital expenditures. Compliance with applicable environmental laws, regulations and permits will continue to have an impact on our operations, the results of our operations, and our capital requirements.

Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties; the imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of delays in the permitting, development or expansion of projects, and the issuance of injunctive relief limiting or prohibiting certain operations. The following is a description of the principal environmental laws applicable to our operations.

Clean Air Act - Our operations and many of the products we manufacture are subject to certain requirements of the Federal Clean Air Act (“CAA”) as well as related state and local laws and regulations. Certain CAA regulatory programs applicable to our refineries require capital expenditures for the installation of certain air pollution control devices. Additionally, the EPA has the authority under the CAA to modify the formulation of the refined transportation fuel products we manufacture in order to limit the emissions associated with their final use. In addition, in October 2015, the EPA lowered the National Ambient Air Quality Standard (“NAAQS”) for ozone from 75 to 70 parts per billion for both the 8-hour primary and secondary standards. State implementation of the revised NAAQS could result in stricter permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. Also, in December 2015, the EPA issued a final rule, effective February 2016, that amends three refinery standards already in effect, imposing additional or, in some cases, new emission control requirements on subject refineries. The final rule requires, among other things, benzene monitoring at the refinery fence line and submittal of fence line monitoring data to the EPA on a quarterly basis; upgraded storage tank controls requirements, including new applicability thresholds; enhanced performance requirements for flares, continuous monitoring of flares and pressure release devices and analysis and remedy of flare release events; and compliance with emissions standards for delayed coking units. Refineries have up to three years from the effective date of the final rule to come into compliance with certain requirements of the rule, such as the performance requirements for flares, while other aspects of the rule require compliance to be achieved at a sooner date. In February 2016, the EPA proposed to give refineries an additional 18 months to comply with a small subset of the rules. These new rules, as well as subsequent rulemaking under the CAA or similar laws, or new agency interpretations of existing laws and regulations, may necessitate additional expenditures in future years and result in increased costs on our operations.

Fuel Quality Regulation - Also, we are subject to the EPA's Control of Hazardous Air Pollutants from Mobile Sources (“MSAT2”) regulations that impose reductions in the benzene content of our produced gasoline. Our refineries currently purchase a portion of their benzene credits to meet these requirements. If economically justified or otherwise determined to be beneficial, we could implement additional benzene reduction projects to eliminate the need to purchase benzene credits.

The Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007 (“EISA”) prescribe certain percentages of renewable fuels (e.g., ethanol and biofuels) that, where required, must be blended into our produced gasoline and diesel. The Renewable Fuel Standard 2 (“RFS2”) regulations, finalized by the EPA in 2010 to implement the EISA, requires that most refiners blend increasing amounts of biofuels with refined products through 2022. Because the EISA requires specified volumes of biofuels, if the demand for motor fuels decreases in future years, even higher percentages of biofuels may be required. Alternatively, credits called Renewable Identification Numbers (“RINs”) can be used instead of physically blending biofuels. The price of RINs has been subject to extreme volatility over the years and costs to purchase RINs can be significant.

On November 30, 2015, the EPA issued final multi-year volume mandates under the RFS2 for 2014 to 2016. While these volume mandates are generally lower than the statutory mandates, they represent a slight increase over the volumes initially proposed by the EPA for this three-year period and such volume mandates could be increased in the future. It is possible we could find ourselves unable to blend sufficient quantities of ethanol and biodiesel to meet our requirements and would, therefore, have to purchase an increasing number of RINs. It is not possible at this time to predict with certainty what those volumes or costs may be, but given the potential increase in volumes and the volatile price of RINs, increases in renewable volume requirements could have an adverse impact on our results of operations.

Additional changes in fuel standards with respect to sulfur content of gasoline, called Tier 3 standards, to reduce vehicle emissions were finalized in 2014. These new requirements, other requirements of the CAA, and other presently existing or future environmental regulations may cause us to make substantial capital expenditures and purchase credits at significant cost to enable our refineries to produce products that meet applicable requirements.

Climate Change - In recent years, various legislative and regulatory measures to address climate change and greenhouse gas (“GHG”) emissions (including carbon dioxide, methane and nitrous oxides) have been discussed or implemented. They include proposed and enacted federal regulation and state actions to develop statewide, regional or nationwide programs designed to control and reduce GHG emissions from fixed sources, such as our refineries, as well as power plants, mobile transportation sources and fuels. Although it is not possible to predict the requirements of any GHG legislation that may be enacted, any laws or regulations that may be adopted to restrict or reduce GHG emissions will likely require us to incur increased operating and capital costs. In August 2015, the EPA finalized the “Clean Power Plan” requiring states to reduce carbon dioxide emissions from coal fired power plants that will likely result in a combination of plant closures, switching to renewable energy and natural gas, and demand reduction. In February 2016, the U.S. Supreme Court stayed implementation of the rule pending judicial challenges to the rule. At this time, we cannot predict the outcome of this litigation. In any event, this rule would not directly affect our operations, but it could result in increased power costs for our refineries in future years. In addition, the EPA has indicated that it intends to regulate refinery GHG emissions from new and existing sources through a New Source Performance Standard, although there is no firm proposal or date for such regulation and the EPA has said that such a performance standard is not imminent.

EPA rules require us to report GHG emissions from our refinery operations and consumer use of fuel products produced at our refineries on an annual basis. While the cost of compliance with the reporting rule is not material, data gathered under the rule may be used in the future to support additional regulation of GHG. Moreover, the EPA directly regulates GHG emissions from refineries and other major sources through the Prevention of Significant Deterioration (“PSD”) and Federal Operating Permit (“Title V”) programs. In June 2014, the United States Supreme Court ruled that the EPA may not require PSD and Title V permits solely because of GHG emissions, but may require Best Available Control Technology (“BACT”) for GHG emissions above a certain threshold if emissions of other pollutants would otherwise require PSD permitting. While this decision does not impose any limits or controls on GHG emissions from current operations, GHG emission increases from future projects or operational changes, such as capacity increases, may be impacted and required to meet emission limits or technological requirements pertaining to GHG emissions, such as BACT. Severe limitations on GHG emissions could also adversely affect demand for the gasoline that we produce. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our operations.

Water Discharges - Our operations are also subject to the Federal Clean Water Act (“CWA”), the Federal Safe Drinking Water Act (“SDWA”) and comparable state and local requirements. The CWA, the SDWA and analogous laws prohibit any discharge into surface waters, ground waters, injection wells and publicly-owned treatment works except in conformance with legal authorization, such as pre-treatment permits and National Pollutant Discharge Elimination System (“NPDES”) permits, issued by federal, state and local governmental agencies. NPDES permits and analogous water discharge permits are valid for a maximum of five years and must be renewed. In September 2015, new EPA and U.S. Army Corps of Engineers (“Corps”) rules defining the scope of the EPA’s and the Corps’ jurisdiction became effective. To the extent the rule expands the scope of the CWA’s jurisdiction, we could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas. The rule has been challenged in court on the grounds that it unlawfully expands the reach of CWA programs, and implementation of the rule has been stayed pending resolution of the court challenge. Also, pursuant to the CWA and its implementing regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water and are required to develop and implement spill prevention, control and countermeasure plans, also referred to as “SPCC plans,” in connection with on-site storage of significant quantities of oil.

Hazardous Substances and Wastes - We generate wastes that may be subject to the Resource Conservation and Recovery Act and comparable state and local requirements. The EPA and various state agencies have limited the approved methods of disposal for certain hazardous and non-hazardous wastes. The EPA is currently working on several rulemakings that could impact how our refineries manage various waste streams. While these rulemakings are still in development, it does not appear that these rules will significantly impact our refineries.

The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as “Superfund,” imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons, including the current and past owner or operator of the disposal site or sites from which there is a release of a “hazardous substance,” as well as persons that disposed of or arranged for the disposal or treatment of the hazardous substances at the site or sites. Under CERCLA, such persons may be subject to joint and several liability for such costs as the cost of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources. In the course of our historical operations, as well as in our current normal operations, we have generated waste, some of which falls within the statutory definition of a “hazardous substance” and some of which may have been disposed of at sites that may be subject to cleanup and cost recovery actions under CERCLA by a government entity or other third party. Similarly, locations now owned or operated by us, where third parties have disposed such hazardous substances in the past, may also be subject to cleanup and cost recovery actions under CERCLA. Under CERCLA, liable parties may seek contribution from other liable parties to share in the costs of cleanup. Some states have enacted laws similar to CERCLA which impose similar responsibilities and liabilities on responsible parties. It is also not uncommon for neighboring landowners and other third parties to file claims under state law for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment.

Oil Pollution Act - The Oil Pollution Act of 1990 (“OPA”) and regulations thereunder impose a variety of requirements on “responsible parties” related to the prevention of oil spills and liability for damages resulting from such spills in United States waters. A “responsible party” includes the owner or operator of an onshore facility. OPA assigns liability to each responsible party for oil cleanup costs and a variety of public and private damages. While liability limits apply in some circumstances, a party cannot take advantage of liability limits if the spill was caused by gross negligence or willful misconduct or resulted from violation of a federal safety, construction or operating regulation. If the party fails to report a spill or to cooperate fully in the cleanup, liability limits likewise do not apply. Few defenses exist to the liability imposed by OPA. OPA imposes ongoing requirements on a responsible party, including the preparation of oil spill response plans and proof of financial responsibility to cover environmental cleanup and restoration costs that could be incurred in connection with an oil spill.

As is the case with all companies engaged in industries similar to ours, we face potential exposure to future claims and lawsuits involving environmental matters. These matters include soil and water contamination, air pollution, personal injury and property damage allegedly caused by substances that we manufactured, handled, used, released or disposed of. We currently have environmental remediation projects that relate to recovery, treatment and monitoring activities resulting from past releases of refined product and crude oil into the environment. As of December 31, 2015, we had an accrual of \$98.1 million related to such environmental liabilities.

We are and have been the subject of various state, federal and private proceedings and inquiries relating to compliance with environmental regulations and conditions, including those discussed above. Compliance with current and future environmental regulations is expected to require additional expenditures, including expenditures for investigation and remediation, which may be significant, at our refineries and at pipeline transportation facilities. To the extent that future expenditures for these purposes are material and can be reasonably determined, these costs are disclosed and accrued, if applicable.

Occupational Health and Safety - Our operations are also subject to various laws and regulations relating to occupational health and safety. We maintain a myriad of safety programs, safety-related maintenance programs, implement a regiment of training requirements and otherwise comply with a host of occupational safety and health standards and regulations as part of our ongoing efforts to ensure compliance with all applicable laws and regulations in this area. As part of our compliance efforts, we have established hazard communications programs pursuant to the Occupational Safety and Health Administration’s (“OSHA”) hazard communication standard, and state right-to-know standards where applicable, which require the communication of information regarding chemical hazards in the workplace associated with chemicals manufactured or handled in our facilities. EPA regulations under Title III of the Federal Superfund Amendment and Reauthorization Act and related federal or comparable state statutes also require that information be maintained concerning hazardous materials used in or released from our operations and that this information be provided to state and local government authorities and citizens under certain circumstances. Our operations are also subject to OSHA Process Safety Management regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive chemicals. The EPA has imposed substantially similar requirements under its Risk Management Plan regulations. Compliance with applicable state and federal occupational health and safety laws and regulations, as well as environmental regulations, has required, and continues to require, substantial expenditures.

Occupational health and environmental legislation, regulations and regulatory programs change frequently. We cannot predict what additional occupational health and environmental legislation or regulations will be enacted or become effective in the future or how existing or future laws or regulations will be administered or interpreted with respect to our operations. Compliance with more stringent laws or regulations or adverse changes in the interpretation of existing laws or regulations by government agencies could have an adverse effect on our financial position and the results of our operations and could require substantial expenditures for the installation and operation of systems and equipment that we do not currently possess.

Insurance

Our operations are subject to hazards of 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.

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 1A. Risk Factors

Investing in us involves a degree of risk, including the risks described below. Our operating results have been, and will continue to be, affected by a wide variety of risk factors, many of which are beyond our control, that could have adverse effects on profitability during any particular period. You should carefully consider the following risk factors together with all of the other information included in this Annual Report on Form 10-K, including the financial statements and related notes, when deciding to invest in us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of the following risks were to actually occur, our business, financial condition or results of operations could be materially and adversely affected.

The headings provided in this Item 1A. are for convenience and reference purposes only and shall not affect or limit the extent or interpretation of the risk factors.

The prices of crude oil and refined products materially affect our profitability, and are dependent upon many factors that are beyond our control, including general market demand and economic conditions, seasonal and weather-related factors, regional and grade differentials and governmental regulations and policies.

Among these factors is the demand for crude oil and refined products, which is largely driven by the conditions of local and worldwide economies as well as by weather patterns and the taxation of these products relative to other energy sources. Governmental regulations and policies, particularly in the areas of taxation, energy and the environment, also have a significant impact on our activities. Operating results can be affected by these industry factors, product and crude pipeline capacities, crude oil differentials (including regional and grade differentials), changes in transportation costs, accidents or interruptions in transportation, competition in the particular geographic areas that we serve, and factors that are specific to us, such as the success of particular marketing programs and the efficiency of our refinery operations. The demand for crude oil and refined products can also be reduced due to a local or national recession or other adverse economic condition that results in lower spending by businesses and consumers on gasoline and diesel fuel, higher gasoline prices due to higher crude oil prices, a shift by consumers to more fuel-efficient vehicles or alternative fuel vehicles (such as ethanol or wider adoption of gas/electric hybrid vehicles), or an increase in vehicle fuel economy, whether as a result of technological advances by manufacturers, legislation mandating or encouraging higher fuel economy or the use of alternative fuel.

We do not produce crude oil and must purchase all our crude oil, the price of which fluctuates based upon worldwide and local market conditions. Our profitability depends largely on the spread between market prices for refined petroleum products and crude oil prices. This margin is continually changing and may fluctuate significantly from time to time. Crude oil and refined products are commodities whose price levels are determined by market forces beyond our control. For example, the reversal of certain existing pipelines or the construction of certain new pipelines transporting additional crude oil or refined products to markets that serve competing refineries could affect the market dynamic that has allowed us to take advantage of favorable pricing. Also, in December 2015, the U.S. Congress lifted the ban on the ability of producers to export domestic crude oil. This could potentially impact crack spreads and price differentials between domestic and foreign crude oils. A deterioration of crack spreads or price differentials between domestic and foreign crude oils could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Additionally, due to the seasonality of refined products markets and refinery maintenance schedules, results of operations for any particular quarter of a fiscal year are not necessarily indicative of results for the full year and can vary year to year in the event of unseasonably cool weather in the summer months and / or unseasonably warm weather in the winter months in the markets in which we sell our petroleum products. In general, prices for refined products are influenced by the price of crude oil. Although an increase or decrease in the price for crude oil may result in a similar increase or decrease in prices for refined products, there may be a time lag in the realization of the similar increase or decrease in prices for refined products. The effect of changes in crude oil prices on operating results, therefore, depends in part on how quickly refined product prices adjust to reflect these changes. A substantial or prolonged increase in crude oil prices without a corresponding increase in refined product prices, a substantial or prolonged decrease in refined product prices without a corresponding decrease in crude oil prices, or a substantial or prolonged decrease in demand for refined products could have a significant negative effect on our earnings and cash flow. Also, crude oil supply contracts are generally short-term contracts with market-responsive pricing provisions. We purchase our refinery feedstocks weeks before manufacturing and selling the refined products. Price level changes during the period between purchasing feedstocks and selling the manufactured refined products from these feedstocks could have a significant effect on our financial condition and results of operations. Also, our crude oil and refined products inventories are valued at the lower of cost or market under the last-in, first-out (“LIFO”) inventory valuation methodology. If the market value of our inventory were to decline to an amount less than our LIFO cost, we would record a write-down of inventory and a non-cash charge to cost of products sold even when there is no underlying economic impact at that point in time. For example, we recorded a non-cash increase to cost of products sold in the amounts of \$227.0 million and \$397.5 million for the years ended December 31, 2015 and 2014, respectively. Continued volatility in crude oil and refined products prices could result in additional lower of cost or market inventory charges in the future, or in reversals reducing cost of products sold in subsequent periods should prices recover.

A material decrease in the supply of crude oil or other raw materials available to our refineries could significantly reduce our production levels and negatively affect our operations.

To maintain or increase production levels at our refineries, we must continually contract for crude oil supplies from third parties. A material decrease in crude oil production from the fields that supply our refineries, as a result of depressed commodity prices, lack of drilling activity, natural production declines or otherwise, could result in a decline in the volume of crude oil available to our refineries. In addition, any prolonged disruption of a significant pipeline that is used in supplying crude oil to our refineries or the potential operation of a new, converted or expanded crude oil pipeline that transports crude oil to other markets could result in a decline in the volume of crude oil available to our refineries. Such an event could result in an overall decline in volumes of refined products processed at our refineries and therefore a corresponding reduction in our cash flow. In addition, the future growth of our operations will depend in part upon whether we can contract for additional supplies of crude oil at a greater rate than the rate of natural decline in our currently connected supplies. If we are unable to secure additional crude oil supplies of sufficient quality or crude pipeline expansion to our refineries, we will be unable to take full advantage of current and future expansion of our refineries' production capacities.

For certain raw materials and utilities used by our refineries, there are a limited number of suppliers and, in some cases, the supplies are specific to the particular geographic region in which a facility is located. It is also common in the refining industry for a facility to have a sole, dedicated source for its utilities, such as steam, electricity, water and gas. Having a sole or limited number of suppliers may limit our negotiating power, particularly in the case of rising raw material costs. Any new supply agreements we enter into may not have terms as favorable as those contained in our current supply agreements.

Additionally, there is growing concern over the reliability of water sources. The decreased availability or less favorable pricing for water as a result of population growth, drought or regulation could negatively impact our operations.

If our raw material, utility or water supplies were disrupted, our businesses may incur increased costs to procure alternative supplies or incur excessive downtime, which would have a direct negative impact on our operations.

We may not be able to successfully execute our business strategies to grow our business. Further, if we are unable to complete capital projects at their expected costs or in a timely manner, if we are unsuccessful in integrating the operations of assets we acquire, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations, or cash flows could be materially and adversely affected.

One of the ways we may grow our business is through the construction of new refinery processing units (or the purchase and refurbishment of used units from another refinery) and the expansion of existing ones. Projects are generally initiated to increase the yields of higher-value products, increase the amount of lower cost crude oils that can be processed, increase refinery production capacity, meet new governmental requirements, or maintain the operations of our existing assets. Additionally, our growth strategy includes projects that permit access to new and/or more profitable markets. The construction process involves numerous regulatory, environmental, political, and legal uncertainties, most of which are not fully within our control, including:

- denial or delay in issuing requisite regulatory approvals and/or obtaining or renewing permits, licenses, registrations and other authorizations;
- societal and political pressures and other forms of opposition;
- compliance with or liability under environmental regulations;
- unplanned increases in the cost of construction materials or labor;
- disruptions in transportation of modular components and/or construction materials;
- severe adverse weather conditions, natural disasters, or other events (such as equipment malfunctions, explosions, fires, spills) affecting our facilities, or those of vendors and suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;
- market-related increases in a project's debt or equity financing costs; and/or
- nonperformance or force majeure by, or disputes with, vendors, suppliers, contractors, or sub-contractors involved with a project.

If we are unable to complete capital projects at their expected costs or in a timely manner our financial condition, results of operations, or cash flows could be materially and adversely affected. Delays in making required changes or upgrades to our facilities could subject us to fines or penalties as well as affect our ability to supply certain products we make. In addition, our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if we build a new refinery processing unit, the construction will occur over an extended period of time and we will not receive any material increases in revenues until after completion of the project. Moreover, we may construct facilities to capture anticipated future growth in demand for refined products in a region in which such growth does not materialize. As a result, new capital investments may not achieve our expected investment return, which could adversely affect our financial condition or results of operations.

Our forecasted internal rates of return are also based upon our projections of future market fundamentals which are not within our control, including changes in general economic conditions, available alternative supply and customer demand.

An additional component of our growth strategy is to selectively acquire complementary assets for our refining operations in order to increase earnings and cash flow. Our ability to do so will be dependent upon a number of factors, including our ability to identify attractive acquisition candidates, consummate acquisitions on favorable terms, successfully integrate acquired assets and obtain financing to fund acquisitions and to support our growth, and other factors beyond our control. Risks associated with acquisitions include those relating to:

- diversion of management time and attention from our existing business;
- challenges in managing the increased scope, geographic diversity and complexity of operations and inefficiencies that may result therefrom;
- difficulties in integrating the financial, technological and management standards, processes, procedures and controls of an acquired business with those of our existing operations;
- liability for known or unknown environmental conditions or other contingent liabilities not covered by indemnification or insurance;
- greater than anticipated expenditures required for compliance with environmental or other regulatory standards or for investments to improve operating results;
- difficulties or delays in achieving anticipated operational improvements or benefits;
- incurrence of additional indebtedness to finance acquisitions or capital expenditures relating to acquired assets; and
- issuance of additional equity, which could result in further dilution of the ownership interest of existing stockholders.

Any acquisitions that we do consummate may have adverse effects on our business and operating results.

We may incur significant costs to comply with new or changing environmental, energy, health and safety laws and regulations, and face potential exposure for environmental matters.

Refinery and pipeline operations are subject to federal, state and local laws regulating, among other things, the generation, storage, handling, use and transportation of petroleum and hazardous substances by pipeline, truck, rail and barge, the emission and discharge of materials into the environment, waste management, and characteristics and composition of gasoline and diesel fuels, and other matters otherwise relating to the protection of the environment. Permits or other authorizations are required under these laws for the operation of our refineries, pipelines and related operations, and these permits and authorizations are subject to revocation, modification and renewal or may require operational changes, which may involve significant costs. Furthermore, a violation of permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations, injunctions, and/or refinery shutdowns. In addition, major modifications of our operations due to changes in the law could require changes to our existing permits or expensive upgrades to our existing pollution control equipment, which could have a material adverse effect on our business, financial condition, or results of operations. For example, in October 2015, the EPA lowered the NAAQS for ozone from 75 to 70 parts per billion for both the 8-hour primary and secondary standards. State implementation of the revised NAAQS could result in stricter permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. Also, in December 2015, the EPA issued a final rule, effective February 2016, that amends three refinery standards already in effect, imposing additional or, in some cases, new emission control requirements on subject refineries. The final rule requires, among other things, benzene monitoring at the refinery fence line and submittal of fence line monitoring data to the EPA on a quarterly basis; upgraded storage tank controls requirements, including new applicability thresholds; enhanced performance requirements for flares, continuous monitoring of flares and pressure release devices and analysis and remedy of flare release events; and compliance with emissions standards for delayed coking units. Over the years, there have been ongoing communications, including notices of violations, about environmental matters between us and federal and state authorities, some of which have resulted or will result in changes to operating procedures and in capital expenditures. Compliance with applicable environmental laws, regulations and permits will continue to have an impact on our operations, results of our operations and capital requirements.

As is the case with all companies engaged in industries similar to ours, we face potential exposure to future claims and lawsuits involving environmental matters. The matters include, but are not limited to, soil, groundwater and waterway contamination, air pollution, personal injury and property damage allegedly caused by substances which we manufactured, handled, used, released or disposed.

We are and have been the subject of various state, federal and private proceedings relating to environmental regulations, conditions and inquiries. Current and future environmental regulations are expected to require additional expenditures, including expenditures for investigation and remediation, which may be significant, at our facilities. To the extent that future expenditures for these purposes are material and can be reasonably determined, these costs are disclosed and accrued.

Our operations are also subject to various laws and regulations relating to occupational health and safety. We maintain safety, training and maintenance programs as part of our ongoing efforts to ensure compliance with applicable laws and regulations. Compliance with applicable health and safety laws and regulations has required and continues to require substantial expenditures. Failure to appropriately manage occupational health and safety risks associated with our business could also adversely impact our employees, communities, stakeholders, reputation and results of operations.

The costs of environmental and safety regulations are already significant and compliance with more stringent laws or regulations or adverse changes in the interpretation of existing regulations by government agencies could have an adverse effect on the financial position and the results of our operations and could require substantial expenditures for the installation and operation of systems and equipment that we do not currently possess.

From time to time, new federal energy policy legislation is enacted by the U.S. Congress. For example, in December 2007, the U.S. Congress passed the Energy Independence and Security Act, which, among other provisions, mandates annually increasing levels for the use of renewable fuels such as ethanol, commencing in 2008 and escalating for 15 years, as well as increasing energy efficiency goals, including higher fuel economy standards for motor vehicles, among other steps. These statutory mandates may have the impact over time of offsetting projected increases in the demand for refined petroleum products in certain markets, particularly gasoline. In the near term, the new renewable fuel standard presents ethanol production and logistics challenges for both the ethanol and refining industries and may require additional capital expenditures or expenses by us to accommodate increased ethanol use. Other legislative changes may similarly alter the expected demand and supply projections for refined petroleum products in ways that cannot be predicted.

For additional information on regulations and related liabilities or potential liabilities affecting our business, see “Regulation” under Items 1 and 2, “Business and Properties,” and Item 3, “Legal Proceedings.”

The adoption of climate change legislation by Congress could result in increased operating costs and reduced demand for the refined products we produce.

In December 2009, the EPA determined that emissions of carbon dioxide, methane and other greenhouse gas emissions, or “GHGs,” present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the earth’s atmosphere and other climatic changes. Based on these findings, the EPA has begun adopting and implementing regulations to restrict emissions of GHGs under existing provisions of the federal CAA. For example, the EPA adopted rules that require certain large stationary sources to obtain permits to authorize emissions of GHGs. The EPA has also adopted rules requiring the reporting of GHG emissions from specified large GHG emission sources in the United States, including petroleum refineries, on an annual basis. The EPA has also announced its intention to issue a New Source Performance Standard directly regulating GHG emissions from refineries, although recent statements from EPA Administrator McCarthy indicate that issuance of such Performance Standard is not imminent.

In addition, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of GHGs and almost one-half of the states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. These cap and trade programs generally work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and on an annual basis surrender emission allowances. The number of allowances available for purchase is reduced over time in an effort to achieve the overall GHG emission reduction goal.

The adoption of legislation or regulatory programs to reduce emissions of GHGs could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the refined products that we produce. Consequently, legislation and regulatory programs to reduce emissions of GHGs could have an adverse effect on our business, financial condition and results of operations.

In addition, some scientists have concluded that increasing concentrations of GHGs in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. If any such events were to occur, they could have an adverse effect on our financial condition and results of operations.

Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions for which we may not be adequately insured.

Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions such as natural disasters, adverse weather, accidents, fires, explosions, hazardous materials releases, cyber-attacks, power failures, mechanical failures and other events beyond our control. These events could result in an injury, loss of life, property damage or destruction, as well as a curtailment or an interruption in our operations and may affect our ability to meet marketing commitments.

We may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates and exclusions from coverage may limit our ability to recover the amount of the full loss in all situations. As a result of market conditions, premiums and deductibles for certain of our insurance policies could increase. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. We are not fully insured against all risks incident to our business and therefore, we self-insure certain risks. If any refinery were to experience an interruption in operations, earnings from the refinery could be materially adversely affected (to the extent not recoverable through insurance) because of lost production and repair costs.

The energy industry is highly capital intensive, and the entire or partial loss of individual facilities can result in significant costs to both industry companies, such as us, and their insurance carriers. In recent years, several large energy industry claims have resulted in significant increases in the level of premium costs and deductible periods for participants in the energy industry. As a result of large energy industry claims, insurance companies that have historically participated in underwriting energy-related facilities may discontinue that practice or demand significantly higher premiums or deductible periods to cover these facilities. If significant changes in the number or financial solvency of insurance underwriters for the energy industry occur, or if other adverse conditions over which we have no control prevail in the insurance market, we may be unable to obtain and maintain adequate insurance at reasonable cost. In addition, we cannot assure you that our insurers will renew our insurance coverage on acceptable terms, if at all, or that we will be able to arrange for adequate alternative coverage in the event of non-renewal. Further, our underwriters could have credit issues that affect their ability to pay claims. If a significant accident or event occurs that is self-insured or not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

The availability and cost of renewable identification numbers and other required credits could have an adverse effect on our financial condition and results of operations.

Pursuant to the 2007 Energy Independence and Security Act, the EPA promulgated the 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 RINs, in lieu of such blending. We currently purchase RINs for some fuel categories on the open market in order to comply with the quantity of renewable fuels we are required to blend under the RFS2. 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. While we cannot predict the future prices of RINs, the costs to obtain the necessary number of RINs could be material. If we are unable to pass the costs of compliance with the RFS2 on to our customers, if sufficient RINs are unavailable for purchase, if we have to pay a significantly higher price for RINs or if we are otherwise unable to meet the RFS2 mandates, our financial condition and results of operations could be adversely affected.

In addition, the RFS2 regulations are highly complex and evolving, requiring us to periodically update our compliance systems. The RFS2 regulations require the EPA to determine and publish the applicable annual volume and percentage standards for each compliance year by November 30 for the forthcoming year, and such blending percentages could be higher or lower than amounts estimated and accrued for in our consolidated financial statements. The future cost of RINs is difficult to estimate until such time as the EPA finalizes the applicable standards for the forthcoming compliance year. We cannot predict with certainty our exposure to increased RINs costs in the future, nor can we predict the extent by which costs associated with RFS2 will impact our future results of operations.

Competition in the refining and marketing industry is intense, and an increase in competition in the markets in which we sell our products could adversely affect our earnings and profitability.

We compete with a broad range of refining and marketing companies, including certain multinational oil companies. Because of their geographic diversity, larger and more complex refineries, integrated operations and greater resources, some of our competitors may be better able to withstand volatile market conditions, to obtain crude oil in times of shortage and to bear the economic risks inherent in all areas of the refining industry.

We are not engaged in petroleum exploration and production activities and do not produce any of the crude oil feedstocks used at our refineries. We do not have a retail business and therefore are dependent upon others for outlets for our refined products. Certain of our competitors, however, obtain a portion of their feedstocks from company-owned production and have retail outlets. Competitors that have their own production or extensive retail outlets, with brand-name recognition, are at times able to offset losses from refining operations with profits from producing or retailing operations, and may be better positioned to withstand periods of depressed refining margins or feedstock shortages.

In recent years there have been several refining and marketing consolidations or acquisitions between entities competing in our geographic market. These transactions could increase the future competitive pressures on us.

The markets in which we compete may be impacted by competitors' plans for expansion projects and refinery improvements that could increase the production of refined products in our areas of operation and significantly affect our profitability.

Also, the potential operation of new or expanded refined product transportation pipelines, or the conversion of existing pipelines into refined product transportation pipelines, could impact the supply of refined products to our existing markets and negatively affect our profitability.

In addition, we compete with other industries that provide alternative means to satisfy the energy and fuel requirements of our industrial, commercial and individual consumers. The more successful these alternatives become as a result of governmental regulations, technological advances, consumer demand, improved pricing or otherwise, the greater the impact on pricing and demand for our products and our profitability. There are presently significant governmental and consumer pressures to increase the use of alternative fuels in the United States.

A disruption to or proration of the refined product distribution systems we utilize could negatively impact our profitability.

We utilize various common carrier or other third party pipeline systems to deliver our products to market. The key systems utilized by the Cheyenne, El Dorado, Navajo, Woods Cross, and Tulsa Refineries are Rocky Mountain, NuStar Energy, SFPP and Plains, Chevron, and Magellan, respectively. All five refineries also utilize systems owned by HEP. If these key pipelines or their associated tanks and terminals become inoperative or decrease the capacity available to us, we may not be able to sell our product, or we may be required to hold our product in inventory or supply products to our customers through an alternative pipeline or by rail or additional tanker trucks from the refinery, all of which could increase our costs and result in a decline in profitability.

We may be subject to information technology system failures, network disruptions and breaches in data security.

Information technology system failures, network disruptions (whether intentional by a third party or due to natural disaster), breaches of network or data security, or disruption or failure of the network system used to monitor and control pipeline operations could disrupt our operations by impeding our processing of transactions, our ability to protect customer or company information and our financial reporting. Our computer systems, including our back-up systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, earthquakes, floods, tornadoes and hurricanes, and/or errors by our employees. There can be no assurance that a system failure or data security breach will not have a material adverse effect on our financial condition and results of operations.

We may not be able to obtain funding on acceptable terms or at all because of volatility and uncertainty in the credit and capital markets. This may hinder or prevent us from meeting our future capital needs.

The domestic and global financial markets and economic conditions are disrupted and volatile from time to time due to a variety of factors, including low consumer confidence, high unemployment, geoeconomic and geopolitical issues, weak economic conditions and uncertainty in the financial services sector. In addition, the fixed-income markets have experienced periods of extreme volatility, which negatively impacted market liquidity conditions. Recently, the equity and debt markets for many energy industry companies have been adversely affected by low oil prices. As a result, the cost of raising money in the debt and equity capital markets has increased substantially at times while the availability of funds from these markets diminished significantly. In particular, as a result of concerns about the stability of financial markets generally and the solvency of lending counterparties specifically, the cost of obtaining money from the credit markets may increase as many lenders and institutional investors increase interest rates, enact tighter lending standards, refuse to refinance existing debt on similar terms or at all and reduce, or in some cases cease, to provide funding to borrowers. In addition, lending counterparties under any existing revolving credit facility and other debt instruments may be unwilling or unable to meet their funding obligations, or we may experience a decrease in our capacity to issue debt or obtain commercial credit or a deterioration in our credit profile, including a rating agency lowering or withdrawing of our credit ratings if, in its judgment, the circumstances warrant. Due to these factors, we cannot be certain that new debt or equity financing will be available on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be required to sell assets. Moreover, without adequate funding, we may be unable to execute our growth strategy, complete future acquisitions or construction projects, take advantage of other business opportunities or respond to competitive pressures, comply with regulatory requirements, or meet our short-term or long-term working capital requirements, any of which could have a material adverse effect on our revenues and results of operations. Failure to comply with regulatory requirements in a timely manner or meet our short-term or long-term working capital requirements could subject us to regulatory action.

We depend upon HEP for a substantial portion of the crude supply and distribution network that serve our refineries, and we own a significant equity interest in HEP.

We currently own a 39% interest in HEP, including the 2% general partner interest. HEP operates a system of crude oil and petroleum product pipelines, distribution terminals and refinery tankage in Arizona, Idaho, Kansas, Nevada, New Mexico, Oklahoma, Texas, Utah, Washington and Wyoming. HEP generates revenues by charging tariffs for transporting petroleum products and crude oil through its pipelines, leasing certain pipeline capacity to Alon, charging fees for terminalling refined products and other hydrocarbons and storing and providing other services at its terminals. HEP serves the Cheyenne, El Dorado, Navajo, Woods Cross and Tulsa Refineries under several long-term pipeline and terminal, tankage and throughput agreements expiring in 2019 through 2026 and serves the El Dorado Refinery under long-term tolling agreements expiring in 2030. Furthermore, our financial statements include the consolidated results of HEP. HEP is subject to its own operating and regulatory risks, including, but not limited to:

- its reliance on its significant customers, including us;
- competition from other pipelines;

- environmental regulations affecting pipeline operations;
- operational hazards and risks;
- pipeline tariff regulations affecting the rates HEP can charge;
- limitations on additional borrowings and other restrictions due to HEP's debt covenants; and
- other financial, operational and legal risks.

The occurrence of any of these risks could directly or indirectly affect HEP's as well as our financial condition, results of operations and cash flows as HEP is a consolidated VIE. Additionally, these risks could affect HEP's ability to continue operations which could affect their ability to serve our supply and distribution network needs.

For additional information about HEP, see "Holly Energy Partners, L.P." under Items 1 and 2, "Business and Properties." For risks related to HEP's business, see Item 1A of HEP's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

We are exposed to the credit risks, and certain other risks, of our key customers and vendors.

We are subject to risks of loss resulting from nonpayment or nonperformance by our customers. We derive a significant portion of our revenues from contracts with key customers.

If any of our key customers default on their obligations to us, our financial results could be adversely affected. Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks. In addition, nonperformance by vendors who have committed to provide us with products or services could result in higher costs or interfere with our ability to successfully conduct our business.

Any substantial increase in the nonpayment and/or nonperformance by our customers or vendors could have a material adverse effect on our results of operations and cash flows.

Terrorist attacks (including cyber-attacks), and the threat of terrorist attacks or domestic vandalism, have resulted in increased costs to our business. Continued global hostilities or other sustained military campaigns may adversely impact our results of operations.

The long-term impacts of terrorist attacks, such as the attacks that occurred on September 11, 2001, and the threat of future terrorist attacks (including cyber-attacks) on the energy transportation industry in general, and on us in particular, are unknown. Increased security measures taken by us as a precaution against possible terrorist attacks or vandalism have resulted in increased costs to our business. Uncertainty surrounding continued global hostilities or other sustained military campaigns, and the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror, may affect our operations in unpredictable ways, including disruptions of crude oil supplies and markets for refined products. In addition, disruption or significant increases in energy prices could result in government-imposed price controls. Any one of, or a combination of, these occurrences could have a material adverse effect on our business, financial condition and results of operations.

Changes in the insurance markets attributable to terrorist attacks could make certain types of insurance more difficult for us to obtain. Moreover, the insurance that may be available to us may be significantly more expensive than our existing insurance coverage. Instability in the financial markets as a result of terrorism or war could also affect our ability to raise capital including our ability to repay or refinance debt.

Increases in required fuel economy and regulation of CO₂ emissions from motor vehicles may reduce demand for transportation fuels.

In 2010, the EPA and the National Highway Traffic Safety Administration ("NHTSA") finalized new standards, raising the required Corporate Average Fuel Economy ("CAFE") of the nation's passenger fleet by 40% to approximately 35 miles per gallon ("m.p.g.") by 2016 and imposing the first-ever federal GHG emissions standards on cars and light trucks. In September 2011, the EPA and the Department of Transportation finalized first-time standards for fuel economy of medium and heavy duty trucks. On August 28, 2012, the EPA and NHTSA adopted standards through model year 2025 in two phases. The first phase establishes final standards for 2017-2021 model year vehicles that are projected to require 40.3 - 41.0 m.p.g. in model year 2021 on an average industry fleet-wide basis. The second phase of the CAFE program represents non-final "augural" standards for 2022-2025 model year vehicles that are projected to require 48.7 - 49.7 m.p.g. in model year 2025, on an average industry fleet-wide basis. Such increases in fuel economy standards, along with mandated increases in use of renewable fuels discussed above, could result in decreasing demand for petroleum fuels. Decreasing demand for petroleum fuels could have a material effect on our financial condition and results of operation.

To successfully operate our petroleum refining facilities, we are required to expend significant amounts for capital outlays and operating expenditures.

The refining business is characterized by high fixed costs resulting from the significant capital outlays associated with refineries, terminals, pipelines and related facilities. We are dependent on the production and sale of quantities of refined products at refined product margins sufficient to cover operating costs, including any increases in costs resulting from future inflationary pressures or market conditions and increases in costs of fuel and power necessary in operating our facilities. Furthermore, future major capital investment, various environmental compliance related projects, regulatory requirements or competitive pressures could result in additional capital expenditures, which may not produce a return on investment. Such capital expenditures may require significant financial resources that may be contingent on our access to capital markets and commercial bank loans. Additionally, other matters, such as regulatory requirements or legal actions, may restrict our access to funds for capital expenditures.

Our refineries consist of many processing units, a number of which have been in operation for many years. One or more of the units may require unscheduled downtime for unanticipated maintenance or repairs that are more frequent than our scheduled turnaround for such units. Scheduled and unscheduled maintenance could reduce our revenues during the period of time that the units are not operating. We have taken significant measures to expand and upgrade units in our refineries by installing new equipment and redesigning older equipment to improve refinery capacity. The installation and redesign of key equipment at our refineries involves significant uncertainties, including the following: our upgraded equipment may not perform at expected throughput levels; operating costs of the upgraded equipment may be higher than expected; the yield and product quality of new equipment may differ from design and/or specifications and redesign, modification or replacement of the equipment may be required to correct equipment that does not perform as expected, which could require facility shutdowns until the equipment has been redesigned or modified. Any of these risks associated with new equipment, redesigned older equipment, or repaired equipment could lead to lower revenues or higher costs or otherwise have a negative impact on our future financial condition and results of operations.

In addition, we expect to execute turnarounds at our refineries, which involve numerous risks and uncertainties. These risks include delays and incurrence of additional and unforeseen costs. The turnarounds allow us to perform maintenance, upgrades, overhaul and repair of process equipment and materials, during which time all or a portion of the refinery will be under scheduled downtime.

We may be unable to pay future dividends.

We will only be able to pay dividends from our available cash on hand, cash from operations or borrowings under our credit agreement. The declaration of future dividends on our common stock will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial condition, earnings, capital requirements, and restrictions in our debt agreements and legal requirements. We cannot assure you that any dividends will be paid or the frequency or amounts of such payments.

Product liability claims and litigation could adversely affect our business and results of operations.

A significant portion of our operating responsibility on refined product pipelines is to insure the quality and purity of the products loaded at our loading racks. If our quality control measures were to fail, we may have contaminated or off-specification commingled pipelines and storage tanks or off-specification product could be sent to public gasoline stations. These types of incidents could result in product liability claims from our customers.

Product liability is a significant commercial risk. Substantial damage awards have been made in certain jurisdictions against manufacturers and resellers based upon claims for injuries caused by the use of or exposure to various products. There can be no assurance that product liability claims against us would not have a material adverse effect on our business or results of operations or our ability to maintain existing customers or retain new customers.

Our hedging transactions may limit our gains and expose us to other risks.

We periodically enter into derivative transactions as it relates to inventory levels and/or future production to manage the risks from changes in the prices of crude oil, refined products and other feedstocks. These transactions limit our potential gains if commodity prices move above or below the certain price levels established by our hedging instruments. We hedge price risk on inventories above our target levels to minimize the impact these price fluctuations have on our earnings and cash flows. Consequently, our hedging results may fluctuate significantly from one reporting period to the next depending on commodity price fluctuations and our relative physical inventory positions. These transactions may also expose us to risks of financial losses; for example, if our production is less than we anticipated at the time we entered into a hedge agreement or if a counterparty to our hedge agreements fails to perform its obligations under the agreements.

Changes in our credit profile, or a significant increase in the price of crude oil, may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity and limit our ability to purchase sufficient quantities of crude oil to operate our refineries at desired capacity.

An unfavorable credit profile, or a significant increase in the price of crude oil, could affect the way crude oil suppliers view our ability to make payments and induce them to shorten the payment terms of their invoices with us or require credit enhancement. Due to the large dollar amounts and volume of our crude oil and other feedstock purchases, any imposition by our suppliers of more burdensome payment terms or credit enhancement requirements on us may have a material adverse effect on our liquidity and our ability to make payments to our suppliers. This in turn could cause us to be unable to operate our refineries at desired capacity. A failure to operate our refineries at desired capacity could adversely affect our profitability and cash flow.

Our credit facility contains certain covenants and restrictions that may constrain our business and financing activities.

The operating and financial restrictions and covenants in our credit facility and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our revolving credit facility imposes usual and customary requirements for this type of credit facility, including: (i) limitations on liens and indebtedness; (ii) a prohibition on changes in control and (iii) restrictions on engaging in mergers and consolidations. If we fail to satisfy the covenants set forth in the credit facility or another event of default occurs under the credit facility, the maturity of the loan could be accelerated or we could be prohibited from borrowing for our future working capital needs and issuing letters of credit. We might not have, or be able to obtain, sufficient funds to make these immediate payments. If we desire to undertake a transaction that is prohibited by the covenants in our credit facility, we will need to obtain consent under our credit facility. Such refinancing may not be possible or may not be available on commercially acceptable terms.

Our business may suffer due to a departure of any of our key senior executives or other key employees. Furthermore, a shortage of skilled labor or disruptions in our labor force may make it difficult for us to maintain labor productivity.

Our future performance depends to a significant degree upon the continued contributions of our senior management team and key technical personnel. We do not currently maintain key man life insurance, non-compete agreements, or employment agreements with respect to any member of our senior management team. The loss or unavailability to us of any member of our senior management team or a key technical employee could significantly harm us. We face competition for these professionals from our competitors, our customers and other companies operating in our industry. To the extent that the services of members of our senior management team and key technical personnel would be unavailable to us for any reason, we may be required to hire other personnel to manage and operate our company. We may not be able to locate or employ such qualified personnel on acceptable terms, or at all.

Furthermore, our operations require skilled and experienced laborers with proficiency in multiple tasks. A shortage of trained workers due to retirements or otherwise could have an adverse impact on our labor productivity and costs and our ability to expand production in the event there is an increase in the demand for our products and services, which could adversely affect our operations.

As of December 31, 2015, approximately 34% of our employees were represented by labor unions under collective bargaining agreements with various expiration dates. We may not be able to renegotiate our collective bargaining agreements when they expire on satisfactory terms or at all. A failure to do so may increase our costs. In addition, our existing labor agreements may not prevent a strike or work stoppage at any of our facilities in the future, and any work stoppage could negatively affect our results of operations and financial condition.

The market price of our common stock may fluctuate significantly, and the value of a stockholder's investment could be impacted.

The market price of our common stock may be influenced by many factors, some of which are beyond our control, including:

- our quarterly or annual earnings or those of other companies in our industry;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic, industry and stock market conditions;
- the failure of securities analysts to cover our common stock or changes in financial estimates by analysts;
- future sales of our common stock;
- announcements by us or our competitors of significant contracts or acquisitions;
- sales of common stock by us, our senior officers or our affiliates; and/or
- the other factors described in these Risk Factors.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price.

Item 1B. Unresolved Staff Comments

We do not have any unresolved staff comments.

Item 3. 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, based on advice of counsel, management believes that the resolution of these proceedings through settlement or adverse judgment will not either individually or in the aggregate have a materially adverse effect on our financial condition, results of operations or cash flows.

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 financial condition, results of operations or cash flows.

Cheyenne

HollyFrontier Cheyenne Refining LLC (“HFCR”), our wholly-owned subsidiary, completed certain 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 the EPA’s audit policy to the extent applicable, HFCR 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, HFCR 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. No further action has been taken by either agency at this time. In early 2016, the Cheyenne Refinery settled an outstanding Notice of Violations issued in January 2013 for a non-material amount.

Tulsa

HollyFrontier Tulsa Refining LLC (“HFTR”) manufactures paraffin and hydrocarbon waxes at its Tulsa West facility. On March 11, 2014, the EPA issued a notice to HFTR of possible violations of certain provisions of the federal Toxic Substances Control Act in connection with the manufacture of certain of these products. HFTR and the EPA met and are working productively towards a settlement of this matter.

Fuels Regulation

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. Our subsidiaries have concluded settlement discussions with the EPA in order to resolve the voluntarily disclosed non-compliance events, and a Consent Decree reflecting the terms of the settlement has been entered by the U.S. District Court.

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 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange under the trading symbol "HFC." The following table sets forth the range of the daily high and low sales prices per share of common stock, dividends declared per share and the trading volume of common stock for the periods indicated:

Years Ended December 31,	High	Low	Dividends	Trading Volume
2015				
Fourth quarter	\$ 52.30	\$ 39.00	\$ 0.33	153,988,900
Third quarter	\$ 54.73	\$ 42.68	\$ 0.33	213,026,200
Second quarter	\$ 43.71	\$ 35.89	\$ 0.33	157,763,200
First quarter	\$ 45.05	\$ 30.15	\$ 0.32	210,069,400
2014				
Fourth quarter	\$ 46.47	\$ 35.31	\$ 0.82	152,657,400
Third quarter	\$ 51.31	\$ 42.76	\$ 0.82	139,658,000
Second quarter	\$ 53.42	\$ 43.61	\$ 0.82	152,909,200
First quarter	\$ 50.74	\$ 43.17	\$ 0.80	174,540,200

In May 2015, our Board of Directors approved a \$1 billion share repurchase program authorizing us to repurchase common stock in the open market or through privately negotiated transactions based on market conditions, securities law limitations and other relevant considerations. The following table includes repurchases made under this program during the fourth quarter of 2015.

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
October 2015	2,200,000	\$ 48.82	2,200,000	\$ 451,555,135
November 2015	1,700,000	\$ 49.75	1,700,000	\$ 366,981,645
December 2015	1,300,000	\$ 45.22	1,300,000	\$ 308,192,745
Total for October to December 2015	<u>5,200,000</u>		<u>5,200,000</u>	

As of February 9, 2016, we had approximately 87,745 stockholders, including beneficial owners holding shares in street name.

We intend to consider the declaration of a dividend on a quarterly basis, although there is no assurance as to future dividends since they are dependent upon future earnings, capital requirements, our financial condition and other factors.

Item 6. Selected Financial Data

The following table shows our selected financial information as of the dates or for the periods indicated. This table should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

	Years Ended December 31,				
	2015	2014	2013	2012	2011
(In thousands, except per share data)					
FINANCIAL DATA ⁽¹⁾					
For the period					
Sales and other revenues	\$ 13,237,920	\$ 19,764,327	\$ 20,160,560	\$ 20,090,724	\$ 15,439,528
Income before income taxes ⁽²⁾	1,208,568	467,500	1,159,399	2,787,995	1,641,695
Income tax provision	406,060	141,172	391,576	1,027,962	581,991
Net income	802,508	326,328	767,823	1,760,033	1,059,704
Less net income attributable to noncontrolling interest	62,407	45,036	31,981	32,861	36,307
Net income attributable to HollyFrontier stockholders	<u>\$ 740,101</u>	<u>\$ 281,292</u>	<u>\$ 735,842</u>	<u>\$ 1,727,172</u>	<u>\$ 1,023,397</u>
Earnings per share attributable to HollyFrontier stockholders - basic	\$ 3.91	\$ 1.42	\$ 3.66	\$ 8.41	\$ 6.46
Earnings per share attributable to HollyFrontier stockholders - diluted	\$ 3.90	\$ 1.42	\$ 3.64	\$ 8.38	\$ 6.42
Cash dividends declared per common share	\$ 1.31	\$ 3.26	\$ 3.20	\$ 3.10	\$ 1.34
Average number of common shares outstanding:					
Basic	188,731	197,243	200,419	204,379	157,948
Diluted	188,940	197,428	201,234	205,274	158,756
Net cash provided by operating activities	\$ 979,626	\$ 758,596	\$ 869,174	\$ 1,662,687	\$ 1,338,391
Net cash provided by (used for) investing activities	\$ (381,748)	\$ (292,322)	\$ (526,735)	\$ (711,104)	\$ 228,494
Net cash used for financing activities	\$ (1,099,330)	\$ (838,392)	\$ (1,160,035)	\$ (772,788)	\$ (217,082)
At end of period					
Cash, cash equivalents and investments in marketable securities	\$ 210,552	\$ 1,042,095	\$ 1,665,263	\$ 2,393,401	\$ 1,840,610
Working capital ⁽³⁾	\$ 587,450	\$ 1,549,004	\$ 2,445,953	\$ 2,961,037	\$ 2,205,746
Total assets ⁽⁴⁾	\$ 8,388,299	\$ 9,230,047	\$ 10,055,763	\$ 10,326,628	\$ 9,573,896
Total debt ^(4,5)	\$ 1,040,040	\$ 1,054,297	\$ 996,543	\$ 1,333,869	\$ 1,212,395
Total equity	\$ 5,809,773	\$ 6,100,719	\$ 6,609,398	\$ 6,642,658	\$ 5,835,900

- (1) We merged with Frontier on July 1, 2011. Our consolidated financial and operating results reflect the operations of the merged Frontier businesses beginning July 1, 2011. See "Company Overview" under Items 1 and 2, "Business and Properties" for information on our merger.
- (2) Reflects non-cash lower of cost or market inventory valuation adjustment charges of \$227.0 million and \$397.5 million for the years ended December 31, 2015 and 2014, respectively.
- (3) Prior period working capital has been recast to reflect the early adoption of a November 2015 accounting standard update requiring current deferred tax liabilities and assets to be classified as noncurrent amounts. See Note 1 "Description of Business and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements.
- (4) Prior period total assets and debt have been recast to reflect the early adoption of an April 2015 accounting standard update requiring debt issuance costs to be presented as a direct deduction from the carrying amount of the debt liability. See Note 1 "Description of Business and Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements.
- (5) Includes total HEP debt of \$1,008.8 million, \$867.0 million, \$806.7 million, \$863.5 million and \$525.0 million, respectively, which is non-recourse to HollyFrontier.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Item 7 contains "forward-looking" statements. See "Forward-Looking Statements" at the beginning of this Annual Report on Form 10-K. 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 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 nameplate 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, 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 year ended December 31, 2015, net income attributable to HollyFrontier stockholders was \$740.1 million compared to \$281.3 million and \$735.8 million for the years ended December 31, 2014, and 2013, respectively. Overall gross refining margins per produced product sold for 2015 increased 15% over the year ended December 31, 2014, which was due principally to strong operational reliability and utilization rates across our refining system. Additionally, net income for the years ended December 31, 2015 and 2014 reflect non-cash charges of \$227.0 million (\$139.0 million after-tax) and \$397.5 million (\$244.0 million after-tax), respectively, to adjust the value of our inventory to the lower of cost or market.

For the year, our reliability and process safety initiatives drove our refinery utilization rate to 97.6%, the highest level achieved since our merger and a 6% increase compared to 2014. Additionally, improved operational reliability, cost management efforts and lower natural gas costs contributed to a 7% reduction in operating expenses to \$1,060.4 million and gross refining margins increased to \$16.07. Together, strong operational performance, improved realized margins and lower operating costs drove a 74% increase in earnings per share compared to 2014 (exclusive of inventory valuation charges).

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, North Sea Crude) and the price for inland U.S. crude oil (which is based on the price for WTI). We expect continued volatility in the pricing relationship between inland and coastal crude, which is currently averaging in the range of \$1.00 to \$(1.00) per barrel.

Pursuant to the 2007 Energy Independence and Security Act, the EPA promulgated the RFS2 regulations, which increased the 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 RINs, in lieu of such blending. Our RINs costs are material and represent a cost of products sold. The price of RINs may be extremely volatile due to real or perceived future shortages in RINs. As of December 31, 2015, we are purchasing RINs in order to meet approximately half of our renewable fuel requirements.

A more detailed discussion of our financial and operating results for the years ended December 31, 2015, 2014 and 2013 is presented in the following sections.

Results Of Operations

Financial Data

	Years Ended December 31,		
	2015	2014	2013
	(In thousands, except per share data)		
Sales and other revenues	\$ 13,237,920	\$ 19,764,327	\$ 20,160,560
Operating costs and expenses:			
Cost of products sold (exclusive of depreciation and amortization):			
Cost of products sold (exclusive of lower of cost or market inventory valuation adjustment)	10,239,218	17,228,385	17,392,227
Lower of cost or market inventory valuation adjustment	226,979	397,478	—
	10,466,197	17,625,863	17,392,227
Operating expenses (exclusive of depreciation and amortization)	1,060,373	1,144,940	1,090,850
General and administrative expenses (exclusive of depreciation and amortization)	120,846	114,609	127,963
Depreciation and amortization	346,151	363,381	303,446
Total operating costs and expenses	11,993,567	19,248,793	18,914,486
Income from operations	1,244,353	515,534	1,246,074
Other income (expense):			
Earnings (loss) of equity method investments	(3,738)	(2,007)	(2,072)
Interest income	3,391	4,430	5,556
Interest expense	(43,470)	(43,646)	(68,050)
Loss on early extinguishment of debt	(1,370)	(7,677)	(22,109)
Gain on sale of assets and other	9,402	866	—
	(35,785)	(48,034)	(86,675)
Income before income taxes	1,208,568	467,500	1,159,399
Income tax provision	406,060	141,172	391,576
Net income	802,508	326,328	767,823
Less net income attributable to noncontrolling interest	62,407	45,036	31,981
Net income attributable to HollyFrontier stockholders	\$ 740,101	\$ 281,292	\$ 735,842
Earnings per share attributable to HollyFrontier stockholders:			
Basic	\$ 3.91	\$ 1.42	\$ 3.66
Diluted	\$ 3.90	\$ 1.42	\$ 3.64
Cash dividends declared per common share	\$ 1.31	\$ 3.26	\$ 3.20
Average number of common shares outstanding:			
Basic	188,731	197,243	200,419
Diluted	188,940	197,428	201,234

Other Financial Data

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net cash provided by operating activities	\$ 979,626	\$ 758,596	\$ 869,174
Net cash used for investing activities	\$ (381,748)	\$ (292,322)	\$ (526,735)
Net cash used for financing activities	\$ (1,099,330)	\$ (838,392)	\$ (1,160,035)
Capital expenditures	\$ 676,155	\$ 564,821	\$ 425,127
EBITDA ⁽¹⁾	\$ 1,533,761	\$ 832,738	\$ 1,515,467

(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 7A of Part II of this Form 10-K.

Our operations are organized into two reportable segments, Refining and HEP. See Note 19 “Segment Information” in the Notes to Consolidated Financial Statements for additional information on our reportable segments.

Refining Operating Data

Our refinery operations include the El Dorado, Tulsa, Navajo, Cheyenne and Woods Cross Refineries. The following tables set forth information, including non-GAAP performance measures about our consolidated refinery operations. The cost of products and refinery gross and net operating margins do not include the non-cash effects of lower of cost or market inventory valuation adjustments and depreciation and amortization. Reconciliations to amounts reported under GAAP are provided under “Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles” following Item 7A of Part II of this Form 10-K.

	Years Ended December 31,		
	2015	2014	2013
Consolidated			
Crude charge (BPD) ⁽¹⁾	432,560	406,180	387,520
Refinery throughput (BPD) ⁽²⁾	463,580	436,400	424,780
Refinery production (BPD) ⁽³⁾	446,560	425,010	413,820
Sales of produced refined products (BPD)	438,000	420,990	410,730
Sales of refined products (BPD) ⁽⁴⁾	488,350	461,640	446,390
Refinery utilization ⁽⁵⁾	97.6%	91.7%	87.5%
Average per produced barrel ⁽⁶⁾			
Net sales	\$ 71.32	\$ 110.19	\$ 115.60
Cost of products ⁽⁷⁾	55.25	96.21	99.61
Refinery gross margin ⁽⁸⁾	16.07	13.98	15.99
Refinery operating expenses ⁽⁹⁾	5.71	6.38	6.15
Net operating margin ⁽⁸⁾	\$ 10.36	\$ 7.60	\$ 9.84
Refinery operating expenses per throughput barrel ⁽¹⁰⁾	\$ 5.39	\$ 6.16	\$ 5.95

(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 7A of Part II of this Form 10-K.

(7) Transportation, terminal and refinery storage costs billed from HEP are included in cost of products.

(8) Excludes lower of cost or market inventory valuation adjustment of \$227.0 million and \$397.5 million for the years ended December 31, 2015 and 2014, respectively.

(9) Represents operating expenses of our refineries, exclusive of depreciation and amortization and pension settlement costs.

(10) Represents refinery operating expenses, exclusive of depreciation and amortization and pension settlement costs, divided by refinery throughput.

Results of Operations – Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Summary

Net income attributable to HollyFrontier stockholders for the year ended December 31, 2015 was \$740.1 million (\$3.91 per basic and \$3.90 per diluted share), a \$458.8 million increase compared to \$281.3 million (\$1.42 per basic and diluted share) for the year ended December 31, 2014. Net income increased due principally to a year-over-year increase in refining margins and sales volumes, improved operational reliability and lower operating expenses. Additionally, current year earnings reflect a non-cash lower of cost or market inventory valuation charge of \$139.0 million, net of tax, a decrease compared to \$244.0 million in 2014. Refinery gross margins for the year ended December 31, 2015 increased to \$16.07 per produced barrel from \$13.98 for the year ended December 31, 2014.

Sales and Other Revenues

Sales and other revenues decreased 33% from \$19,764.3 million for the year ended December 31, 2014 to \$13,237.9 million for the year ended December 31, 2015 due to a year-over-year decrease in sales prices, partially offset by higher refined product sales volumes. The average sales price we received per produced barrel sold decreased 35% from \$110.19 for the year ended December 31, 2014 to \$71.32 for the year ended December 31, 2015. Sales and other revenues for the years ended December 31, 2015 and 2014 include \$66.7 million and \$57.3 million, respectively, in HEP revenues attributable to pipeline and transportation services provided to unaffiliated parties.

Cost of Products Sold

Total cost of products sold decreased 41% from \$17,625.9 million for the year ended December 31, 2014 to \$10,466.2 million for the year ended December 31, 2015, due principally to lower crude oil costs and a \$170.5 million year-over-year decrease in lower of cost or market inventory valuation charges, partially offset by higher sales volumes of refined products. During 2015, we recognized a \$227.0 million charge attributable to a new \$624.5 million lower of cost or market reserve at December 31, 2015 that was partially offset by the reversal of the \$397.5 million inventory reserve that was established at December 31, 2014. The reserve at December 31, 2015 is based on market conditions and prices at that time. Excluding this non-cash adjustment, 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 43% from \$96.21 for the year ended December 31, 2014 to \$55.25 for the year ended December 31, 2015.

Gross Refinery Margins

Gross refinery margin per produced barrel increased 15% from \$13.98 for the year ended December 31, 2014 to \$16.07 for the year ended December 31, 2015. This was due to the effects of decreased crude oil and feedstock prices, partially offset by a decrease in the average per barrel sales price for refined products sold during the current year. Gross refinery margin does not include the non-cash effects of lower of cost or market inventory valuation adjustments or depreciation and amortization. See “Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles” following Item 7A of Part II of this Form 10-K 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, decreased 7% from \$1,144.9 million for the year ended December 31, 2014 to \$1,060.4 million for the year ended December 31, 2015 due principally to a year-over-year decrease in repair and maintenance and natural gas fuel costs and lower environmental accruals compared to 2014. For the years ended December 31, 2015 and 2014, operating expenses include \$100.0 million and \$103.4 million, respectively, in costs attributable to HEP operations.

General and Administrative Expenses

General and administrative expenses increased 5% from \$114.6 million for the year ended December 31, 2014 to \$120.8 million for the year ended December 31, 2015. This is attributable to overall higher incentive compensation and legal costs for the current year, net of the effects of state high-wage credits recognized during the second quarter of 2015. For the years ended December 31, 2015 and 2014, general and administrative expenses include \$10.2 million and \$8.5 million, respectively, in costs attributable to HEP operations.

Depreciation and Amortization Expenses

Depreciation and amortization decreased 5% from \$363.4 million for the year ended December 31, 2014 to \$346.2 million for the year ended December 31, 2015. This decrease was due principally to the recognition of higher accelerated depreciation levels of assets no longer in operation during 2014, partially offset by depreciation and amortization during the current year attributable to capitalized improvement projects and capitalized refinery turnaround costs. For the years ended December 31, 2015 and 2014, depreciation and amortization expenses include \$61.2 million and \$60.5 million, respectively, in costs attributable to HEP operations.

Interest Income

Interest income for the year ended December 31, 2015 was \$3.4 million compared to \$4.4 million for the year ended December 31, 2014. This decrease was due to lower investment levels in marketable debt securities during the current year period.

Interest Expense

Interest expense was \$43.5 million for the year ended December 31, 2015 compared to \$43.6 million for the year ended December 31, 2014. This slight decrease is due principally to the effects of lower HollyFrontier interest expense as a result of the June 2015 redemption of the \$150.0 million HollyFrontier senior notes, net of increased HEP interest expense attributable to higher year-over-year HEP debt levels. For the years ended December 31, 2015 and 2014, interest expense included \$36.9 million and \$36.1 million, respectively, in interest costs attributable to HEP operations.

Loss on Early Extinguishment of Debt

In June 2015, we redeemed our \$150.0 million aggregate principal amount of 6.875% senior notes maturing November 2018 at a redemption cost of \$155.2 million, at which time we recognized a \$1.4 million early extinguishment loss consisting of a \$5.2 million debt redemption premium, net of an unamortized premium of \$3.8 million.

In March 2014, HEP redeemed its \$150.0 million aggregate principal amount of 8.25% senior notes maturing March 2018 at a redemption cost of \$156.2 million, at which time it recognized a \$7.7 million early extinguishment loss consisting of a \$6.2 million debt redemption premium and unamortized discount and financing costs of \$1.5 million.

Income Taxes

For the year ended December 31, 2015, we recorded income tax expense of \$406.1 million compared to \$141.2 million for the year ended December 31, 2014. This increase was due principally to higher pre-tax earnings during the year ended December 31, 2015 compared to 2014. Our effective tax rates, before consideration of earnings attributable to the noncontrolling interest, were 33.6% and 30.2% for the years ended December 31, 2015 and 2014, respectively.

Results of Operations – Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Summary

Net income attributable to HollyFrontier stockholders for the year ended December 31, 2014 was \$281.3 million (\$1.42 per basic and diluted share), a \$454.6 million decrease compared to \$735.8 million (\$3.66 per basic and \$3.64 per diluted share) for the year ended December 31, 2013. Net income decreased due principally to a non-cash lower of cost or market inventory valuation charge of \$244.0 million, net of tax, and a year-over-year decrease in refining margins. Refinery gross margins for the year ended December 31, 2014 decreased to \$13.98 per produced barrel from \$15.99 for the year ended December 31, 2013.

Sales and Other Revenues

Sales and other revenues decreased 2% from \$20,160.6 million for the year ended December 31, 2013 to \$19,764.3 million for the year ended December 31, 2014 due to a decrease in year-over-year sales prices, partially offset by higher refined product sales volumes. The average sales price we received per produced barrel sold decreased 5% from \$115.60 for the year ended December 31, 2013 to \$110.19 for the year ended December 31, 2014. Sales and other revenues for the years ended December 31, 2014 and 2013 include \$57.3 million and \$53.4 million, respectively, in HEP revenues attributable to pipeline and transportation services provided to unaffiliated parties.

Cost of Products Sold

Cost of products sold decreased 1% from \$17,392.2 million for the year ended December 31, 2013 to \$17,228.4 million for the year ended December 31, 2014, due principally to a decrease in year-over-year crude costs, partially offset by higher refined product sales volumes. 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 \$99.61 for the year ended December 31, 2013 to \$96.21 for the year ended December 31, 2014.

Lower of Cost or Market Inventory Valuation Adjustment

For the year ended December 31, 2014, we recorded a \$397.5 million non-cash charge against income from operations to adjust the value of our inventory to the lower of cost or market at December 31, 2014. This is attributable to a significant decrease in market prices for crude oil and refined products at December 31, 2014. There was no comparable inventory valuation adjustment for the year ended December 31, 2013.

Gross Refinery Margins

Gross refinery margin per produced barrel decreased 13% from \$15.99 for the year ended December 31, 2013 to \$13.98 for the year ended December 31, 2014. This was due to a decrease in average per barrel sales prices for refined products sold, partially offset by decreased crude oil and feedstock prices for the current year. Gross refinery margin per produced barrel does not include the non-cash effects of lower of cost or market inventory valuation adjustments and depreciation and amortization. See “Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles” following Item 7A of Part II of this Form 10-K 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 5% from \$1,090.9 million for the year ended December 31, 2013 to \$1,144.9 million for the year ended December 31, 2014 due principally to higher year-over-year repair and maintenance and natural gas fuel costs and increased environmental accruals, partially offset by \$31.7 million in pension settlement costs incurred during 2013. For the years ended December 31, 2014 and 2013, operating expenses include \$103.4 million and \$95.7 million, respectively, in costs attributable to HEP operations.

General and Administrative Expenses

General and administrative expenses decreased 10% from \$128.0 million for the year ended December 31, 2013 to \$114.6 million for the year ended December 31, 2014 due principally to lower incentive compensation expense during the current year, and the effects of \$4.5 million in pension settlement costs incurred in 2013. For the years ended December 31, 2014 and 2013, general and administrative expenses include \$8.5 million and \$9.4 million, respectively, in costs attributable to HEP operations.

Depreciation and Amortization Expenses

Depreciation and amortization increased 20% from \$303.4 million for the year ended December 31, 2013 to \$363.4 million for the year ended December 31, 2014. The increase was due principally to depreciation and amortization attributable to capitalized improvement projects, capitalized refinery turnaround costs and accelerated depreciation of assets no longer in operation. For the years ended December 31, 2014 and 2013, depreciation and amortization expenses include \$60.5 million and \$64.7 million, respectively, in costs attributable to HEP operations.

Interest Income

Interest income for the year ended December 31, 2014 was \$4.4 million compared to \$5.6 million for the year ended December 31, 2013. This decrease was due to lower investment levels in marketable debt securities during 2014 as compared to 2013.

Interest Expense

Interest expense was \$43.6 million for the year ended December 31, 2014 compared to \$68.1 million for the year ended December 31, 2013. This decrease was due to lower year-over-year debt levels. For the years ended December 31, 2014 and 2013, interest expense included \$36.1 million and \$46.8 million, respectively, in interest costs attributable to HEP operations.

Loss on Early Extinguishment of Debt

In March 2014, HEP redeemed its \$150.0 million aggregate principal amount of 8.25% senior notes maturing March 2018 at a redemption cost of \$156.2 million, at which time it recognized a \$7.7 million early extinguishment loss consisting of a \$6.2 million debt redemption premium and unamortized discount and financing costs of \$1.5 million. 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 year ended December 31, 2014, we recorded income tax expense of \$141.2 million compared to \$391.6 million for the year ended December 31, 2013. This decrease was due principally to lower pre-tax earnings during the year ended December 31, 2014 compared to 2013. Our effective tax rates, before consideration of earnings attributable to the noncontrolling interest, were 30.2% and 33.8% for the years ended December 31, 2014 and 2013, respectively.

LIQUIDITY AND CAPITAL RESOURCES

HollyFrontier Credit Agreement

We have a \$1 billion senior unsecured revolving credit facility maturing in July 2019 (the "HollyFrontier Credit Agreement"), which may be used for revolving credit loans and letters of credit from time to time and is available to fund general corporate purposes. Indebtedness under the HollyFrontier Credit Agreement is recourse to HollyFrontier. At December 31, 2015, we were in compliance with all covenants, had no outstanding borrowings and had outstanding letters of credit totaling \$6.0 million under the HollyFrontier Credit Agreement.

HEP Credit Agreement

HEP has an \$850 million senior secured revolving credit facility that matures in November 2018 (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. At December 31, 2015, HEP was in compliance with all of its covenants, had outstanding borrowings of \$712.0 million and no outstanding letters of credit under the HEP Credit Agreement.

See Note 11 "Debt" in the Notes to Consolidated Financial Statements for additional information on our debt instruments.

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 December 31, 2015, our cash, cash equivalents and investments in marketable securities totaled \$210.6 million. 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.

In May 2015, our Board of Directors approved a \$1 billion share repurchase program, which replaced all existing share repurchase programs, authorizing 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 and corporate, regulatory and other relevant considerations. This program may be discontinued at any time by our Board of Directors. As of December 31, 2015, we had remaining authorization to repurchase up to \$308.2 million under this stock repurchase program. In addition, we are authorized by our Board of Directors to repurchase shares in an amount sufficient to offset shares issued under our compensation programs.

Cash and cash equivalents decreased \$501.5 million for the year ended December 31, 2015. Net cash used for investing and financing activities of \$381.7 million and \$1,099.3 million, respectively, exceeded net cash provided by operating activities of \$979.6 million. Working capital decreased by \$961.6 million during the year ended December 31, 2015.

Cash Flows – Operating Activities

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net cash flows provided by operating activities were \$979.6 million for the year ended December 31, 2015 compared to \$758.6 million for the year ended December 31, 2014, an increase of \$221.0 million. Net income for the year ended December 31, 2015 was \$802.5 million, an increase of \$476.2 million compared to \$326.3 million for the year ended December 31, 2014. Non-cash adjustments to net income consisting of lower of cost or market inventory valuation adjustment, depreciation and amortization, net loss of equity method investments, inclusive of distributions, gain on sale of assets, unamortized premium / discount on early extinguishment of debt, deferred income taxes, equity-based compensation expense and fair value changes to derivative instruments totaled \$492.0 million for the year ended December 31, 2015 compared to \$580.0 million for the same period in 2014. Changes in working capital items decreased cash flows by \$195.1 million for the year ended December 31, 2015 compared to \$64.1 million for the year ended December 31, 2014. For the year ended December 31, 2015, turnaround expenditures decreased to \$89.4 million from \$96.8 million for the same period of 2014.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net cash flows provided by operating activities were \$758.6 million for the year ended December 31, 2014 compared to \$869.2 million for the year ended December 31, 2013, a decrease of \$110.6 million. Net income for the year ended December 31, 2014 was \$326.3 million, a decrease of \$441.5 million compared to \$767.8 million for the year ended December 31, 2013. Non-cash adjustments to net income consisting of lower of cost or market inventory valuation adjustment, depreciation and amortization, net loss of equity method investments, inclusive of distributions, unamortized discount on the early extinguishments of debt, gain on sale of assets, deferred income taxes, equity-based compensation expense, fair value changes to derivative instruments and loss on settlement of retirement benefit obligations, net of contributions totaled \$580.0 million for the year ended December 31, 2014 compared to \$430.4 million for the same period in 2013. Changes in working capital items decreased cash flows by \$64.1 million for the year ended December 31, 2014 compared to \$157.0 million for the year ended December 31, 2013. Additionally, for the year ended December 31, 2014, turnaround expenditures decreased to \$96.8 million from \$193.9 million for the same period of 2013.

Cash Flows – Investing Activities and Planned Capital Expenditures

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net cash flows used for investing activities were \$381.7 million for the year ended December 31, 2015 compared to \$292.3 million for the year ended December 31, 2014, an increase of \$89.4 million. Cash expenditures for properties, plants and equipment for 2015 increased to \$676.2 million from \$564.8 million for the same period in 2014. These include HEP capital expenditures of \$94.5 million and \$109.7 million for the years ended December 31, 2015 and 2014, respectively. We received proceeds of \$19.3 million and \$16.6 million from the sale of assets during the years ended December 31, 2015 and 2014, respectively. For the years ended December 31, 2015 and 2014, we invested \$509.3 million and \$1,025.6 million, respectively, in marketable securities and received proceeds of \$839.5 million and \$1,276.4 million, respectively, from the sale or maturity of marketable securities. Additionally, HEP purchased a 50% interest in Frontier Pipeline for \$55.0 million.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net cash flows used for investing activities were \$292.3 million for the year ended December 31, 2014 compared to \$526.7 million for the year ended December 31, 2013, a decrease of \$234.4 million. Cash expenditures for properties, plants and equipment for 2014 increased to \$564.8 million from \$425.1 million for the same period in 2013. These include HEP capital expenditures of \$109.7 million and \$56.6 million for the years ended December 31, 2014 and 2013, respectively. We received proceeds of \$16.6 million and \$7.8 million from the sale of assets during the years ended December 31, 2014 and 2013, respectively. For the year ended December 31, 2013, we acquired trucking operations for \$11.3 million. Also for the years ended December 31, 2014 and 2013, we invested \$1,025.6 million and \$935.5 million, respectively, in marketable securities and received proceeds of \$1,276.4 million and \$846.1 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 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. During 2016, we expect to spend approximately \$475.0 million to \$500.0 million in cash for capital projects appropriated in 2016 and prior years. In addition, we expect to spend approximately \$110.0 million to \$120.0 million on refinery turnarounds. Refinery turnaround spending is amortized over the useful life of the turnaround. Our expected capital and turnaround cash spending for 2016 is as follows:

Expected Cash Spending Range

<i>Location:</i>			
El Dorado	\$	50.0	\$ 55.0
Tulsa		165.0	175.0
Navajo		140.0	145.0
Cheyenne		130.0	135.0
Woods Cross		80.0	85.0
Corporate and Other		20.0	25.0
Total	\$	585.0	\$ 620.0

<i>Type:</i>			
Sustaining	\$	115.0	\$ 120.0
Reliability and Growth		150.0	160.0
Compliance and Safety		210.0	220.0
Tumarounds		110.0	120.0
Total	\$	585.0	\$ 620.0

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, Tier 3 which mandates a reduction in the sulfur 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

Capital projects at the El Dorado Refinery include the completion of an FCC gasoline hydrotreater to meet Tier 3 gasoline requirements and a new tail gas treating unit to provide spare capacity to the existing unit. Growth projects include an upgrade project to improve reformer operation, yield and reliability. A project to improve Coker unit yield and capacity is currently being evaluated.

Tulsa Refineries

Capital spending for the Tulsa Refineries includes a project to improve FCC yields that will be implemented during a turnaround starting in February 2016. In conjunction with our Tier 3 strategy at the Tulsa Refineries, we are installing a new naphtha fractionation unit that improves both yield and octane enhancements to the gasoline pool.

Navajo Refinery

The Navajo Refinery capital spending in 2016 is primarily directed towards the installation of an FCC gasoline hydrotreater unit to address Tier 3 compliance. Additionally, the Navajo Refinery plans to increase crude capacity through targeted upgrades to several processing units that is expected to provide greater diesel and gasoline flexibility and increased diesel production.

Cheyenne Refinery

The Cheyenne Refinery capital spending in 2016 includes the completion of wastewater treatment plant improvements and a project to improve FCC yield and reliability to be implemented during a turnaround starting in April. An expansion to the heavy oil rack will allow an increase of asphalt and gas oil exports, and work progresses on a study to provide a redundant tail gas unit associated with the sulfur recovery process.

Woods Cross Refinery

Construction continues on our existing expansion project to increase planned processing capacity to 45,000 BPSD and includes new refining facilities and a new rail loading rack for intermediates and finished products associated with refining waxy crude oil. This initial phase of the project is expected to cost \$420.0 million and is planned to be put into operation during the first quarter of 2016. An additional investment of \$20.0 million is being made to allow for greater crude slate flexibility, which we believe will increase capacity utilization and improve overall economic returns during periods when wax crudes are in short supply.

On November 18, 2013, the Utah Division of Air Quality issued a revised air quality permit (the "Approval Order") authorizing the expansion. On December 18, 2013, two local environmental groups filed an administrative appeal challenging the issuance of the Approval Order and seeking a stay of the Approval Order. Following an extended appeal process, the Executive Director of the Utah Department of Environmental Quality issued a final order in favor of Woods Cross on all claims on March 31, 2015 and dismissed the project opponents' arguments with prejudice. On April 27, 2015, the opponents filed a petition for review and notice of appeal with the Utah Court of Appeals challenging the agency's decision to uphold the permit and dismiss the project opponents' arguments. This appeal is now pending before the Utah Court of Appeals. The final legal briefs were submitted in December 2015. The expansion, and expected completion timeline and cost, are subject to the Woods Cross Refinery successfully defending the Approval Order on appeal at the Utah Court of Appeals.

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, including those related to recently promulgated Federal Tier 3 gasoline standards.

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 2016 HEP capital budget is comprised of \$13.0 million for maintenance capital expenditures and \$57.0 million for expansion capital expenditures.

Cash Flows – Financing Activities

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net cash flows used for financing activities were \$1,099.3 million for the year ended December 31, 2015 compared to \$838.4 million for the year ended December 31, 2014, an increase of \$260.9 million. During the year ended December 31, 2015, we purchased \$742.8 million in common stock, paid \$246.9 million in dividends and paid \$155.2 million upon the redemption of our 6.875% senior notes. Also during this period, HEP received \$973.9 million and repaid \$832.9 million under the HEP Credit Agreement and paid distributions of \$83.3 million to noncontrolling interests. During the year ended December 31, 2014, we purchased \$158.8 million in common stock, paid \$647.2 million in dividends and recognized \$2.0 million excess tax benefits on our equity-based compensation. Also during this period, HEP received \$642.3 million and repaid \$434.3 million under the HEP Credit Agreement, paid \$156.2 million upon the redemption of HEP's 8.25% senior notes and paid distributions of \$78.2 million to noncontrolling interests.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net cash flows used for financing activities were \$838.4 million for the year ended December 31, 2014 compared to \$1,160.0 million for the year ended December 31, 2013, a decrease of \$321.6 million. During the year ended December 31, 2014, we purchased \$158.8 million in common stock, paid \$647.2 million in dividends and recognized \$2.0 million excess tax benefits on our equity-based compensation. Also during this period, HEP received \$642.3 million and repaid \$434.3 million under the HEP Credit Agreement, paid \$156.2 million upon the redemption of HEP's 8.25% senior notes and paid distributions of \$78.2 million to noncontrolling interests. During the year ended December 31, 2013, we received \$73.4 million from the sale of HEP common units, purchased \$225.0 million in common stock, paid \$645.9 million in dividends, paid \$301.0 million upon the redemption of our 9.875% senior notes and recognized \$2.6 million excess tax benefits on our equity-based compensation. Also during this period, HEP received \$310.6 million and repaid \$368.6 million under the HEP Credit Agreement, paid distributions of \$71.2 million to noncontrolling interests and received proceeds of \$73.4 million upon its March 2013 common unit offering.

Contractual Obligations and Commitments

The following table presents our long-term contractual obligations as of December 31, 2015 in total and by period due beginning in 2016. The table below does not include our contractual obligations to HEP under our long-term transportation agreements as these related-party transactions are eliminated in the Consolidated Financial Statements. A description of these agreements is provided under “Holly Energy Partners, L.P.” under Items 1 and 2, “Business and Properties.” Also, the table below does not reflect renewal options on our operating leases that are likely to be exercised.

Contractual Obligations and Commitments	Total	Payments Due by Period			
		Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years
(In thousands)					
HollyFrontier Corporation					
Long-term debt - principal ⁽¹⁾	\$ 31,288	\$ 2,121	\$ 5,093	\$ 6,483	\$ 17,591
Long-term debt - interest ⁽²⁾	19,754	3,679	6,507	5,117	4,451
Supply agreements ⁽³⁾	1,971,134	279,076	558,264	346,472	787,322
Transportation and storage agreements ⁽⁴⁾	989,521	113,914	186,639	140,958	548,010
Other long-term obligations	23,517	13,934	7,234	2,349	—
Operating leases	456,895	63,078	114,417	102,227	177,173
	<u>3,492,109</u>	<u>475,802</u>	<u>878,154</u>	<u>603,606</u>	<u>1,534,547</u>
Holly Energy Partners					
Long-term debt - principal ⁽⁵⁾	1,012,000	—	712,000	300,000	—
Long-term debt - interest ⁽⁶⁾	140,755	37,168	74,337	29,250	—
Pipeline operating and right of way leases	79,088	7,434	13,754	13,484	44,416
Other agreements	74,123	2,768	5,316	3,031	63,008
	<u>1,305,966</u>	<u>47,370</u>	<u>805,407</u>	<u>345,765</u>	<u>107,424</u>
Total	<u>\$ 4,798,075</u>	<u>\$ 523,172</u>	<u>\$ 1,683,561</u>	<u>\$ 949,371</u>	<u>\$ 1,641,971</u>

(1) Our long-term debt consists of a long-term financing obligation having a principal balance of \$31.3 million at December 31, 2015.

(2) Interest payments consist of interest on our long-term financing obligation.

(3) We have long-term supply agreements to secure certain quantities of crude oil, feedstock and other resources used in the production process at market prices. We have estimated future payments under these fixed-quantity agreements expiring between 2016 and 2030 using current market rates. Additionally, commitments include purchases of 20,000 BPD of crude oil under a 10-year agreement to supply our Woods Cross Refinery that is expected to commence upon completion of our expansion project in the first quarter of 2016.

(4) Consists of contractual obligations under agreements with third parties for the transportation of crude oil, natural gas and feedstocks to our refineries and for terminal and storage services under contracts expiring between 2016 and 2033.

(5) HEP's long-term debt consists of the \$300.0 million principal balance on the 6.5% HEP senior notes and \$712.0 million of outstanding borrowings under the HEP Credit Agreement. The HEP Credit Agreement expires in 2018.

(6) Interest payments consist of interest on the 6.5% HEP senior notes and interest on long-term debt under the HEP Credit Agreement. Interest on the HEP Credit Agreement debt is based on the weighted average rate of 2.57% at December 31, 2015.

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. We consider the following policies to be the most critical to understanding the judgments that are involved and the uncertainties that could impact our results of operations, financial condition and cash flows. For additional information, see Note 1 “Description of Business and Summary of Significant Accounting Policies” in the Notes to Consolidated Financial Statements.

Inventory Valuation

Inventories are stated at the lower of cost, using the LIFO method for crude oil, unfinished and finished refined products and the average cost method for materials and supplies, or market. In periods of rapidly declining prices, LIFO inventories may have to be written down to market value due to the higher costs assigned to LIFO layers in prior periods. In addition, the use of the LIFO inventory method may result in increases or decreases to cost of sales in years that inventory volumes decline as the result of charging cost of sales with LIFO inventory costs generated in prior periods. At December 31, 2015 and 2014, market values had fallen below historical LIFO inventory costs and, as a result, we recorded lower of cost or market inventory valuation reserves of \$624.5 million and \$397.5 million, respectively.

At December 31, 2015, our lower of cost or market inventory valuation reserve was \$624.5 million. This amount, or a portion thereof, is subject to reversal as a reduction to cost of products sold in subsequent periods as inventories giving rise to the reserve are sold, and a new reserve is established. Such a reduction to cost of products sold could be significant if inventory values return to historical cost price levels. Additionally, further decreases in overall inventory values could result in additional charges to cost of products sold should the lower of cost or market inventory valuation reserve be increased.

Goodwill

We have goodwill that primarily arose from our merger with Frontier Oil Corporation on July 1, 2011. 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.

We performed our annual goodwill impairment testing as of July 1, 2015, which entailed an assessment of our reporting unit fair values relative to their respective carrying values that were derived using a combination of both income and market approaches. Our income approach utilizes the discounted future expected cash flows. Our market approach, which includes both the guideline public company and guideline transaction methods, utilizes pricing multiples derived from historical market transactions of other like-kind assets. Our discounted cash flows reflect estimates of future cash flows based on both historical and forward crack-spreads, forecasted production levels, operating costs and capital expenditures. Our goodwill is allocated by reporting unit as follows: El Dorado, \$1.7 billion; Cheyenne, \$0.3 billion; and HEP, \$0.3 billion. Based on our testing as of July 1, 2015, the fair value of our Cheyenne reporting unit exceeded its carrying cost by approximately 8%. The fair value of our El Dorado and HEP reporting units substantially exceeded their respective carrying values. There were no impairments of goodwill during the years December 31, 2015, 2014 and 2013.

Historically, the refining industry has experienced significant fluctuations in operating results over an extended business cycle including changes in prices of crude oil and refined products, changes in operating costs including natural gas and higher costs of complying with government regulations. It is reasonably possible that at some future downturn in refining operations that the goodwill related to our Cheyenne Refinery will be determined to be impaired. A prolonged, moderate decrease in operating margins could potentially result in impairment to goodwill allocated to our Cheyenne reporting unit. Such impairment charges could be material.

Contingencies

We are subject to proceedings, lawsuits and other claims related to environmental, labor, product and other matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

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 December 31, 2015, we have the following notional contract volumes related to all outstanding derivative contracts used to mitigate commodity price risk:

Contract Description	Total Outstanding Notional	Notional Contract Volumes by Year of Maturity		Unit of Measure
		2016	2017	
Natural gas price swaps - long	38,400,000	19,200,000	19,200,000	MMBTU
Natural gas price swaps - short	19,200,000	9,600,000	9,600,000	MMBTU
Natural gas price swaps (basis spread) - long	20,616,000	10,308,000	10,308,000	MMBTU
Crude price swaps (basis spread) - long	11,712,000	11,712,000	—	Barrels
NYMEX futures (WTI) - short	1,840,000	1,840,000	—	Barrels
Forward gasoline and diesel contracts - long	525,000	525,000	—	Barrels
Forward gasoline and diesel contracts - short	625,000	625,000	—	Barrels
Physical crude contracts - short	38,000	38,000	—	Barrels

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

Commodity-based Derivative Contracts	Estimated Change in Fair Value at December 31,	
	2015	2014
	(In thousands)	
Hypothetical 10% change in underlying commodity prices	\$ 23,130	\$ 11,947

Interest Rate Risk Management

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

As of December 31, 2015, 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 2.25% as of December 31, 2015, which equaled an effective interest rate of 3.24%. 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 2.25% as of December 31, 2015, which equaled an effective interest rate of 2.99%. 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 is the potential change arising from increases or decreases in interest rates as discussed below.

For the fixed rate HEP Senior Notes, changes in interest rates will generally affect fair value of the debt, but not 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 this debt as of December 31, 2015 is presented below:

	Outstanding Principal	Estimated Fair Value	Estimated Change in Fair Value
	(In thousands)		
HEP Senior Notes	\$ 300,000	\$ 295,500	\$ 7,561

For the variable rate HEP Credit Agreement, changes in interest rates would affect cash flows, but not the fair value. At December 31, 2015, outstanding borrowings under the HEP Credit Agreement were \$712.0 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 3.12%. For the remaining unhedged Credit Agreement borrowings of \$407.0 million, a hypothetical 10% change in interest rates applicable to the HEP Credit Agreement would not materially affect cash flows.

At December 31, 2015, our marketable securities included investments in investment grade, highly-liquid investments with maturities generally not greater than one year from the date of purchase and hence the interest rate market risk implicit in these 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 7A. 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.

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net income attributable to HollyFrontier stockholders	\$ 740,101	\$ 281,292	\$ 735,842
Add income tax provision	406,060	141,172	391,576
Add interest expense ⁽¹⁾	44,840	51,323	90,159
Subtract interest income	(3,391)	(4,430)	(5,556)
Add depreciation and amortization	346,151	363,381	303,446
EBITDA	<u>\$ 1,533,761</u>	<u>\$ 832,738</u>	<u>\$ 1,515,467</u>

(1) Includes loss on early extinguishment of debt of \$1.4 million, \$7.7 million and \$22.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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 non-cash effects of lower of cost or market inventory valuation adjustments or 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 (exclusive of lower of cost or market inventory valuation adjustment) 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.

Reconciliation of produced product sales to total sales and other revenues

	Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands, except per barrel amounts)		
Consolidated			
Average sales price per produced barrel sold	\$ 71.32	\$ 110.19	\$ 115.60
Times sales of produced refined products (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Produced refined product sales	\$ 11,401,928	\$ 16,931,944	\$ 17,330,342
Total produced refined product sales	\$ 11,401,928	\$ 16,931,944	\$ 17,330,342
Add refined product sales from purchased products and rounding ⁽¹⁾	1,214,920	1,566,925	1,581,395
Total refined product sales	12,616,848	18,498,869	18,911,737
Add direct sales of excess crude oil ⁽²⁾	352,113	1,060,354	1,052,915
Add other refining segment revenue ⁽³⁾	202,222	147,002	140,791
Total refining segment revenue	13,171,183	19,706,225	20,105,443
Add HEP segment sales and other revenues	358,875	332,626	307,053
Add corporate and other revenues	663	2,103	1,314
Subtract consolidations and eliminations	(292,801)	(276,627)	(253,250)
Sales and other revenues	\$ 13,237,920	\$ 19,764,327	\$ 20,160,560

Reconciliation of average cost of products per produced barrel sold to cost of products sold (exclusive of lower of cost or market inventory valuation adjustment)

	Years Ended December 31,		
	2015	2014	2013
(Dollars in thousands, except per barrel amounts)			
<i>Consolidated</i>			
Average cost of products per produced barrel sold	\$ 55.25	\$ 96.21	\$ 99.61
Times sales of produced refined products (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Cost of products for produced products sold	<u>\$ 8,832,818</u>	<u>\$ 14,783,758</u>	<u>\$ 14,933,178</u>
Total cost of products for produced products sold	\$ 8,832,818	\$ 14,783,758	\$ 14,933,178
Add refined product costs from purchased products and rounding ⁽¹⁾	1,245,451	1,572,944	1,553,476
Total cost of refined products sold	10,078,269	16,356,702	16,486,654
Add crude oil cost of direct sales of excess crude oil ⁽²⁾	348,362	1,030,235	1,048,224
Add other refining segment cost of products sold ⁽⁴⁾	98,979	113,664	106,241
Total refining segment cost of products sold	10,525,610	17,500,601	17,641,119
Subtract consolidations and eliminations	(286,392)	(272,216)	(248,892)
Costs of products sold (exclusive of lower of cost or market inventory valuation adjustment and depreciation and amortization)	<u>\$ 10,239,218</u>	<u>\$ 17,228,385</u>	<u>\$ 17,392,227</u>

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

	Years Ended December 31,		
	2015	2014	2013
(Dollars in thousands, except per barrel amounts)			
<i>Consolidated</i>			
Average refinery operating expenses per produced barrel sold	\$ 5.71	\$ 6.38	\$ 6.15
Times sales of produced refined products (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Refinery operating expenses for produced products sold	<u>\$ 912,858</u>	<u>\$ 980,359</u>	<u>\$ 921,986</u>
Total refinery operating expenses for produced products sold	\$ 912,858	\$ 980,359	\$ 921,986
Add refining segment pension settlement costs	—	—	31,657
Add other refining segment operating expenses and rounding ⁽⁵⁾	44,062	42,810	39,812
Total refining segment operating expenses	956,920	1,023,169	993,455
Add HEP segment operating expenses	103,305	104,801	97,081
Add corporate and other costs	3,433	18,402	1,739
Subtract consolidations and eliminations	(3,285)	(1,432)	(1,425)
Operating expenses (exclusive of depreciation and amortization)	<u>\$ 1,060,373</u>	<u>\$ 1,144,940</u>	<u>\$ 1,090,850</u>

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

	Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands, except per barrel amounts)		
Consolidated			
Net operating margin per barrel	\$ 10.36	\$ 7.60	\$ 9.84
Add average refinery operating expenses per produced barrel	5.71	6.38	6.15
Refinery gross margin per barrel	16.07	13.98	15.99
Add average cost of products per produced barrel sold	55.25	96.21	99.61
Average sales price per produced barrel sold	\$ 71.32	\$ 110.19	\$ 115.60
Times sales of produced refined products sold (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Produced refined product sales	\$ 11,401,928	\$ 16,931,944	\$ 17,330,342
Total produced refined product sales	\$ 11,401,928	\$ 16,931,944	\$ 17,330,342
Add refined product sales from purchased products and rounding ⁽¹⁾	1,214,920	1,566,925	1,581,395
Total refined product sales	12,616,848	18,498,869	18,911,737
Add direct sales of excess crude oil ⁽²⁾	352,113	1,060,354	1,052,915
Add other refining segment revenue ⁽³⁾	202,222	147,002	140,791
Total refining segment revenue	13,171,183	19,706,225	20,105,443
Add HEP segment sales and other revenues	358,875	332,626	307,053
Add corporate and other revenues	663	2,103	1,314
Subtract consolidations and eliminations	(292,801)	(276,627)	(253,250)
Sales and other revenues	\$ 13,237,920	\$ 19,764,327	\$ 20,160,560

(1) We purchase finished products to facilitate delivery to certain locations 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 cost.

(3) Other refining segment revenue includes the incremental revenues associated with HFC Asphalt, product purchased and sold forward for profit as market conditions and available storage capacity allows and miscellaneous revenue.

(4) Other refining segment cost of products sold includes the incremental cost of products for HFC Asphalt, the incremental cost associated with storing product purchased and sold forward as market conditions and available storage capacity allows and miscellaneous costs.

(5) Other refining segment operating expenses include the marketing costs associated with our refining segment and the operating expenses of HFC Asphalt.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON ITS ASSESSMENT OF THE COMPANY'S INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of HollyFrontier Corporation (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the Company's internal control over financial reporting as of December 31, 2015 using the criteria for effective control over financial reporting established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management concludes that, as of December 31, 2015, the Company maintained effective internal control over financial reporting.

The Company's independent registered public accounting firm has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. That report appears on page 53.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
and Stockholders of HollyFrontier Corporation

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

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

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

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

In our opinion, HollyFrontier Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of HollyFrontier Corporation as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2015 of HollyFrontier Corporation and our report dated February 24, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
February 24, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
and Stockholders of HollyFrontier Corporation

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of HollyFrontier Corporation at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), HollyFrontier Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 24, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
February 24, 2016

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

	December 31,	
	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents <i>(HEP: \$15,013 and \$2,830, respectively)</i>	\$ 66,533	\$ 567,985
Marketable securities	144,019	474,110
Total cash, cash equivalents and short-term marketable securities	210,552	1,042,095
Accounts receivable: Product and transportation <i>(HEP: \$41,075 and \$40,129, respectively)</i>	323,858	507,040
Crude oil resales	28,120	82,865
	351,978	589,905
Inventories: Crude oil and refined products	712,865	920,104
Materials, supplies and other <i>(HEP: \$1,972 and \$1,940, respectively)</i>	129,004	115,027
	841,869	1,035,131
Income taxes receivable	—	11,719
Prepayments and other <i>(HEP: \$3,082 and \$2,443, respectively)</i>	43,666	104,148
Total current assets	1,448,065	2,782,998
Properties, plants and equipment, at cost <i>(HEP: \$1,388,655 and \$1,307,280, respectively)</i>	5,490,189	4,852,441
Less accumulated depreciation <i>(HEP: \$(298,282) and \$(244,850), respectively)</i>	(1,374,527)	(1,181,902)
	4,115,662	3,670,539
Other assets: Turnaround costs	231,873	257,153
Goodwill <i>(HEP: \$288,991 and \$288,991, respectively)</i>	2,331,781	2,331,781
Intangibles and other <i>(HEP: \$128,583 and \$73,335, respectively)</i>	260,918	187,576
	2,824,572	2,776,510
Total assets	\$ 8,388,299	\$ 9,230,047
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable <i>(HEP: \$22,583 and \$21,623, respectively)</i>	\$ 716,490	\$ 1,108,138
Income taxes payable	8,142	19,642
Accrued liabilities <i>(HEP: \$26,341 and \$26,321, respectively)</i>	135,983	106,214
Total current liabilities	860,615	1,233,994
Long-term debt <i>(HEP: \$1,008,752 and \$866,986, respectively)</i>	1,040,040	1,054,297
Deferred income taxes <i>(HEP: \$431 and \$367, respectively)</i>	497,906	664,279
Other long-term liabilities <i>(HEP: \$59,306 and \$47,170, respectively)</i>	179,965	176,758
Equity:		
HollyFrontier stockholders' equity:		
Preferred stock, \$1.00 par value – 5,000,000 shares authorized; none issued	—	—
Common stock \$0.01 par value – 320,000,000 shares authorized; 255,962,866 shares issued as of December 31, 2015 and December 31, 2014	2,560	2,560
Additional capital	4,011,052	4,003,628
Retained earnings	3,271,189	2,778,577
Accumulated other comprehensive income (loss)	(4,155)	27,894
Common stock held in treasury, at cost – 75,728,478 and 59,876,776 shares as of December 31, 2015 and December 31, 2014, respectively	(2,027,231)	(1,289,075)
Total HollyFrontier stockholders' equity	5,253,415	5,523,584
Noncontrolling interest	556,358	577,135
Total equity	5,809,773	6,100,719
Total liabilities and equity	\$ 8,388,299	\$ 9,230,047

Parenthetical amounts represent asset and liability balances attributable to Holly Energy Partners, L.P. ("HEP") as of December 31, 2015 and December 31, 2014. HEP is a consolidated variable interest entity.

See accompanying notes.

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

	Years Ended December 31,		
	2015	2014	2013
Sales and other revenues	\$ 13,237,920	\$ 19,764,327	\$ 20,160,560
Operating costs and expenses:			
Cost of products sold (exclusive of depreciation and amortization):			
Cost of products sold (exclusive of lower of cost or market inventory valuation adjustment)	10,239,218	17,228,385	17,392,227
Lower of cost or market inventory valuation adjustment	226,979	397,478	—
	<u>10,466,197</u>	<u>17,625,863</u>	<u>17,392,227</u>
Operating expenses (exclusive of depreciation and amortization)	1,060,373	1,144,940	1,090,850
General and administrative expenses (exclusive of depreciation and amortization)	120,846	114,609	127,963
Depreciation and amortization	346,151	363,381	303,446
Total operating costs and expenses	<u>11,993,567</u>	<u>19,248,793</u>	<u>18,914,486</u>
Income from operations	1,244,353	515,534	1,246,074
Other income (expense):			
Loss of equity method investments	(3,738)	(2,007)	(2,072)
Interest income	3,391	4,430	5,556
Interest expense	(43,470)	(43,646)	(68,050)
Loss on early extinguishment of debt	(1,370)	(7,677)	(22,109)
Gain on sale of assets and other	9,402	866	—
	<u>(35,785)</u>	<u>(48,034)</u>	<u>(86,675)</u>
Income before income taxes	1,208,568	467,500	1,159,399
Income tax provision:			
Current	552,196	334,834	277,172
Deferred	(146,136)	(193,662)	114,404
	<u>406,060</u>	<u>141,172</u>	<u>391,576</u>
Net income	802,508	326,328	767,823
Less net income attributable to noncontrolling interest	62,407	45,036	31,981
Net income attributable to HollyFrontier stockholders	<u>\$ 740,101</u>	<u>\$ 281,292</u>	<u>\$ 735,842</u>
Earnings per share attributable to HollyFrontier stockholders:			
Basic	\$ 3.91	\$ 1.42	\$ 3.66
Diluted	<u>\$ 3.90</u>	<u>\$ 1.42</u>	<u>\$ 3.64</u>
Average number of common shares outstanding:			
Basic	188,731	197,243	200,419
Diluted	188,940	197,428	201,234

See accompanying notes.

HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Years Ended December 31,		
	2015	2014	2013
Net income	\$ 802,508	\$ 326,328	\$ 767,823
Other comprehensive income:			
Securities available-for-sale:			
Unrealized gain (loss) on marketable securities	29	(153)	73
Reclassification adjustments to net income on sale or maturity of marketable securities	9	(4)	(39)
Net unrealized gain (loss) on marketable securities	38	(157)	34
Hedging instruments:			
Change in fair value of cash flow hedging instruments	(5,847)	105,414	(7,614)
Reclassification adjustments to net income on settlement of cash flow hedging instruments	(47,492)	(50,682)	(14,318)
Amortization of unrealized loss attributable to discontinued cash flow hedges	1,080	1,080	1,749
Net unrealized gain (loss) on hedging instruments	(52,259)	55,812	(20,183)
Pension and other post-retirement benefit obligations:			
Pension plan loss reclassified to net income	—	—	37,589
Gain (loss) on post-retirement healthcare plan	3,278	(7,434)	3,301
Post-retirement healthcare plan gain reclassified to net income	(3,299)	(4,296)	(4,040)
Gain (loss) on retirement restoration plan	80	(615)	632
Retirement restoration plan loss reclassified to net income	20	920	111
Net change in pension and other post-retirement benefit obligations	79	(11,425)	37,593
Other comprehensive income (loss) before income taxes	(52,142)	44,230	17,444
Income tax expense (benefit)	(20,237)	17,098	5,882
Other comprehensive income (loss)	(31,905)	27,132	11,562
Total comprehensive income	770,603	353,460	779,385
Less noncontrolling interest in comprehensive income	62,551	45,096	34,296
Comprehensive income attributable to HollyFrontier stockholders	\$ 708,052	\$ 308,364	\$ 745,089

See accompanying notes.

HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	\$ 802,508	\$ 326,328	\$ 767,823
Adjustments to reconcile net income to net cash provided by operating activities:			
Lower of cost or market inventory adjustment	226,979	397,478	—
Depreciation and amortization	346,151	363,381	303,446
Net loss of equity method investments, inclusive of distributions	8,613	5,257	5,198
(Gain) loss on early extinguishment of debt attributable to unamortized premium / discount	(3,788)	1,489	7,948
Gain on sale of assets	(8,677)	(866)	—
Deferred income taxes	(146,136)	(193,662)	114,404
Equity-based compensation expense	30,367	29,598	35,775
Change in fair value – derivative instruments	38,525	(22,668)	(53,185)
Loss on settlement of retirement benefit obligations, net of contributions	—	—	16,771
(Increase) decrease in current assets:			
Accounts receivable	238,392	108,876	(68,832)
Inventories	(33,717)	(78,842)	(15,929)
Income taxes receivable	11,719	94,237	(34,419)
Prepayments and other	13,291	1,486	1,377
Increase (decrease) in current liabilities:			
Accounts payable	(406,339)	(217,541)	2,068
Income taxes payable	(11,500)	19,642	—
Accrued liabilities	(6,924)	8,047	(41,229)
Turnaround expenditures	(89,365)	(96,803)	(193,920)
Other, net	(30,473)	13,159	21,878
Net cash provided by operating activities	979,626	758,596	869,174
Cash flows from investing activities:			
Additions to properties, plants and equipment	(581,639)	(455,128)	(368,514)
Additions to properties, plants and equipment – HEP	(94,516)	(109,693)	(56,613)
Purchase of equity method investment - HEP	(55,032)	—	—
Proceeds from sale of assets	19,264	16,633	7,802
Acquisition of trucking operations	—	—	(11,301)
Purchases of marketable securities	(509,338)	(1,025,602)	(935,512)
Sales and maturities of marketable securities	839,513	1,276,447	846,143
Other, net	—	5,021	(8,740)
Net cash used for investing activities	(381,748)	(292,322)	(526,735)
Cash flows from financing activities:			
Borrowings under credit agreement – HEP	973,900	642,300	310,600
Repayments under credit agreement – HEP	(832,900)	(434,300)	(368,600)
Redemption of senior notes	(155,156)	—	(300,973)
Redemption of senior notes - HEP	—	(156,188)	—
Proceeds from sale of HEP common units	—	—	73,444
Proceeds from common unit offerings – HEP	—	—	73,444
Purchase of treasury stock	(742,823)	(158,847)	(225,023)
Dividends	(246,908)	(647,197)	(645,920)
Distributions to noncontrolling interest	(83,268)	(78,202)	(71,201)
Excess tax benefit from equity-based compensation	—	2,040	2,562
Other, net	(12,175)	(7,998)	(8,368)
Net cash used for financing activities	(1,099,330)	(838,392)	(1,160,035)
Cash and cash equivalents:			
Decrease for the period	(501,452)	(372,118)	(817,596)
Beginning of period	567,985	940,103	1,757,699

End of period	\$ 66,533	\$ 567,985	\$ 940,103
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	\$ 46,442	\$ 55,716	\$ 76,647
Income taxes	\$ 586,447	\$ 237,907	\$ 372,846

See accompanying notes.

HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

HollyFrontier Stockholders' Equity

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interest	Total Equity
Balance at December 31, 2012	\$ 2,560	\$ 3,911,353	\$ 3,054,769	\$ (8,425)	\$ (907,303)	\$ 589,704	\$ 6,642,658
Net income	—	—	735,842	—	—	31,981	767,823
Dividends	—	—	(646,131)	—	—	—	(646,131)
Distributions to noncontrolling interest holders	—	—	—	—	—	(71,201)	(71,201)
Other comprehensive income, net of tax	—	—	—	9,247	—	2,315	11,562
Allocated equity on HEP common unit issuances, net of tax	—	54,184	—	—	—	58,702	112,886
Issuance of common stock under incentive compensation plans, net of forfeitures	—	(9,669)	—	—	9,669	—	—
Equity-based compensation, inclusive of tax benefit	—	34,762	—	—	—	3,575	38,337
Purchase of treasury stock	—	—	—	—	(241,238)	—	(241,238)
Purchase of HEP units for restricted grants	—	—	—	—	—	(5,313)	(5,313)
Other	—	—	—	—	—	15	15
Balance at December 31, 2013	\$ 2,560	\$ 3,990,630	\$ 3,144,480	\$ 822	\$ (1,138,872)	\$ 609,778	\$ 6,609,398
Net income	—	—	281,292	—	—	45,036	326,328
Dividends	—	—	(647,195)	—	—	—	(647,195)
Distributions to noncontrolling interest holders	—	—	—	—	—	(78,202)	(78,202)
Other comprehensive income, net of tax	—	—	—	27,072	—	60	27,132
Issuance of common stock under incentive compensation plans, net of forfeitures	—	(15,101)	—	—	15,101	—	—
Equity-based compensation, inclusive of tax benefit	—	28,099	—	—	—	3,539	31,638
Purchase of treasury stock	—	—	—	—	(165,304)	—	(165,304)
Purchase of HEP units for restricted grants	—	—	—	—	—	(3,577)	(3,577)
Other	—	—	—	—	—	501	501
Balance at December 31, 2014	\$ 2,560	\$ 4,003,628	\$ 2,778,577	\$ 27,894	\$ (1,289,075)	\$ 577,135	\$ 6,100,719
Net income	—	—	740,101	—	—	62,407	802,508
Dividends	—	—	(247,489)	—	—	—	(247,489)
Distributions to noncontrolling interest holders	—	—	—	—	—	(83,268)	(83,268)
Other comprehensive income (loss), net of tax	—	—	—	(32,049)	—	144	(31,905)
Issuance of common stock under incentive compensation plans, net of forfeitures	—	(14,958)	—	—	14,958	—	—
Equity-based compensation, inclusive of tax benefit	—	22,382	—	—	—	3,483	25,865
Purchase of treasury stock	—	—	—	—	(753,114)	—	(753,114)
Purchase of HEP units for restricted grants	—	—	—	—	—	(3,555)	(3,555)
Other	—	—	—	—	—	12	12
Balance at December 31, 2015	\$ 2,560	\$ 4,011,052	\$ 3,271,189	\$ (4,155)	\$ (2,027,231)	\$ 556,358	\$ 5,809,773

See accompanying notes.

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Description of Business and Summary of Significant Accounting Policies

Description of Business: 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 Annual Report on Form 10-K 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 December 31, 2015, 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 HollyFrontier Asphalt Company (“HFC Asphalt”), formerly known as NK Asphalt Partners, which operates various asphalt terminals in Arizona, New Mexico and Oklahoma; and
- owned a 39% interest in HEP, a consolidated variable interest entity (“VIE”), which includes our 2% general partner interest.

Principles of Consolidation: Our consolidated financial statements include our accounts and the accounts of partnerships and joint ventures that we control through an ownership interest greater than 50% or through a controlling financial interest with respect to variable interest entities. All significant intercompany transactions and balances have been eliminated.

Variable Interest Entities: HEP is a VIE as defined under U.S. generally accepted accounting principles (“GAAP”). A VIE is a legal entity whose equity owners do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or, as a group, the equity holders lack the power, through voting rights, to direct the activities that most significantly impact the entity's financial performance, the obligation to absorb the entity's expected losses or rights to expected residual returns. As the general partner of HEP, we have the sole ability to direct the activities of HEP that most significantly impact HEP's financial performance, and therefore we consolidate HEP.

Use of Estimates: The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents: We consider all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates market value and are primarily invested in highly-rated instruments issued by government or municipal entities with strong credit standings.

Marketable Securities: We consider all marketable debt securities with maturities greater than three months at the date of purchase to be marketable securities. Our marketable securities consist of certificates of deposit, commercial paper, corporate debt securities and government and municipal debt securities with the maximum maturity or put date of any individual issue generally not more than two years, while the maximum duration of the portfolio of investments is not greater than one year. These instruments are classified as available-for-sale, and as a result, are reported at fair value. Unrealized gains and losses, net of related income taxes, are reported as a component of accumulated other comprehensive income.

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

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 \$2.3 million and \$2.4 million at December 31, 2015 and 2014, respectively.

Accounts receivable attributable to crude oil resales generally represent the sell side of excess crude oil sales to other purchasers and / or users in cases when our crude oil supplies are in excess of our immediate needs as well as certain reciprocal buy / sell exchanges of crude oil. At times we enter into such buy / sell exchanges to facilitate the delivery of quantities to certain locations. In many cases, we enter into net settlement agreements relating to the buy / sell arrangements, which may mitigate credit risk.

Inventories: Inventories are stated at the lower of cost, using the last-in, first-out ("LIFO") method for crude oil, unfinished and finished refined products and the average cost method for materials and supplies, or market. Cost, consisting of raw material, transportation and conversion costs, is determined using the LIFO inventory valuation methodology and market is determined using current replacement costs. Under the LIFO method, the most recently incurred costs are charged to cost of sales and inventories are valued at the earliest acquisition costs. In periods of rapidly declining prices, LIFO inventories may have to be written down to market value due to the higher costs assigned to LIFO layers in prior periods. In addition, the use of the LIFO inventory method may result in increases or decreases to cost of sales in years that inventory volumes decline as the result of charging cost of sales with LIFO inventory costs generated in prior periods. An actual valuation of inventory under the LIFO method is 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.

At December 31, 2015, and 2014, market values had fallen below historical LIFO inventory costs and, as a result, we recorded lower of cost or market inventory valuation reserves of \$624.5 million and \$397.5 million, respectively.

Derivative Instruments: All derivative instruments are recognized as either assets or liabilities in our consolidated balance sheets and are measured at fair value. Changes in the derivative instrument's fair value are recognized in earnings unless specific hedge accounting criteria are met. See Note 12 for additional information.

Long-lived assets: We calculate depreciation and amortization based on estimated useful lives of our assets. We evaluate long-lived assets for potential impairment by identifying whether indicators of impairment exist and, if so, assessing whether the long-lived assets are recoverable from estimated future undiscounted cash flows. The actual amount of impairment loss, if any, to be recorded is equal to the amount by which a long-lived asset's carrying value exceeds its fair value, which is generally determined under an income approach using the forecasted cash flows associated with the underlying asset. Estimates of future cash flows require subjective assumptions with regard to future operating results and actual results could differ from those estimates. No impairments of long-lived assets were recorded during the years ended December 31, 2015, 2014 and 2013.

Asset Retirement Obligations: We record legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and / or the normal operation of long-lived assets. The fair value of the estimated cost to retire a tangible long-lived asset is recorded as a liability with the associated retirement costs capitalized as part of the asset's carrying amount in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. If a reasonable estimate cannot be made at the time the liability is incurred, we record the liability when sufficient information is available to estimate the liability's fair value. Certain of our refining assets have no recorded liability for asset retirement obligations since the timing of any retirement and related costs are currently indeterminable.

Our asset retirement obligations were \$20.7 million and \$19.8 million at December 31, 2015 and 2014, respectively, which are included in "Other long-term liabilities" in our consolidated balance sheets. Accretion expense was insignificant for the years ended December 31, 2015, 2014 and 2013.

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Intangibles and Goodwill: Intangible assets are assets (other than financial assets) that lack physical substance. Goodwill represents the excess of the cost of an acquired entity over the fair value of the assets acquired less liabilities assumed. Goodwill acquired in a business combination and intangible assets with indefinite useful lives are not amortized while, intangible assets with finite useful lives are amortized on a straight-line basis. Goodwill and intangible assets not subject to amortization are tested for impairment annually or more frequently if events or changes in circumstances indicate the asset might be impaired. Our analysis entails a comparison of the estimated fair value of these assets that are derived using a combination of both income (discounted future expected net cash flows) and comparable market approaches against their respective carrying values. Estimates of future cash flows and fair value of assets require subjective assumptions with regard to future operating results and actual results could differ from those estimates.

In addition to goodwill, our consolidated HEP assets include a third-party transportation agreement that currently generates minimum annual cash inflows of \$26.2 million and has an expected remaining term through 2035. The transportation agreement is being amortized on a straight-line basis through 2035 that results in annual amortization expense of \$2.0 million. The balance of this transportation agreement was \$38.5 million and \$40.5 million at December 31, 2015 and 2014, respectively, and is presented net of accumulated amortization of \$21.7 million and \$19.7 million, respectively, in "Intangibles and other" in our consolidated balance sheets. There were no impairments of intangible assets or goodwill during the years ended December 31, 2015, 2014 and 2013.

Investments in Joint Ventures: We consolidate the financial and operating results of joint ventures in which we have an ownership interest of greater than 50% and use the equity method of accounting for investments in which we have a noncontrolling interest. Under the equity method of accounting, we record our pro-rata share of earnings, and contributions to and distributions from joint ventures as adjustments to our investment balance.

HEP has a 50% joint venture interest in Frontier Pipeline Company, the owner of a pipeline running from Wyoming to Frontier Station, Utah (the "Frontier Pipeline"), and a 25% joint venture interest in SLC Pipeline, LLC, the owner of a pipeline (the "SLC Pipeline") that serves refineries in the Salt Lake City, Utah area, that are accounted for using the equity method of accounting. As of December 31, 2015, HEP's underlying equity in the Frontier Pipeline was \$12.6 million compared to its recorded investment balance of \$55.2 million, a difference of \$42.6 million. The difference is attributable to the fair value of the fixed assets purchased. As of December 31, 2015, HEP's underlying equity in the SLC Pipeline was \$57.7 million compared to its recorded investment balance of \$24.3 million, a difference of \$33.4 million. This is attributable to the difference between HEP's contributed capital and its allocated equity at formation of the SLC Pipeline. The differences are being amortized as adjustments to HEP's pro-rata share of earnings in the joint ventures.

Revenue Recognition: Refined product sales and related cost of sales are recognized when products are shipped and title has passed to customers. HEP recognizes pipeline transportation revenues as products are shipped through its pipelines. All revenues are reported inclusive of shipping and handling costs billed and exclusive of any taxes billed to customers. Shipping and handling costs incurred are reported in cost of products sold.

Depreciation: Depreciation is provided by the straight-line method over the estimated useful lives of the assets, primarily 20 to 25 years for refining, pipeline and terminal facilities, 10 to 40 years for buildings and improvements, 5 to 30 years for other fixed assets and 5 years for vehicles.

Cost Classifications: Costs of products sold include the cost of crude oil, other feedstocks, blendstocks and purchased finished products, inclusive of transportation costs. 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 cost of products sold. Additionally, 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 cost. Operating expenses include direct costs of labor, maintenance materials and services, utilities, marketing expense and other direct operating costs. General and administrative expenses include compensation, professional services and other support costs.

HOLLYFRONTIER CORPORATION
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Deferred Maintenance Costs: Our refinery units require regular major maintenance and repairs which are commonly referred to as “turnarounds.” Catalysts used in certain refinery processes also require regular “change-outs.” The required frequency of the maintenance varies by unit and by catalyst, but generally is every two to five years. Turnaround costs are deferred and amortized over the period until the next scheduled turnaround. Other repairs and maintenance costs are expensed when incurred. Deferred turnaround and catalyst amortization expense was \$107.8 million, \$96.9 million and \$84.8 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Environmental Costs: Environmental costs are charged to operating expenses if they relate to an existing condition caused by past operations and do not contribute to current or future revenue generation. Liabilities are recorded when site restoration and environmental remediation, cleanup and other obligations are either known or considered probable and can be reasonably estimated. Such estimates are undiscounted and require judgment with respect to costs, time frame and extent of required remedial and clean-up activities and are subject to periodic adjustments based on currently available information. Recoveries of environmental costs through insurance, indemnification arrangements or other sources are included in other assets to the extent such recoveries are considered probable.

Contingencies: We are subject to proceedings, lawsuits and other claims related to environmental, labor, product and other matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

Income Taxes: Provisions for income taxes include deferred taxes resulting from temporary differences in income for financial and tax purposes, using the liability method of accounting for income taxes. The liability method requires the effect of tax rate changes on deferred income taxes to be reflected in the period in which the rate change was enacted. The liability method also requires that deferred tax assets be reduced by a valuation allowance unless it is more likely than not that the assets will be realized.

Potential interest and penalties related to income tax matters are recognized in income tax expense. We believe we have appropriate support for the income tax positions taken and to be taken on our income tax returns and that our accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter.

New Accounting Pronouncements

Revenue Recognition

In May 2014, an accounting standard update (ASU 2014-09, “Revenue from Contracts with Customers”) was issued requiring revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the expected consideration for these goods or services. This standard has an effective date of January 1, 2018, and we are evaluating the impact of this standard.

Debt Issuance Costs

In April 2015, an accounting standard update (ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs”) was issued requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of a respective debt liability. We adopted this standard effective December 31, 2015 (on a retrospective basis) and have recast our December 31, 2014 consolidated balance sheet. As a result, \$0.6 million of deferred debt issuance costs previously classified as non-current assets under “Intangibles and other assets” have been reclassified as a direct reduction to long-term debt.

Deferred income taxes

In November 2015, an accounting standard update (ASU 2015-17, “Balance Sheet Classification of Deferred Taxes”) was issued requiring deferred tax liabilities and assets to be classified as noncurrent amounts. We adopted this standard effective December 31, 2015 (on a retrospective basis) and have recast our December 31, 2014 consolidated balance sheet. As a result, \$17.4 million of deferred income tax liabilities previously classified as current liabilities have been reclassified as noncurrent deferred income tax liabilities.

HOLLYFRONTIER CORPORATION
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NOTE 2: Holly Energy Partners

HEP, a consolidated VIE, is a publicly held master limited partnership that owns and operates logistic assets consisting of petroleum product and crude oil pipelines, terminals, tankage, loading rack facilities and refinery processing units 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"), the owner of pipeline running from Woods Cross, Utah to Las Vegas, Nevada (the "UNEV Pipeline") and associated product terminals, a 50% interest in the Frontier Pipeline, and a 25% interest in the SLC Pipeline.

As of December 31, 2015, we owned a 39% interest in HEP, including the 2% general partner interest. As the general partner of HEP, we have the sole ability to direct the activities that most significantly impact HEP's financial performance, and therefore we consolidate HEP.

HEP has two primary customers (including us) and generates revenues by charging tariffs for transporting petroleum products and crude oil through 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 81% of HEP's total revenues for the year ended December 31, 2015. 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 other 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 11 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.

Magellan Asset Exchange

On February 22, 2016, we obtained a 50% membership interest in Osage Pipe Line Company, LLC ("Osage") in a non-monetary exchange for a 20-year terminalling services agreement, whereby, a subsidiary of Magellan Midstream Partners ("Magellan Midstream") will provide terminalling services for all of our products originating in Artesia, New Mexico that require terminalling in or through El Paso, Texas. Osage is the owner of the Osage pipeline, a 135-mile pipeline that transports crude oil from Cushing, Oklahoma to our El Dorado Refinery in Kansas and also has a connection to the Jayhawk pipeline that services the CHS refinery in McPherson, Kansas. The Osage pipeline is the primary pipeline that supplies our El Dorado Refinery with crude oil.

Concurrent with this transaction, we entered into a nonmonetary exchange with HEP; whereby, we received HEP's El Paso terminal in exchange for our interest in Osage. Under this exchange, HEP also agreed to build two connections on its south products pipeline system that will permit us access to Magellan Midstream's El Paso terminal. Effective upon the closing of this exchange, HEP is the named operator of the Osage pipeline and is working to transition into that role.

El Dorado Asset Transaction

On November 1, 2015, HEP acquired from us newly constructed naphtha fractionation and hydrogen generation units at our El Dorado Refinery for cash consideration of \$62.0 million. In connection with this transaction, we entered into 15-year tolling agreements containing minimum quarterly throughput commitments that provide minimum annualized payments to HEP of \$15.3 million.

Frontier Pipeline Interest Transaction

On August 31, 2015, HEP purchased a 50% interest in Frontier Pipeline Company, owner of the Frontier Pipeline, from an affiliate of Enbridge, Inc. for \$55.0 million. Frontier Pipeline will continue to be operated by an affiliate of Plains All American Pipeline, L.P., which owns the remaining 50% interest. The 289-mile crude oil pipeline runs from Casper, Wyoming to Frontier Station, Utah and has a 72,000 BPD capacity. The Frontier Pipeline supplies Canadian and Rocky Mountain crudes to Salt Lake City area refiners through a connection to the SLC Pipeline.

HOLLYFRONTIER CORPORATION
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Transportation Agreements

HEP serves our refineries under long-term pipeline, terminal, tankage and refinery processing unit throughput agreements expiring from 2019 through 2030. Under these agreements, we pay HEP fees to transport, store and process throughput volumes of refined products, crude oil and feedstocks on HEP's pipelines, terminals, tankage, loading rack facilities and refinery processing units 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 or Federal Energy Regulatory Commission index. As of December 31, 2015, these agreements result in minimum annualized payments to HEP of \$244.9 million.

Our transactions with HEP including the acquisitions discussed above and fees paid under our transportation agreements with HEP and UNEV are eliminated and have no impact on our consolidated financial statements.

HEP's recent common unit issuances (2013 through present) are summarized below:

2013 Issuances

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 this transaction and resulting HEP ownership changes, we adjusted additional capital and equity attributable to HEP's noncontrolling interest holders to effectively reallocate a portion of HEP's equity among its unitholders.

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.

HOLLYFRONTIER CORPORATION
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The carrying amounts and estimated fair values of investments in marketable securities, derivative instruments and senior notes at December 31, 2015 and December 31, 2014 were as follows:

Financial Instrument	Carrying Amount	Fair Value	Fair Value by Input Level		
			Level 1	Level 2	Level 3
(In thousands)					
December 31, 2015					
Assets:					
Marketable securities	\$ 144,019	\$ 144,019	\$ —	\$ 144,019	\$ —
NYMEX futures contracts	3,469	3,469	3,469	—	—
Commodity price swaps	37,097	37,097	—	37,097	—
HEP interest rate swaps	304	304	—	304	—
Total assets	<u>\$ 184,889</u>	<u>\$ 184,889</u>	<u>\$ 3,469</u>	<u>\$ 181,420</u>	<u>\$ —</u>
Liabilities:					
Commodity price swaps	\$ 98,930	\$ 98,930	\$ —	\$ 98,930	\$ —
HEP senior notes	296,752	295,500	—	295,500	—
HEP interest rate swaps	114	114	—	114	—
Total liabilities	<u>\$ 395,796</u>	<u>\$ 394,544</u>	<u>\$ —</u>	<u>\$ 394,544</u>	<u>\$ —</u>

Financial Instrument	Carrying Amount	Fair Value	Fair Value by Input Level		
			Level 1	Level 2	Level 3
(In thousands)					
December 31, 2014					
Assets:					
Marketable securities	\$ 474,110	\$ 474,110	\$ —	\$ 474,110	\$ —
NYMEX futures contract	17,619	17,619	17,619	—	—
Commodity price swaps	208,296	208,296	—	208,296	—
HEP interest rate swaps	1,019	1,019	—	1,019	—
Total assets	<u>\$ 701,044</u>	<u>\$ 701,044</u>	<u>\$ 17,619</u>	<u>\$ 683,425</u>	<u>\$ —</u>
Liabilities:					
Commodity price swaps	\$ 196,897	\$ 196,897	\$ —	\$ 196,897	\$ —
HollyFrontier senior notes	154,144	155,250	—	155,250	—
HEP senior notes	295,986	291,000	—	291,000	—
HEP interest rate swaps	1,065	1,065	—	1,065	—
Total liabilities	<u>\$ 648,092</u>	<u>\$ 644,212</u>	<u>\$ —</u>	<u>\$ 644,212</u>	<u>\$ —</u>

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 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 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.

HOLLYFRONTIER CORPORATION
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Level 3 Financial Instruments

We at times have forward commodity sales and purchase contracts for which quoted forward market prices are not readily available. The forward rate used to value these forward sales and purchase contracts are 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 our Level 3 assets and liabilities (all related to derivative instruments) for the years ended December 31, 2015 and 2014:

Level 3 Financial Instruments	Years Ended December 31,	
	2015	2014
	(In thousands)	
Liability balance at beginning of period	\$ —	\$ (35,318)
Change in fair value:		
Recognized in other comprehensive income	3,852	304,275
Recognized in cost of products sold	—	14,876
Settlement date fair value of contractual maturities:		
Recognized in sales and other revenues	(3,852)	(88,326)
Recognized in cost of products sold	—	(21,848)
Transfer out of Level 3	—	(173,659)
Liability balance at end of period	<u>\$ —</u>	<u>\$ —</u>

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 restricted shares and performance share units. The following is a reconciliation of the denominators of the basic and diluted per share computations for net income attributable to HollyFrontier stockholders:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands, except per share data)		
Net income attributable to HollyFrontier stockholders	\$ 740,101	\$ 281,292	\$ 735,842
Participating securities' share in earnings	2,306	820	2,754
Net income attributable to common shares	<u>\$ 737,795</u>	<u>\$ 280,472</u>	<u>\$ 733,088</u>
Average number of shares of common stock outstanding	188,731	197,243	200,419
Effect of dilutive variable restricted shares and performance share units ⁽¹⁾	209	185	815
Average number of shares of common stock outstanding assuming dilution	<u>188,940</u>	<u>197,428</u>	<u>201,234</u>
Basic earnings per share	<u>\$ 3.91</u>	<u>\$ 1.42</u>	<u>\$ 3.66</u>
Diluted earnings per share	<u>\$ 3.90</u>	<u>\$ 1.42</u>	<u>\$ 3.64</u>
(1) Excludes anti-dilutive restricted and performance share units of:	<u>89</u>	<u>356</u>	<u>166</u>

NOTE 5: Stock-Based Compensation

As of December 31, 2015, we have two principal share-based compensation plans (collectively, the "Long-Term Incentive Compensation Plan").

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The compensation cost charged against income for these plans was \$26.9 million, \$26.1 million and \$32.2 million for the years ended December 31, 2015, 2014 and 2013, respectively. Our accounting policy for the recognition of compensation expense for awards with pro-rata vesting 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.'s non-employee directors and certain executives and employees. Compensation cost attributable to HEP's share-based compensation plan was \$3.5 million, \$3.5 million and \$3.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Restricted Stock and Restricted Stock Units

Under our Long-Term Incentive Compensation Plan, we grant certain officers and other key employees restricted stock and restricted stock unit awards with awards generally vesting over a period of one to three years. Restricted stock award recipients are generally entitled to all the rights of absolute ownership of the restricted shares from the date of grant 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. 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 grant date market price of our common shares and is amortized over the respective vesting period.

A summary of restricted stock and restricted stock unit activity and changes during the year ended December 31, 2015 is presented below:

Restricted Stock and Restricted Stock Units	Grants	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (\$000)
Outstanding at January 1, 2015 (non-vested)	669,777	\$ 44.12	
Granted	447,544	49.92	
Vesting (transfer/conversion to common stock)	(337,159)	42.03	
Forfeited	(57,637)	48.40	
Outstanding at December 31, 2015 (non-vested)	<u>722,525</u>	<u>\$ 48.35</u>	<u>\$ 27,950</u>

For the years ended December 31, 2015, 2014 and 2013, restricted stock and restricted stock units vested having a grant date fair value of \$14.2 million, \$18.2 million and \$16.2 million, respectively. For the years ended December 31, 2014 and 2013, we granted restricted stock and restricted stock units having a weighted average grant date fair value of \$42.03 and \$42.00, respectively. As of December 31, 2015, there was \$23.7 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 1.6 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 "financial performance" and "market performance" criteria. Financial performance is based on our financial performance compared to a peer group of independent refining companies, while market performance is based on the relative standing of total shareholder return achieved by HollyFrontier compared to peer group companies. The number of shares ultimately issued under these awards can range from zero to 200% of target award amounts. As of December 31, 2015, estimated share payouts for outstanding non-vested performance share unit awards averaged approximately 85% of target amounts.

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A summary of performance share unit activity and changes during the year ended December 31, 2015 is presented below:

<u>Performance Share Units</u>	<u>Grants</u>
Outstanding at January 1, 2015 (non-vested)	725,054
Granted	209,589
Vesting and transfer of ownership to recipients	(209,592)
Forfeited	(87,113)
Outstanding at December 31, 2015 (non-vested)	<u>637,938</u>

For the year ended December 31, 2015, we issued 136,896 shares of common stock, representing a 65% payout on vested performance share units having a grant date fair value of \$10.4 million. For the years ended December 31, 2014 and 2013, we issued common stock upon the vesting of the performance share units having a grant date fair value of \$14.3 million and \$11.6 million, respectively. As of December 31, 2015, there was \$16.4 million of total unrecognized compensation cost related to non-vested performance share units having a grant date fair value of \$45.86 per unit. That cost is expected to be recognized over a weighted-average period of 1.8 years.

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

Our investment portfolio at December 31, 2015 consisted of cash, cash equivalents and investments in marketable securities.

We currently invest in marketable debt securities with the maximum maturity or put date of any individual issue generally not greater than one year 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 (loss). 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 marketable securities:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Loss</u>	<u>Fair Value (Net Carrying Amount)</u>
	(In thousands)			
December 31, 2015				
Commercial paper	\$ 22,876	\$ 1	\$ (2)	\$ 22,875
Corporate debt securities	32,311	—	(41)	32,270
State and political subdivisions debt securities	88,935	6	(67)	88,874
Total marketable securities	<u>\$ 144,122</u>	<u>\$ 7</u>	<u>\$ (110)</u>	<u>\$ 144,019</u>
December 31, 2014				
Certificates of deposit	\$ 54,000	\$ 10	\$ —	\$ 54,010
Commercial paper	52,297	7	(4)	52,300
Corporate debt securities	136,181	1	(94)	136,088
State and political subdivisions debt securities	231,819	5	(112)	231,712
Total marketable securities	<u>\$ 474,297</u>	<u>\$ 23</u>	<u>\$ (210)</u>	<u>\$ 474,110</u>

Interest income recognized on our marketable securities was \$1.9 million and \$2.2 million for the years ended December 31, 2015 and 2014, respectively.

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NOTE 7: Inventories

Inventory consists of the following components:

	December 31,	
	2015	2014
	(In thousands)	
Crude oil	\$ 518,922	\$ 581,592
Other raw materials and unfinished products ⁽¹⁾	214,832	204,467
Finished products ⁽²⁾	603,568	531,523
Lower of cost or market reserve	(624,457)	(397,478)
Process chemicals ⁽³⁾	4,477	4,028
Repairs and maintenance supplies and other	124,527	110,999
Total inventory	\$ 841,869	\$ 1,035,131

- (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.

Crude oil, other raw materials, unfinished products and finished products are carried at the lower of cost or market. Cost is determined principally under the LIFO valuation method to reflect a better matching of cost and revenue. Ending inventory costs in excess of market values are written down to current replacement costs and charged to cost of products sold in the period recorded. In subsequent periods a new lower of cost or market reserve determination is made based on current conditions. We determine the need for a lower of cost or market inventory adjustment by evaluating inventories on an aggregate basis.

Inventories reflect lower of cost or market valuation reserves of \$624.5 million and \$397.5 million at December 31, 2015 and 2014, respectively. During 2015, the December 31, 2014 market valuation reserve of \$397.5 million was reversed as inventory quantities giving rise to the 2014 reserve were sold. A new reserve of \$624.5 million was established at December 31, 2015 based on market conditions at that time. The effect of the change in the lower of cost or market reserve was a \$227.0 million and \$397.5 million increase to cost of products sold for the years ended December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, the LIFO value of inventory, net of the lower of cost or market reserve, was equal to current costs. The excess of current cost over the LIFO value of inventory was \$273.0 million at December 31, 2013.

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NOTE 8: Properties, Plants and Equipment

The components of properties, plants and equipment are as follows:

	December 31,	
	2015	2014
	(In thousands)	
Land, buildings and improvements	\$ 305,712	\$ 255,260
Refining facilities	2,833,125	2,634,432
Pipelines and terminals	1,321,398	1,226,923
Transportation vehicles	21,289	35,178
Other fixed assets	158,401	136,545
Construction in progress	850,264	564,103
	5,490,189	4,852,441
Accumulated depreciation	(1,374,527)	(1,181,902)
	<u>\$ 4,115,662</u>	<u>\$ 3,670,539</u>

We capitalized interest attributable to construction projects of \$5.5 million, \$11.8 million and \$12.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Depreciation expense was \$233.3 million, \$261.8 million and \$213.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. For the years ended December 31, 2015, 2014 and 2013, depreciation expense included \$58.7 million, \$58.1 million and \$62.3 million, respectively, attributable to HEP operations.

NOTE 9: Goodwill

We performed our annual goodwill impairment testing as of July 1, 2015, which entailed an assessment of our reporting unit fair values relative to their respective carrying values that were derived using a combination of both income and market approaches. Our income approach utilizes the discounted future expected cash flows. Our market approach, which includes both the guideline public company and guideline transaction methods, utilizes pricing multiples derived from historical market transactions of other like-kind assets. Our discounted cash flows reflect estimates of future cash flows based on both historical and forward crack-spreads, forecasted production levels, operating costs and capital expenditures. Based on our testing as of July 1, 2015, the fair value of our Cheyenne reporting unit exceeded its carrying cost by approximately 8%. The fair value of our El Dorado and HEP reporting units substantially exceeded their respective carrying values. As of December 31, 2015, there have been no impairments to goodwill.

Historically, the refining industry has experienced significant fluctuations in operating results over an extended business cycle including changes in prices of crude oil and refined products, changes in operating costs including natural gas and higher costs of complying with government regulations. It is reasonably possible that at some future downturn in refining operations that the goodwill related to our Cheyenne Refinery will be determined to be impaired. Such impairment charges could be material.

As of December 31, 2015, we had goodwill assigned to our refining and HEP segments of \$2,042.8 million and \$289.0 million, respectively.

NOTE 10: Environmental

We expensed \$14.7 million, \$28.5 million and \$13.2 million for the years ended December 31, 2015, 2014 and 2013, respectively, for environmental remediation obligations. The accrued environmental liability reflected in our consolidated balance sheets was \$98.1 million and \$104.5 million at December 31, 2015 and 2014, respectively, of which \$83.5 million and \$81.8 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). The amount of our accrued liability could increase in the future when the results of ongoing investigations become known, are considered probable and can be reasonably estimated.

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11: Debt

HollyFrontier Credit Agreement

We have a \$1 billion senior unsecured revolving credit facility maturing in July 2019 (the “HollyFrontier Credit Agreement”) which may be used for revolving credit loans and letters of credit from time to time and is available to fund general corporate purposes. Indebtedness under the HollyFrontier Credit Agreement is recourse to HollyFrontier. At December 31, 2015, we were in compliance with all covenants, had no outstanding borrowings and had outstanding letters of credit totaling \$6.0 million under the HollyFrontier Credit Agreement.

HEP Credit Agreement

HEP has an \$850 million senior secured revolving credit facility that matures in November 2018 (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. At December 31, 2015, HEP was in compliance with all of its covenants, had outstanding borrowings of \$712.0 million and no outstanding letters of credit under the HEP Credit Agreement.

Indebtedness under the HEP Credit Agreement bears interest, at HEP’s option, at either a reference rate announced by the administrative agent plus an applicable margin or at a rate equal to LIBOR plus an applicable margin. In each case, the applicable margin is based upon the ratio of HEP’s funded debt to earnings before interest, taxes, depreciation and amortization (as defined in the HEP Credit Agreement). The weighted average interest rates in effect on HEP’s Credit Agreement borrowings were 2.572% and 2.152% at December 31, 2015 and 2014, respectively.

HEP’s obligations under the HEP Credit Agreement are collateralized by substantially all of HEP’s assets. 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 recourse to our other assets. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries.

HollyFrontier Senior Notes

In June 2015, we redeemed our \$150.0 million aggregate principal amount of 6.875% senior notes maturing November 2018 at a redemption cost of \$155.2 million at which time we recognized a \$1.4 million early extinguishment loss consisting of a \$5.2 million debt redemption premium, net of an unamortized premium of \$3.8 million.

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 6.5% senior notes (\$300 million aggregate principal amount maturing March 2020) (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.

In March 2014, HEP redeemed its \$150.0 million aggregate principal amount of 8.25% senior notes maturing March 2018 at a redemption cost of \$156.2 million, at which time HEP recognized a \$7.7 million early extinguishment loss consisting of a \$6.2 million debt redemption premium and unamortized discount and financing cost of \$1.5 million. HEP funded the redemption with borrowings under the HEP Credit Agreement.

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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 recourse to our other 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:

	December 31,	
	2015	2014
(In thousands)		
6.875% Senior Notes		
Principal	\$ —	\$ 150,000
Unamortized premium	—	4,144
	—	154,144
Financing Obligation	31,288	33,167
Total HollyFrontier long-term debt	31,288	187,311
HEP Credit Agreement	712,000	571,000
HEP 6.5% Senior Notes		
Principal	300,000	300,000
Unamortized discount and debt issuance costs	(3,248)	(4,014)
	296,752	295,986
Total HEP long-term debt	1,008,752	866,986
Total long-term debt	\$ 1,040,040	\$ 1,054,297

Principal maturities of long-term debt are as follows:

Years Ending December 31,	(In thousands)
2016	\$ 2,121
2017	2,393
2018	714,700
2019	3,046
2020	303,437
Thereafter	17,591
Total	\$ 1,043,288

NOTE 12: 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, forward purchase and sales 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.

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Accounting Hedges

We have swap contracts serving as cash flow hedges against price risk on forecasted purchases of natural gas. We also have forward sales contracts that lock in the prices of future sales of refined product. Additionally, we had swap contracts serving as cash flow hedges against price risk on forecasted purchases of WTI crude oil and forecasted sales of refined product. These contracts have been designated as accounting hedges and are measured 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. 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 and forward sales 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)					
Year Ended December 31, 2015					
Commodity price swaps					
Change in fair value	\$ (3,983)	Sales and other revenues	\$ 245,819	Sales and other revenues	\$ (274)
Gain reclassified to earnings due to settlements	(49,592)	Cost of products sold	(179,700)	Cost of products sold	4,376
Amortization of discontinued hedges reclassified to earnings	1,080	Operating expenses	(17,607)	Operating expenses	547
Total	<u>\$ (52,495)</u>		<u>\$ 48,512</u>		<u>\$ 4,649</u>
Year Ended December 31, 2014					
Commodity price swaps					
Change in fair value	\$ 107,518	Sales and other revenues	\$ 88,326	Sales and other revenues	\$ 274
Gain reclassified to earnings due to settlements	(52,884)	Cost of products sold	(37,313)	Cost of products sold	(4,377)
Amortization of discontinued hedges reclassified to earnings	1,080	Operating expenses	791	Operating expenses	(547)
Total	<u>\$ 55,714</u>		<u>\$ 51,804</u>		<u>\$ (4,650)</u>
Year Ended December 31, 2013					
Commodity price swaps					
Change in fair value	\$ (8,808)	Sales and other revenues	\$ (20,060)		
Gain reclassified to earnings due to settlements	(16,410)	Cost of products sold	38,949	Sales and other revenues	\$ 45
Amortization of discontinued hedges reclassified to earnings	900	Operating expenses	(3,379)	Cost of products sold	515
Total	<u>\$ (24,318)</u>		<u>\$ 15,510</u>		<u>\$ 560</u>

As of December 31, 2015, we have the following notional contract volumes related to outstanding derivative instruments serving as cash flow hedges against price risk on forecasted transactions:

Derivative instruments	Total Outstanding Notional	Notional Contract Volumes by Year of Maturity		Unit of Measure
		2016	2017	
Natural gas price swaps - long	19,200,000	9,600,000	9,600,000	MMBTU
Forward gasoline and diesel contracts - long	525,000	525,000	—	Barrels
Forward gasoline and diesel contracts - short	625,000	625,000	—	Barrels
Physical crude contracts - short	38,000	38,000	—	Barrels

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In 2013, we redesignated 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 19,200,000 MMBTU's to be purchased ratably through 2017. As of December 31, 2015, we have an unrealized loss of \$2.2 million classified in accumulated other comprehensive loss that relates to the application of hedge accounting prior to redesignation that is 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 purchases of WTI crude oil, and to lock in the basis spread differentials on forecasted purchases of crude oil and natural gas. Also, we have NYMEX futures contracts to lock in prices on forecasted purchases of inventory. These contracts are measured 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:

Location of Gain (Loss) Recognized in Income	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Cost of products sold	\$ 48,082	\$ 68,509	\$ 20,751
Operating expenses	(12,003)	(185)	(5,250)
Total	\$ 36,079	\$ 68,324	\$ 15,501

As of December 31, 2015, we have the following notional contract volumes related to our outstanding derivative contracts serving as economic hedges:

Derivative Instrument	Total Outstanding Notional	Notional Contract Volumes by Year of Maturity		Unit of Measure
		2016	2017	
Crude price swaps (basis spread) - long	11,712,000	11,712,000	—	Barrels
Natural gas price swaps (basis spread) - long	20,616,000	10,308,000	10,308,000	MMBTU
Natural gas price swaps - long	19,200,000	9,600,000	9,600,000	MMBTU
Natural gas price swaps - short	19,200,000	9,600,000	9,600,000	MMBTU
NYMEX futures (WTI) - short	1,840,000	1,840,000	—	Barrels

Interest Rate Risk Management

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

As of December 31, 2015, 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 2.25% as of December 31, 2015, which equaled an effective interest rate of 3.24%. 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 2.25% as of December 31, 2015, which equaled an effective interest rate of 2.99%. 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.

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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 hedge accounting:

	Unrealized Gain (Loss) Recognized in OCI	Loss Recognized in Earnings Due to Settlements	
		Location	Amount
(In thousands)			
Year Ended December 31, 2015			
Interest rate swaps			
Change in fair value	\$ (1,864)		
Loss reclassified to earnings due to settlements	2,100	Interest expense	\$ (2,100)
Total	<u>\$ 236</u>		<u>\$ (2,100)</u>
Year Ended December 31, 2014			
Interest rate swaps			
Change in fair value	\$ (2,104)		
Loss reclassified to earnings due to settlements	2,202	Interest expense	\$ (2,202)
Total	<u>\$ 98</u>		<u>\$ (2,202)</u>
Year Ended December 31, 2013			
Interest rate swaps			
Change in fair value	\$ 1,194		
Loss reclassified to earnings due to settlements	2,092		
Amortization of discontinued hedge reclassified to earnings	849	Interest expense	\$ (2,941)
Total	<u>\$ 4,135</u>		<u>\$ (2,941)</u>

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)						
December 31, 2015						
<i>Derivatives designated as cash flow hedging instruments:</i>						
Commodity price swap contracts	\$ —	\$ —	\$ —	\$ 38,755	\$ —	\$ 38,755
Interest rate swap contracts	304	—	304	114	—	114
	<u>\$ 304</u>	<u>\$ —</u>	<u>\$ 304</u>	<u>\$ 38,869</u>	<u>\$ —</u>	<u>\$ 38,869</u>
<i>Derivatives not designated as cash flow hedging instruments:</i>						
Commodity price swap contracts	\$ —	\$ —	\$ —	\$ 60,196	\$ (37,118)	\$ 23,078
NYMEX futures contracts	3,469	—	3,469	—	—	—
	<u>\$ 3,469</u>	<u>\$ —</u>	<u>\$ 3,469</u>	<u>\$ 60,196</u>	<u>\$ (37,118)</u>	<u>\$ 23,078</u>
Total net balance			<u>\$ 3,773</u>			<u>\$ 61,947</u>
Balance sheet classification:	Prepayment and other		\$ 3,469	Accrued liabilities		\$ 36,976
	Intangibles and other		304	Other long-term liabilities		24,971
			<u>\$ 3,773</u>			<u>\$ 61,947</u>

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	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, 2014						
<i>Derivatives designated as cash flow hedging instruments:</i>						
Commodity price swap contracts	\$ 173,658	\$ (142,115)	\$ 31,543	\$ 21,441	\$ —	\$ 21,441
Interest rate swap contracts	1,019	—	1,019	1,065	—	1,065
	\$ 174,677	\$ (142,115)	\$ 32,562	\$ 22,506	\$ —	\$ 22,506
<i>Derivatives not designated as cash flow hedging instruments:</i>						
Commodity price swap contracts	\$ 17,630	\$ (12,942)	\$ 4,688	\$ 20,398	\$ (17,007)	\$ 3,391
NYMEX futures contracts	17,619	—	17,619	—	—	—
	\$ 35,249	\$ (12,942)	\$ 22,307	\$ 20,398	\$ (17,007)	\$ 3,391
Total net balance			\$ 54,869			\$ 25,897
Balance sheet classification:	Prepayment and other		\$ 53,850			
	Intangibles and other		1,019	Other long-term liabilities		\$ 25,897
			\$ 54,869			\$ 25,897

At December 31, 2015, we had a pre-tax net unrealized loss of \$40.9 million classified in accumulated other comprehensive loss that relates to all accounting hedges having contractual maturities through 2017. Assuming commodity prices and interest rates remain unchanged, an unrealized loss of \$20.9 million will be effectively transferred from accumulated other comprehensive loss into the statement of income as the hedging instruments contractually mature over the next twelve-month period.

NOTE 13: Income Taxes

The provision for income taxes is comprised of the following:

	Years Ended December 31,		
	2015	2014	2013
(In thousands)			
Current			
Federal	\$ 480,446	\$ 294,509	\$ 270,024
State	71,750	40,325	7,148
Deferred			
Federal	(127,714)	(168,756)	94,896
State	(18,422)	(24,906)	19,508
	\$ 406,060	\$ 141,172	\$ 391,576

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The statutory federal income tax rate applied to pre-tax book income reconciles to income tax expense as follows:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Tax computed at statutory rate	\$ 422,999	\$ 163,625	\$ 405,790
State income taxes, net of federal tax benefit	40,385	13,641	21,363
Domestic production activities deduction	(35,200)	(20,998)	(22,101)
Noncontrolling interest in net income	(24,155)	(17,431)	(12,378)
Uncertain tax positions	—	—	(193)
Other	2,031	2,335	(905)
	<u>\$ 406,060</u>	<u>\$ 141,172</u>	<u>\$ 391,576</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Our deferred income tax assets and liabilities as of December 31, 2015 and 2014 are as follows:

	December 31, 2015		
	Assets	Liabilities	Total
	(In thousands)		
Deferred income taxes			
Properties, plants and equipment (due primarily to tax in excess of book depreciation)	\$ —	\$ (648,542)	\$ (648,542)
Accrued employee benefits	22,355	—	22,355
Accrued post-retirement benefits	11,518	—	11,518
Accrued environmental costs	42,517	—	42,517
Hedging instruments	21,815	—	21,815
Inventory differences	175,614	—	175,614
Deferred turnaround costs	—	(104,944)	(104,944)
Net operating loss and tax credit carryforwards	8,033	—	8,033
Investment in HEP	—	(23,429)	(23,429)
Other	—	(2,843)	(2,843)
Total	<u>\$ 281,852</u>	<u>\$ (779,758)</u>	<u>\$ (497,906)</u>

	December 31, 2014		
	Assets	Liabilities	Total
	(In thousands)		
Deferred income taxes			
Properties, plants and equipment (due primarily to tax in excess of book depreciation)	\$ —	\$ (581,017)	\$ (581,017)
Accrued employee benefits	22,973	—	22,973
Accrued post-retirement benefits	11,504	—	11,504
Accrued environmental costs	30,744	—	30,744
Hedging instruments	—	(11,601)	(11,601)
Inventory differences	—	(7,376)	(7,376)
Deferred turnaround costs	—	(110,827)	(110,827)
Net operating loss and tax credit carryforwards	10,119	—	10,119
Investment in HEP	—	(25,244)	(25,244)
Other	—	(3,554)	(3,554)
Total	<u>\$ 75,340</u>	<u>\$ (739,619)</u>	<u>\$ (664,279)</u>

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At December 31, 2015, we had a Kansas income tax credit of \$6.6 million that is scheduled to be utilized in 2016 through 2019. This amount is reflected in non-current deferred tax assets.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Years Ended December 31,	
	2014	2013
	(In thousands)	
Balance at January 1	\$ 9,006	\$ 12,641
Additions for tax positions of prior years	—	25,728
Reductions for tax positions of prior years	—	(5,092)
Settlements	(9,006)	(24,271)
Balance at December 31	<u>\$ —</u>	<u>\$ 9,006</u>

We had no unrecognized tax benefits at December 31, 2015 and 2014. We recognize interest and penalties relating to liabilities for unrecognized tax benefits as an element of tax expense.

We are subject to U.S. federal income tax, Oklahoma, Kansas, New Mexico, Iowa, Arizona, Utah, Colorado and Nebraska income tax and to income tax of multiple other state jurisdictions. We have substantially concluded all state and local income tax matters for tax years through 2012 and have materially concluded all U.S. federal income tax matters for tax years through December 31, 2013.

NOTE 14: Stockholders' Equity

Shares of our common stock outstanding and activity for the years ended December 31, 2015, 2014 and 2013 are presented below:

	Years Ended December 31,		
	2015	2014	2013
Common shares outstanding at January 1	196,086,090	198,830,351	203,551,496
Issuance of restricted stock, excluding restricted stock with performance feature	447,534	376,622	292,855
Vesting of performance units	136,896	416,111	210,819
Vesting of restricted stock with performance feature	43,774	77,430	15,141
Forfeitures of restricted stock	(51,332)	(76,107)	(15,794)
Purchase of treasury stock ⁽¹⁾	(16,428,574)	(3,538,317)	(5,224,166)
Common shares outstanding at December 31	<u>180,234,388</u>	<u>196,086,090</u>	<u>198,830,351</u>

(1) Includes 151,967, 279,680 and 235,922 shares, respectively, 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, as well as other stock repurchases under separate authority from our Board of Directors.

In May 2015, our Board of Directors approved a \$1 billion share repurchase program, which replaced all existing share repurchase programs, authorizing 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 and corporate, regulatory and other relevant considerations. This program may be discontinued at any time by the Board of Directors. As of December 31, 2015, we had remaining authorization to repurchase up to \$308.2 million under this stock repurchase program. In addition, we are authorized by our Board of Directors to repurchase shares in an amount sufficient to offset shares issued under our compensation programs.

During the years ended December 31, 2015, 2014 and 2013, we withheld shares of our common stock from certain employees in the amounts of \$6.2 million, \$11.4 million and \$11.3 million, respectively. These withholdings were made under the terms of restricted stock and performance share unit agreements upon vesting, at which time, we concurrently made cash payments to fund payroll and income taxes on behalf of officers and employees who elected to have shares withheld from vested amounts to pay such taxes.

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NOTE 15: 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)		
Year Ended December 31, 2015			
Net unrealized gain on marketable securities	\$ 38	\$ 14	\$ 24
Net unrealized loss on hedging instruments	(52,259)	(20,282)	(31,977)
Net change in pension and other post-retirement benefit obligations	79	31	48
Other comprehensive loss	(52,142)	(20,237)	(31,905)
Less other comprehensive income attributable to noncontrolling interest	144	—	144
Other comprehensive loss attributable to HollyFrontier stockholders	<u>\$ (52,286)</u>	<u>\$ (20,237)</u>	<u>\$ (32,049)</u>
Year Ended December 31, 2014			
Net unrealized loss on marketable securities	\$ (157)	\$ (62)	\$ (95)
Net unrealized gain on hedging instruments	55,812	21,583	34,229
Net change in pension and other post-retirement benefit obligations	(11,425)	(4,423)	(7,002)
Other comprehensive income	44,230	17,098	27,132
Less other comprehensive income attributable to noncontrolling interest	60	—	60
Other comprehensive income attributable to HollyFrontier stockholders	<u>\$ 44,170</u>	<u>\$ 17,098</u>	<u>\$ 27,072</u>
Year Ended December 31, 2013			
Net unrealized gain on marketable securities	\$ 34	\$ 17	\$ 17
Net unrealized loss on hedging instruments	(20,183)	(8,669)	(11,514)
Net change in pension and other post-retirement benefit obligations	37,593	14,534	23,059
Other comprehensive income	17,444	5,882	11,562
Less other comprehensive income attributable to noncontrolling interest	2,315	—	2,315
Other comprehensive income attributable to HollyFrontier stockholders	<u>\$ 15,129</u>	<u>\$ 5,882</u>	<u>\$ 9,247</u>

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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
	Years Ended December 31,			
	2015	2014	2013	
	(In thousands)			
Marketable securities	\$ (51)	\$ 4	\$ 39	Interest income
	42	—	—	Gain on sale of assets
	(9)	4	39	
	(3)	2	15	Income tax expense (benefit)
	(6)	2	24	Net of tax
Hedging instruments:				
Commodity price swaps	245,819	88,326	(20,060)	Sales and other revenues
	(179,700)	(37,313)	38,949	Cost of products sold
	(17,607)	791	(3,379)	Operating expenses
Interest rate swaps	(2,100)	(2,202)	(2,941)	Interest expense
	46,412	49,602	12,569	
	18,454	19,712	5,554	Income tax expense
	27,958	29,890	7,015	Net of tax
	1,273	1,335	1,783	Noncontrolling interest
	29,231	31,225	8,798	Net of tax and noncontrolling interest
Pension and other post-retirement benefit obligations:				
Pension obligation	—	—	(3,226)	Cost of products sold
	—	—	(30,127)	Operating expenses
	—	—	(4,236)	General and administrative expenses
	—	—	(37,589)	
	—	—	(14,547)	Income tax benefit
	—	—	(23,042)	Net of tax
Post-retirement healthcare obligation	271	482	646	Cost of products sold
	2,681	3,366	2,868	Operating expenses
	347	448	526	General and administrative expenses
	3,299	4,296	4,040	
	1,277	1,663	1,563	Income tax expense
	2,022	2,633	2,477	Net of tax
Retirement restoration plan	(20)	(920)	(111)	General and administrative expenses
	(8)	(356)	(43)	Income tax benefit
	(12)	(564)	(68)	Net of tax
Total reclassifications for the period	\$ 31,235	\$ 33,296	\$ (11,811)	

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

	December 31,	
	2015	2014
	(In thousands)	
Unrealized gain on post-retirement benefit obligations	\$ 20,737	\$ 20,689
Unrealized loss on marketable securities	(61)	(85)
Unrealized gain (loss) on hedging instruments, net of noncontrolling interest	(24,831)	7,290
Accumulated other comprehensive income (loss)	<u>\$ (4,155)</u>	<u>\$ 27,894</u>

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NOTE 16: Retirement Plans

Post-retirement Healthcare Plans

We provide post-retirement medical benefits to certain eligible employees. These plans are unfunded and provide differing levels of healthcare benefits dependent upon hire date and work location. Not all of our employees are covered by these plans at December 31, 2015.

The following table sets forth the changes in the benefit obligation and plan assets of our post-retirement healthcare plans for the years ended December 31, 2015 and 2014:

	Years Ended December 31,	
	2015	2014
	(In thousands)	
Change in plans' benefit obligation		
Post-retirement plans' benefit obligation - beginning of year	\$ 23,633	\$ 15,715
Service cost	1,694	895
Interest cost	819	638
Participant contributions	593	573
Amendments	—	3,383
Benefits paid	(2,260)	(1,533)
Actuarial loss (gain)	(3,278)	3,962
Post-retirement plans' benefit obligation - end of year	<u>\$ 21,201</u>	<u>\$ 23,633</u>
Change in plan assets		
Fair value of plan assets - beginning of year	\$ —	\$ —
Employer contributions	1,667	960
Participant contributions	593	573
Benefits paid	(2,260)	(1,533)
Fair value of plan assets - end of year	<u>\$ —</u>	<u>\$ —</u>
Funded status		
Under-funded balance	<u>\$ (21,201)</u>	<u>\$ (23,633)</u>
Amounts recognized in consolidated balance sheets		
Accrued post-retirement liability	<u>\$ (21,201)</u>	<u>\$ (23,633)</u>
Amounts recognized in accumulated other comprehensive income (loss)		
Cumulative actuarial loss	\$ (1,613)	\$ (5,074)
Prior service credit	35,937	39,419
Total	<u>\$ 34,324</u>	<u>\$ 34,345</u>

Benefit payments, which reflect expected future service, are expected to be paid as follows: \$2.1 million in 2016; \$1.8 million in 2017; \$1.9 million in 2018; \$1.8 million in 2019; \$1.9 million in 2020; and \$9.2 million in 2021 through 2025.

The weighted average assumptions used to determine end of period benefit obligations:

	December 31,	
	2015	2014
Discount rate	3.90%	3.60%
Current health care trend rate	8.00%	8.00%
Ultimate health care trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	2041	2042

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Net periodic post-retirement credit consisted of the following components:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Service cost – benefit earned during the year	\$ 1,694	\$ 895	\$ 1,112
Interest cost on projected benefit obligations	819	638	665
Amortization of prior service credit	(3,482)	(4,296)	(5,896)
Amortization of net loss	183	—	130
Loss on settlement	—	—	1,726
Net periodic post-retirement credit	<u>\$ (786)</u>	<u>\$ (2,763)</u>	<u>\$ (2,263)</u>

Prior service credits are amortized over the average remaining effective period to obtain full benefit eligibility for participants.

Assumed health care cost trend rates have an effect on the amounts reported for the post-retirement health care benefit plans. The weighted average assumptions used to determine net periodic benefit expense follow:

	Years Ended December 31,		
	2015	2014	2013
Discount rate	3.60%	4.25%	3.45%
Current health care trend rate	8.00%	8.00%	8.10%
Ultimate health care trend rate	5.00%	5.00%	5.00%
Year rate reaches ultimate trend rate	2042	2045	2023

The effect of a 1% change in health care cost trend rates is as follows:

	1% Point Increase		1% Point Decrease	
	(In thousands)			
Service cost	\$ 268	\$ (222)		
Interest cost	\$ 68	\$ (58)		
Year-end accumulated post-retirement benefit obligation	\$ 1,443	\$ (1,254)		

Pension Plan

In 2013, we terminated the HollyFrontier Corporation Pension Plan (the "Plan"), a non-contributory defined benefit retirement plan that covered certain employees. In June 2013, we made contributions of \$22.7 million to the Plan, which was sufficient for the Plan to settle its obligations to all participants including the premium paid to the non-participating annuity provider. In 2013, we recognized a pre-tax pension settlement charge of \$39.5 million, of which \$37.6 million was reclassified out of accumulated other comprehensive income, representing the irrevocable portion of our obligation. Net periodic pension expense was \$42.6 million for the year ended December 31, 2013.

Additionally, we had a program that provided transition benefit payments to certain employees that participated in a previously terminated defined benefit plan. The program extended through 2014 and provided payments subsequent to year-end provided the employee was employed by us on the last day of each year. The payments were based on each employee's years of service and eligible salary. Transition benefit costs under this program were \$10.8 million and \$12.5 million for the years ended December 31, 2014 and 2013, respectively. In March 2015, we paid all remaining amounts owed to plan participants of \$11.0 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Retirement Restoration Plan

We have an unfunded retirement restoration plan that provides for additional payments from us so that total retirement plan benefits for certain executives will be maintained at the levels provided in the retirement plan before the application of Internal Revenue Code limitations. We expensed \$0.1 million, \$1.2 million and \$0.4 million for the years ended December 31, 2015, 2014 and 2013, respectively, in connection with this plan. The accrued liability reflected in the consolidated balance sheets was \$2.8 million and \$3.0 million at December 31, 2015 and 2014, respectively. As of December 31, 2015, the projected benefit obligation under this plan was \$2.8 million. Annual benefit payments of \$0.2 million are expected to be paid through 2025, which reflect expected future service.

Defined Contribution Plans

We have a defined contribution "401(k)" plan that covers substantially all employees. Our contributions are based on an employee's eligible compensation and years of service. We also partially match the employee's contributions. We expensed \$17.2 million, \$16.1 million and \$15.5 million for the years ended December 31, 2015, 2014 and 2013, respectively, in connection with these plans.

NOTE 17: Lease Commitments

We lease certain office and storage facilities, rail cars and other equipment under long-term operating leases, most of which contain renewal options. At December 31, 2015, the minimum future rental commitments under operating leases having non-cancellable lease terms in excess of one year are as follows:

	(In thousands)
2016	\$ 70,512
2017	65,807
2018	62,364
2019	58,664
2020	57,047
Thereafter	221,589
Total	\$ 535,983

Rental expense charged to operations was \$107.3 million, \$89.8 million and \$72.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. For the years ended December 31, 2015, 2014 and 2013, rental expense included \$8.9 million, \$8.0 million and \$8.3 million, respectively, in costs attributable to the HEP operations.

NOTE 18: Contingencies and Contractual Commitments

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.

Contractual Commitments

We have various long-term agreements (entered in the normal course of business) to purchase crude oil, natural gas, feedstocks and other resources to ensure we have adequate supplies to operate our refineries. The substantial majority of our purchase obligations are based on market prices or rates. These contracts expire in 2016 through 2030.

We also have long-term agreements with third parties for the transportation and storage of crude oil, natural gas and feedstocks to our refineries and for terminal and storage services that expire in 2016 through 2033. At December 31, 2015, the minimum future transportation and storage fees under transportation agreements having terms in excess of one year are as follows:

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	(In thousands)	
2016	\$	113,914
2017		102,613
2018		84,026
2019		75,514
2020		65,444
Thereafter		548,010
Total	\$	989,521

Transportation and storage costs incurred under these agreements totaled \$137.7 million, \$118.0 million and \$95.2 million for the years ended December 31, 2015, 2014 and 2013, respectively. These amounts do not include contractual commitments under our long-term transportation agreements with HEP, as all transactions with HEP are eliminated in these consolidated financial statements.

NOTE 19: 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 HFC 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. HFC Asphalt operates various asphalt terminals in Arizona, New Mexico and Oklahoma.

The HEP segment includes all of the operations of HEP, which owns and operates logistics and refinery assets consisting of petroleum product and crude oil pipelines, terminals, tankage, loading rack facilities and processing units in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. The HEP segment also includes a 75% ownership interest in UNEV (a consolidated subsidiary of HEP) and a 50% and 25% ownership interest in the Frontier Pipeline and the SLC Pipeline, respectively. 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. Due to certain basis differences, 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 (see Note 1).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

	Refining	HEP ⁽¹⁾	Corporate and Other	Consolidations and Eliminations	Consolidated Total
	(In thousands)				
Year Ended December 31, 2015					
Sales and other revenues	\$ 13,171,183	\$ 358,875	\$ 663	\$ (292,801)	\$ 13,237,920
Depreciation and amortization	\$ 273,799	\$ 61,236	\$ 11,944	\$ (828)	\$ 346,151
Income (loss) from operations	\$ 1,187,875	\$ 181,778	\$ (123,004)	\$ (2,296)	\$ 1,244,353
Capital expenditures	\$ 567,616	\$ 94,516	\$ 14,023	\$ —	\$ 676,155
Total assets	\$ 6,840,545	\$ 1,569,089	\$ 289,225	\$ (310,560)	\$ 8,388,299
Year Ended December 31, 2014					
Sales and other revenues	\$ 19,706,225	\$ 332,626	\$ 2,103	\$ (276,627)	\$ 19,764,327
Depreciation and amortization	\$ 293,871	\$ 60,548	\$ 9,790	\$ (828)	\$ 363,381
Income (loss) from operations	\$ 491,106	\$ 156,453	\$ (129,874)	\$ (2,151)	\$ 515,534
Capital expenditures	\$ 435,598	\$ 109,693	\$ 19,530	\$ —	\$ 564,821
Total assets	\$ 6,927,126	\$ 1,472,098	\$ 1,150,865	\$ (320,042)	\$ 9,230,047
Year Ended December 31, 2013					
Sales and other revenues	\$ 20,105,443	\$ 307,053	\$ 1,314	\$ (253,250)	\$ 20,160,560
Depreciation and amortization	\$ 233,182	\$ 64,701	\$ 6,391	\$ (828)	\$ 303,446
Income (loss) from operations	\$ 1,237,687	\$ 133,522	\$ (123,030)	\$ (2,105)	\$ 1,246,074
Capital expenditures	\$ 339,356	\$ 56,613	\$ 29,158	\$ —	\$ 425,127
Total assets	\$ 7,094,558	\$ 1,412,931	\$ 1,881,121	\$ (332,847)	\$ 10,055,763

(1) HEP acquired newly constructed naphtha fractionation and hydrogen generation units at our El Dorado Refinery in November 2015. As a result, we have recast our HEP segment information to include these assets and related capital expenditures that were previously presented under the Refining segment.

HEP segment revenues from external customers were \$66.7 million, \$57.3 million and \$53.4 million for the years ended December 31, 2015, 2014 and 2013, respectively.

NOTE 20: Supplemental Financial Information

Borrowings pursuant to the HollyFrontier Credit Agreement are recourse to the assets of HollyFrontier, but not HEP. Furthermore, borrowings under the HEP Credit Agreement are recourse to HEP, but not to the assets of HFC with the exception of HEP Logistics Holdings, L.P., HEP's general partner. Other than its investment in HEP, the assets of the general partner are insignificant.

The following condensed financial information is provided for HollyFrontier Corporation (on a standalone basis, before consolidation of HEP), and for HEP and its consolidated subsidiaries (on a standalone basis, exclusive of HFC). Due to certain basis differences, our reported amounts for HEP may not agree to amounts reported in HEP's periodic public filings.

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Balance Sheet

December 31, 2015	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
(In thousands)				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 51,520	\$ 15,013	\$ —	\$ 66,533
Marketable securities	144,019	—	—	144,019
Accounts receivable, net	355,020	41,075	(44,117)	351,978
Inventories	839,897	1,972	—	841,869
Prepayments and other	48,288	3,082	(7,704)	43,666
Total current assets	1,438,744	61,142	(51,821)	1,448,065
Properties, plants and equipment, net	3,270,804	1,090,373	(245,515)	4,115,662
Intangibles and other assets	2,410,879	417,574	(3,881)	2,824,572
Total assets	<u>\$ 7,120,427</u>	<u>\$ 1,569,089</u>	<u>\$ (301,217)</u>	<u>\$ 8,388,299</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	\$ 738,024	\$ 22,583	\$ (44,117)	\$ 716,490
Income tax payable	8,142	—	—	8,142
Accrued liabilities	117,346	26,341	(7,704)	135,983
Total current liabilities	863,512	48,924	(51,821)	860,615
Long-term debt	31,288	1,008,752	—	1,040,040
Liability to HEP	220,998	—	(220,998)	—
Deferred income tax liabilities	497,475	431	—	497,906
Other long-term liabilities	125,684	59,306	(5,025)	179,965
Investment in HEP	129,961	—	(129,961)	—
Equity – HollyFrontier	5,251,509	357,247	(355,341)	5,253,415
Equity – noncontrolling interest	—	94,429	461,929	556,358
Total liabilities and equity	<u>\$ 7,120,427</u>	<u>\$ 1,569,089</u>	<u>\$ (301,217)</u>	<u>\$ 8,388,299</u>

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Balance Sheet

December 31, 2014	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 565,155	\$ 2,830	\$ —	\$ 567,985
Marketable securities	474,110	—	—	474,110
Accounts receivable, net	588,407	40,129	(38,631)	589,905
Inventories	1,033,191	1,940	—	1,035,131
Income tax receivable	11,719	—	—	11,719
Prepayments and other	109,928	2,443	(8,223)	104,148
Total current assets	<u>2,782,510</u>	<u>47,342</u>	<u>(46,854)</u>	<u>2,782,998</u>
Properties, plants and equipment, net	2,867,941	1,062,430	(259,832)	3,670,539
Intangibles and other assets	2,418,926	362,326	(4,742)	2,776,510
Total assets	<u>\$ 8,069,377</u>	<u>\$ 1,472,098</u>	<u>\$ (311,428)</u>	<u>\$ 9,230,047</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	\$ 1,125,146	\$ 21,623	\$ (38,631)	\$ 1,108,138
Income tax payable	19,642	—	—	19,642
Accrued liabilities	88,116	26,321	(8,223)	106,214
Total current liabilities	<u>1,232,904</u>	<u>47,944</u>	<u>(46,854)</u>	<u>1,233,994</u>
Long-term debt	187,311	866,986	—	1,054,297
Liability to HEP	233,217	—	(233,217)	—
Deferred income tax liabilities	663,912	367	—	664,279
Other long-term liabilities	135,474	47,170	(5,886)	176,758
Investment in HEP	99,618	—	(99,618)	—
Equity – HollyFrontier	5,516,941	414,549	(407,906)	5,523,584
Equity – noncontrolling interest	—	95,082	482,053	577,135
Total liabilities and equity	<u>\$ 8,069,377</u>	<u>\$ 1,472,098</u>	<u>\$ (311,428)</u>	<u>\$ 9,230,047</u>

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Income and Comprehensive Income

Year Ended December 31, 2015	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
Sales and other revenues	\$ 13,171,846	\$ 358,875	\$ (292,801)	\$ 13,237,920
Operating costs and expenses:				
Cost of products sold	10,525,610	—	(286,392)	10,239,218
Lower of cost or market valuation inventory adjustment	226,979	—	—	226,979
Operating expenses	960,352	103,305	(3,284)	1,060,373
General and administrative	108,290	12,556	—	120,846
Depreciation and amortization	299,233	61,236	(14,318)	346,151
Total operating costs and expenses	12,120,464	177,097	(303,994)	11,993,567
Income from operations	1,051,382	181,778	11,193	1,244,353
Other income (expense):				
Earnings (loss) of equity method investments	78,969	4,803	(87,510)	(3,738)
Interest income (expense)	6,098	(36,892)	(9,285)	(40,079)
Loss on early extinguishment of debt	(1,370)	—	—	(1,370)
Gain on sale of assets and other	8,916	486	—	9,402
	92,613	(31,603)	(96,795)	(35,785)
Income before income taxes	1,143,995	150,175	(85,602)	1,208,568
Income tax provision	405,832	228	—	406,060
Net income	738,163	149,947	(85,602)	802,508
Less net income attributable to noncontrolling interest	(30)	3,971	58,466	62,407
Net income attributable to HollyFrontier stockholders	\$ 738,193	\$ 145,976	\$ (144,068)	\$ 740,101
Comprehensive income attributable to HollyFrontier stockholders	\$ 706,144	\$ 138,920	\$ (137,012)	\$ 708,052

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Income and Comprehensive Income

Year Ended December 31, 2014	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
Sales and other revenues	\$ 19,708,328	\$ 332,626	\$ (276,627)	\$ 19,764,327
Operating costs and expenses:				
Cost of products sold	17,500,601	—	(272,216)	17,228,385
Lower of cost or market inventory valuation adjustment	397,478	—	—	397,478
Operating expenses	1,041,571	104,801	(1,432)	1,144,940
General and administrative	103,785	10,824	—	114,609
Depreciation and amortization	317,149	60,548	(14,316)	363,381
Total operating costs and expenses	19,360,584	176,173	(287,964)	19,248,793
Income from operations	347,744	156,453	11,337	515,534
Other income (expense):				
Earnings (loss) of equity method investments	65,375	2,987	(70,369)	(2,007)
Interest income (expense)	6,221	(36,098)	(9,339)	(39,216)
Loss on early extinguishment of debt	—	(7,677)	—	(7,677)
Gain on sale of assets and other	866	—	—	866
	72,462	(40,788)	(79,708)	(48,034)
Income before income taxes	420,206	115,665	(68,371)	467,500
Income tax provision	140,937	235	—	141,172
Net income	279,269	115,430	(68,371)	326,328
Less net income attributable to noncontrolling interest	(25)	8,288	36,773	45,036
Net income attributable to HollyFrontier stockholders	\$ 279,294	\$ 107,142	\$ (105,144)	\$ 281,292
Comprehensive income attributable to HollyFrontier stockholders	\$ 306,366	\$ 107,181	\$ (105,183)	\$ 308,364

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Income and Comprehensive Income

Year Ended December 31, 2013	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
Sales and other revenues	\$ 20,106,757	\$ 307,053	\$ (253,250)	\$ 20,160,560
Operating costs and expenses:				
Cost of products sold	17,641,119	—	(248,892)	17,392,227
Operating expenses	995,194	97,081	(1,425)	1,090,850
General and administrative	116,214	11,749	—	127,963
Depreciation and amortization	253,062	64,701	(14,317)	303,446
Total operating costs and expenses	19,005,589	173,531	(264,634)	18,914,486
Income from operations	1,101,168	133,522	11,384	1,246,074
Other income (expense):				
Earnings (loss) of equity method investments	52,288	2,826	(57,186)	(2,072)
Interest expense	(6,338)	(46,849)	(9,307)	(62,494)
Loss on early extinguishment of debt	(22,109)	—	—	(22,109)
	23,841	(44,023)	(66,493)	(86,675)
Income before income taxes	1,125,009	89,499	(55,109)	1,159,399
Income tax provision	391,243	333	—	391,576
Net income	733,766	89,166	(55,109)	767,823
Less net income attributable to noncontrolling interest	—	6,632	25,349	31,981
Net income attributable to HollyFrontier stockholders	\$ 733,766	\$ 82,534	\$ (80,458)	\$ 735,842
Comprehensive income attributable to HollyFrontier stockholders	\$ 743,013	\$ 84,354	\$ (82,278)	\$ 745,089

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2015	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
			(In thousands)	
Cash flows from operating activities	\$ 836,858	\$ 233,188	\$ (90,420)	\$ 979,626
Cash flow from investing activities				
Additions to properties, plants and equipment	(581,639)	—	—	(581,639)
Additions to properties, plants and equipment – HEP	—	(94,516)	—	(94,516)
Purchase of equity method investment	—	(55,032)	—	(55,032)
Proceeds from sale of assets	17,985	1,279	—	19,264
Purchases of marketable securities	(509,338)	—	—	(509,338)
Sales and maturities of marketable securities	839,513	—	—	839,513
	(233,479)	(148,269)	—	(381,748)
Cash flows from financing activities				
Net borrowings under credit agreement – HEP	—	141,000	—	141,000
Redemption of senior notes - HFC	(155,156)	—	—	(155,156)
Purchase of treasury stock	(742,823)	—	—	(742,823)
Dividends	(246,908)	—	—	(246,908)
Distributions to noncontrolling interest	—	(173,688)	90,420	(83,268)
Distribution from HEP	62,000	(62,000)	—	—
Contribution from general partner	(27,623)	27,623	—	—
Other, net	(6,504)	(5,671)	—	(12,175)
	(1,117,014)	(72,736)	90,420	(1,099,330)
Cash and cash equivalents				
Increase (decrease) for the period	(513,635)	12,183	—	(501,452)
Beginning of period	565,155	2,830	—	567,985
End of period	\$ 51,520	\$ 15,013	\$ —	\$ 66,533

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2014	Holly Frontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
Cash flows from operating activities	\$ 652,186	\$ 186,903	\$ (80,493)	\$ 758,596
Cash flows from investing activities:				
Additions to properties, plants and equipment	(455,128)	—	—	(455,128)
Additions to properties, plants and equipment – HEP	—	(109,693)	—	(109,693)
Proceeds from sale of assets	16,633	—	—	16,633
Purchases of marketable securities	(1,025,602)	—	—	(1,025,602)
Sales and maturities of marketable securities	1,276,447	—	—	1,276,447
Other, net	5,021	—	—	5,021
	<u>(182,629)</u>	<u>(109,693)</u>	<u>—</u>	<u>(292,322)</u>
Cash flows from financing activities:				
Net borrowings under credit agreement – HEP	—	208,000	—	208,000
Redemption of senior notes - HEP	—	(156,188)	—	(156,188)
Purchase of treasury stock	(158,847)	—	—	(158,847)
Dividends	(647,197)	—	—	(647,197)
Distributions to noncontrolling interest	—	(158,695)	80,493	(78,202)
Contribution from general partner	(29,734)	29,734	—	—
Excess tax benefit from equity-based compensation	2,040	—	—	2,040
Other, net	(4,415)	(3,583)	—	(7,998)
	<u>(838,153)</u>	<u>(80,732)</u>	<u>80,493</u>	<u>(838,392)</u>
Cash and cash equivalents				
Increase (decrease) for the period:	(368,596)	(3,522)	—	(372,118)
Beginning of period	933,751	6,352	—	940,103
End of period	<u>\$ 565,155</u>	<u>\$ 2,830</u>	<u>\$ —</u>	<u>\$ 567,985</u>

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2013	Holly Frontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
Cash flows from operating activities	\$ 757,204	\$ 183,380	\$ (71,410)	\$ 869,174
Cash flows from investing activities:				
Additions to properties, plants and equipment	(368,514)	—	—	(368,514)
Additions to properties, plants and equipment – HEP	—	(56,613)	—	(56,613)
Proceeds from sale of assets	5,071	2,731	—	7,802
Acquisition of trucking operations	(11,301)	—	—	(11,301)
Purchases of marketable securities	(935,512)	—	—	(935,512)
Sales and maturities of marketable securities	846,143	—	—	846,143
Other, net	(8,740)	—	—	(8,740)
	<u>(472,853)</u>	<u>(53,882)</u>	<u>—</u>	<u>(526,735)</u>
Cash flows from financing activities:				
Net borrowings under credit agreement – HEP	—	(58,000)	—	(58,000)
Redemptions of senior notes	(300,973)	—	—	(300,973)
Proceeds from sale of HEP common units	73,444	—	—	73,444
Proceeds from common unit offerings – HEP	—	73,444	—	73,444
Purchase of treasury stock	(225,023)	—	—	(225,023)
Contribution from general partner	(6,011)	6,011	—	—
Dividends	(645,920)	—	—	(645,920)
Distributions to noncontrolling interest	—	(142,611)	71,410	(71,201)
Excess tax benefit from equity-based compensation	2,562	—	—	2,562
Other, net	(1,141)	(7,227)	—	(8,368)
	<u>(1,103,062)</u>	<u>(128,383)</u>	<u>71,410</u>	<u>(1,160,035)</u>
Cash and cash equivalents				
Increase (decrease) for the period:	(818,711)	1,115	—	(817,596)
Beginning of period	1,752,462	5,237	—	1,757,699
End of period	<u>\$ 933,751</u>	<u>\$ 6,352</u>	<u>\$ —</u>	<u>\$ 940,103</u>

HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

NOTE 21: Significant Customers

All revenues are domestic revenues, except for sales of fuel oil for export into Mexico. We have two significant customers (Shell Oil and Sinclair), each of which has historically accounted for 10% or more of our annual revenues. Shell Oil accounted for \$1,252.6 million (9%), \$2,097.4 million (11%) and \$1,830.5 million (9%) for the years ended December 31, 2015, 2014 and 2013, respectively, and Sinclair accounted for \$1,104.9 million (8%), \$2,018.8 million (10%) and \$2,134.3 million (11%) of our revenues for the years ended December 31, 2015, 2014 and 2013, respectively. Our export sales were less than 3% of our revenues for the years ended December 31, 2015, 2014 and 2013.

NOTE 22: Quarterly Information (Unaudited)

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Year</u>
	(In thousands, except per share data)				
Year Ended December 31, 2015					
Sales and other revenues	\$ 3,006,626	\$ 3,701,912	\$ 3,585,823	\$ 2,943,559	\$ 13,237,920
Operating costs and expenses	\$ 2,618,004	\$ 3,112,080	\$ 3,263,218	\$ 3,000,265	\$ 11,993,567
Income (loss) from operations ⁽¹⁾	\$ 388,622	\$ 589,832	\$ 322,605	\$ (56,706)	\$ 1,244,353
Income (loss) before income taxes	\$ 372,389	\$ 580,177	\$ 320,673	\$ (64,671)	\$ 1,208,568
Net income (loss) attributable to HollyFrontier stockholders	\$ 226,876	\$ 360,824	\$ 196,322	\$ (43,921)	\$ 740,101
Net income (loss) per share attributable to HollyFrontier stockholders - basic	\$ 1.16	\$ 1.88	\$ 1.05	\$ (0.24)	\$ 3.91
Net income (loss) per share attributable to HollyFrontier stockholders - diluted	\$ 1.16	\$ 1.88	\$ 1.04	\$ (0.24)	\$ 3.90
Dividends per common share	\$ 0.32	\$ 0.33	\$ 0.33	\$ 0.33	\$ 1.31
Average number of shares of common stock outstanding:					
Basic	195,069	191,355	187,208	181,460	188,731
Diluted	195,121	191,454	187,344	181,460	188,940
Year Ended December 31, 2014					
Sales and other revenues	\$ 4,791,053	\$ 5,372,600	\$ 5,317,555	\$ 4,283,119	\$ 19,764,327
Operating costs and expenses	\$ 4,520,057	\$ 5,076,255	\$ 5,014,944	\$ 4,637,537	\$ 19,248,793
Income from operations ⁽²⁾	\$ 270,996	\$ 296,345	\$ 302,611	\$ (354,418)	\$ 515,534
Income before income taxes	\$ 251,576	\$ 286,485	\$ 290,774	\$ (361,335)	\$ 467,500
Net income attributable to HollyFrontier stockholders	\$ 152,061	\$ 176,429	\$ 175,006	\$ (222,204)	\$ 281,292
Net income per share attributable to HollyFrontier stockholders - basic	\$ 0.76	\$ 0.89	\$ 0.88	\$ (1.13)	\$ 1.42
Net income per share attributable to HollyFrontier stockholders - diluted	\$ 0.76	\$ 0.89	\$ 0.88	\$ (1.13)	\$ 1.42
Dividends per common share	\$ 0.80	\$ 0.82	\$ 0.82	\$ 0.82	\$ 3.26
Average number of shares of common stock outstanding:					
Basic	198,297	198,139	197,261	195,310	197,243
Diluted	198,924	198,380	197,535	195,310	197,428

(1) For 2015, income from operations reflects non-cash lower of cost or market inventory valuation reductions of \$6.5 million and \$135.5 million for the first and second quarters, respectively, and charges of \$225.5 million and \$143.6 million for the third and fourth quarters, respectively.

(2) Loss from operations for the fourth quarter of 2014 reflects a non-cash lower of cost or market inventory valuation charge of \$397.5 million.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

We have had no change in, or disagreement with, our independent registered public accountants on matters involving accounting and financial disclosure.

Item 9A. 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 annual report on Form 10-K. 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 December 31, 2015.

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.

See Item 8 for “Management's Report on its Assessment of the Company's Internal Control Over Financial Reporting” and “Report of the Independent Registered Public Accounting Firm.”

Item 9B. Other Information

There have been no events that occurred in the fourth quarter of 2015 that would need to be reported on Form 8-K that have not previously been reported.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Items 402 and 407(e)(4) and (e)(5) of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The equity compensation plan information required by Item 201(d) and the information required by Item 403 of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Items 404 and 407(a) of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by Item 9(e) of Schedule 14A in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

(1) Index to Consolidated Financial Statements

	Page in Form 10-K
Report of Independent Registered Public Accounting Firm	55
Consolidated Balance Sheets at December 31, 2015 and 2014	56
Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013	57
Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013	58
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013	59
Consolidated Statements of Equity for the years ended December 31, 2015, 2014 and 2013	60
Notes to Consolidated Financial Statements	61

(2) Index to Consolidated Financial Statement Schedules

All schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or notes thereto.

(3) Exhibits

The Exhibit Index on pages 101 to 108 of this Annual Report on Form 10-K lists the exhibits that are filed or furnished, as applicable, as part of this Annual Report on Form 10-K.

SIGNATURES

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

HOLLYFRONTIER CORPORATION
(Registrant)

Date: February 24, 2016

/s/ George J. Damiris
George J. Damiris
Chief Executive Officer

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

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Michael C. Jennings</u> Michael C. Jennings	Executive Chairman	February 24, 2016
<u>/s/ George J. Damiris</u> George J. Damiris	Chief Executive Officer, President and Director	February 24, 2016
<u>/s/ Douglas S. Aron</u> Douglas S. Aron	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2016
<u>/s/ J.W. Gann, Jr.</u> J.W. Gann, Jr.	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 24, 2016
<u>/s/ Douglas Y. Bech</u> Douglas Y. Bech	Director	February 24, 2016
<u>/s/ Leldon Echols</u> Leldon Echols	Director	February 24, 2016
<u>/s/ R. Kevin Hardage</u> R. Kevin Hardage	Director	February 24, 2016
<u>/s/ Robert J. Kostelnik</u> Robert J. Kostelnik	Director	February 24, 2016
<u>/s/ James H. Lee</u> James H. Lee	Director	February 24, 2016
<u>/s/ Franklin Myers</u> Franklin Myers	Director	February 24, 2016
<u>/s/ Michael E. Rose</u> Michael E. Rose	Director	February 24, 2016
<u>/s/ Tommy A. Valenta</u> Tommy A. Valenta	Director	February 24, 2016

HOLLYFRONTIER CORPORATION
INDEX TO EXHIBITS

Exhibits are numbered to correspond to the exhibit table
in Item 601 of Regulation S-K

Exhibit Number	Description
2.1	Asset Sale and Purchase Agreement, dated October 19, 2009, between Holly Refining & Marketing-Tulsa LLC, HEP Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed October 21, 2009, File No. 1-03876).
2.2	Amendment No. 1 to Asset Sale and Purchase Agreement, dated December 1, 2009, between Holly Refining & Marketing-Tulsa LLC, HEP Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed December 7, 2009, File No. 1-03876).
2.3	Asset Sale and Purchase Agreement, dated April 15, 2009, between Holly Refining & Marketing-Midcon, L.L.C. and Sunoco, Inc. (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed April 16, 2009, File No. 1-03876).
2.4	Agreement and Plan of Merger among Holly Corporation, North Acquisition, Inc. and Frontier Oil Corporation, dated February 21, 2011 (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed February 22, 2011, File No. 1-03876).
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 Bylaws of HollyFrontier Corporation (incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed February 20, 2014, File No. 1-03876).
4.1	Indenture, dated November 22, 2010, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association, providing for the issuance of 6 7/8% Senior Notes due 2018 (incorporated by reference to Exhibit 4.1 of Frontier Oil Corporation's Current Report on Form 8-K filed November 22, 2010, File Number 1-07627).
4.2	First Supplemental Indenture, dated November 22, 2010, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 of Frontier Oil Corporation's Current Report on Form 8-K filed November 22, 2010, File Number 1-07627).
4.3	Second Supplemental Indenture, dated May 26, 2011, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 of Frontier Oil Corporation's Current Report on Form 8-K filed May 27, 2011, File No. 1-07627).
4.4	Third Supplemental Indenture, dated July 1, 2011, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 of Registrant's Current Report on Form 8-K filed July 8, 2011, File No. 1-03876).
4.5	Fourth Supplemental Indenture, dated September 6, 2013, among HollyFrontier Corporation, as issuer (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, File No. 1-03876).
4.6	Form of 6 7/8% Senior Note Due 2018 (incorporated by reference to Exhibit 4.3 of Frontier Oil Corporation's Current Report on Form 8-K filed November 22, 2010, file Number 1-07627).
4.7	Indenture, dated March 12, 2012, among Holly Energy Partners, L.P., Holly Energy Finance Corp., the Guarantors and U.S. Bank National Association, providing for the issuance of 6.50% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed March 12, 2012, File No. 1-32225).
4.8	First Supplemental Indenture, dated August 6, 2012, among HEP UNEV Holdings LLC, HEP UNEV Pipeline LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, File No. 1-03876).

Exhibit Number	Description
4.9	Second Supplemental Indenture, dated March 25, 2015, among HEP El Dorado LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, File No. 1-03876).
4.10*	Third Supplemental Indenture, dated September 23, 2015, among HEP Casper SLC LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association.
4.11*	Fourth Supplemental Indenture, dated November 17, 2015, among El Dorado Operating LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association.
10.1	Amended and Restated Intermediate Pipelines Agreement, dated June 1, 2009, among Holly Corporation, Navajo Refining Company, L.L.C, Holly Energy Partners, L.P., Holly Energy Partners – Operating, L.P., HEP Pipeline, L.L.C., Lovington-Artesia, L.L.C., HEP Logistics Holdings, L.P., Holly Logistics Services, L.L.C. and HEP Logistics GP, L.L.C. (incorporated by reference to Exhibit 10.2 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed June 5, 2009, File No. 1-32225).
10.2	Amendment to Amended and Restated Intermediate Pipelines Agreement, dated December 9, 2010, among Navajo Refining Company, L.L.C, Holly Energy Partners, L.P., Holly Energy Partners – Operating, L.P., HEP Pipeline, L.L.C., Lovington-Artesia, L.L.C., HEP Logistics Holdings, L.P., Holly Logistics Services, L.L.C. and HEP Logistics GP, L.L.C. (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.3	Assignment and Assumption Agreement (Amended and Restated Intermediate Pipelines Agreement), effective January 1, 2011, between Navajo Refining Company, L.L.C. and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.5 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.4	Tulsa Equipment and Throughput Agreement, dated August 1, 2009, between Holly Refining & Marketing - Tulsa LLC and HEP Tulsa LLC (incorporated by reference to Exhibit 10.3 of Holly Energy Partners L.P.'s Current Report on Form 8-K filed August 6, 2009, File No. 1-32225).
10.5	Amendment to Tulsa Equipment and Throughput Agreement, dated December 9, 2010, among Holly Refining & Marketing - Tulsa LLC and HEP Tulsa LLC (incorporated by reference to Exhibit 10.7 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.6	Assignment and Assumption Agreement (Tulsa Equipment and Throughput Agreement), effective January 1, 2011, between Holly Refining & Marketing - Tulsa, LLC and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.8 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.7	Tulsa Purchase Option Agreement, dated August 1, 2009, between Holly Refining & Marketing - Tulsa LLC and HEP Tulsa LLC (incorporated by reference to Exhibit 10.4 of Holly Energy Partners L.P.'s Current Report on Form 8-K filed August 6, 2009, File No. 1-32225).
10.8	Second Amended and Restated Crude Pipelines and Tankage Agreement, dated July 16, 2013, 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. (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).
10.9	Third Amended and Restated Crude Pipelines and Tankage Agreement, dated March 12, 2015, 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, L.L.C. and HEP Woods Cross L.L.C. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed March 16, 2015, File No. 1-03876).
10.10	Amended and Restated Refined Product Pipelines and Terminals Agreement, dated December 1, 2009, among Navajo Refining Company, L.L.C., Holly Refining & Marketing Company - Woods Cross, Holly Energy Partners - Operating, L.P., HEP Pipeline Assets, Limited Partnership, HEP Pipeline, L.L.C., HEP Refining Assets, L.P., HEP Refining, L.L.C., HEP Mountain Home, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.9 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed December 7, 2009, File No. 1-32225).

Exhibit Number	Description
10.11	Assignment and Assumption Agreement (Amended and Restated Refined Product Pipelines and Terminals Agreement), effective January 1, 2011, among Navajo Refining Company, L.L.C., Holly Refining & Marketing - Woods Cross and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.12 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.12	First Amendment to Amended and Restated Refined Product Pipelines and Terminals Agreement, dated November 7, 2013, effective September 30, 2013, among HollyFrontier Refining & Marketing LLC (formerly Holly Refining & Marketing LLC), Holly Energy Partners - Operating, L.P., HEP Pipeline Assets, Limited Partnership, HEP Pipeline, L.L.C., HEP Refining Assets, L.P., HEP Refining L.L.C., HEP Mountain Home, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.14 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.13	Second Amended and Restated Pipelines and Terminals Agreement, dated February 22, 2016, by and among HollyFrontier Refining & Marketing LLC, HollyFrontier Corporation, Holly Energy Partners - Operating, L.P. and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed February 22, 2016, File No. 1-03876).
10.14	Second Amended and Restated Throughput Agreement (Tucson Terminal), dated September 19, 2013, effective June 1, 2013, among HollyFrontier Refining & Marketing LLC, HEP Refining, L.L.C. and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, File No. 1-03876).
10.15	Pipeline Throughput Agreement (Roadrunner), dated December 1, 2009, between Navajo Refining Company, L.L.C. and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.4 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed December 7, 2009, File No. 1-32225).
10.16	Assignment and Assumption Agreement (Pipeline Throughput Agreement (Roadrunner)), effective January 1, 2011, between Navajo Refining Company, L.L.C. and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.14 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.17	Assignment and Assumption Agreement (First Amended and Restated Pipelines, Tankage and Loading Rack Throughput Agreement (Tulsa East)), effective January 1, 2011, between Holly Refining & Marketing - Tulsa LLC and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.17 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.18	Second Amended and Restated Pipelines, Tankage and Loading Rack Throughput Agreement, dated August 31, 2011, between Holly Refining & Marketing - Tulsa LLC, HEP Tulsa LLC and Holly Energy Storage - Tulsa LLC (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed September 1, 2011, File No. 1-03876).
10.19	Indemnification Proceeds and Payments Allocation Agreement, dated December 1, 2009, between HEP Tulsa LLC and Holly Refining & Marketing - Tulsa LLC (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed December 7, 2009, File No. 1-03876).
10.20	Pipeline Systems Operating Agreement, dated February 8, 2010, among Navajo Refining Company, L.L.C., Lea Refining Company, Woods Cross Refining Company, L.L.C., Holly Refining & Marketing - Tulsa LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.1 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed February 9, 2010, File No. 1-32225).
10.21	First Amendment to Pipeline Systems Operating Agreement, dated March 31, 2010, among Navajo Refining Company, L.L.C., Lea Refining Company, Woods Cross Refining Company, L.L.C., Holly Refining & Marketing - Tulsa LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed April 6, 2010, File No. 1-03876).
10.22	Loading Rack Throughput Agreement (Lovington), dated March 31, 2010, between Navajo Refining Company, L.L.C. and Holly Energy Storage-Lovington LLC (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed April 6, 2010, File No. 1-03876).
10.23	First Amended and Restated Lease and Access Agreement (East Tulsa), dated March 31, 2010, among Holly Refining & Marketing-Tulsa, HEP Tulsa LLC and Holly Energy Storage-Tulsa LLC (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed April 6, 2010, File No. 1-03876).
10.24	LLC Interest Purchase Agreement, dated November 9, 2011, among HollyFrontier Corporation, Frontier Refining LLC, Frontier El Dorado Refining LLC, Holly Energy Partners-Operating, L.P. and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed November 10, 2011, File No. 1-03876).

Exhibit Number	Description
10.25	First Amended and Restated Tankage, Loading Rack and Crude Oil Receiving Throughput Agreement (Cheyenne), dated November 11, 2011, between Frontier Refining LLC and Cheyenne Logistics LLC (incorporated by reference to Exhibit 10.26 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2011, File No. 1-03876).
10.26	Second Amended and Restated Pipeline Delivery, Tankage and Loading Rack Throughput Agreement (El Dorado), dated January 7, 2014, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed January 13, 2014, File No. 1-03876).
10.27	Tenth Amended and Restated Omnibus Agreement, dated September 26, 2014, 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 September 29, 2014, File No. 1-03876).
10.28	Eleventh Amended and Restated Omnibus Agreement, dated March 12, 2015, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed March 16, 2015, File No. 1-03876).
10.29	Twelfth Amended and Restated Omnibus Agreement, dated October 16, 2015, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.30	Thirteenth Amended and Restated Omnibus Agreement, dated as of November 2, 2015, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K dated November 3, 2015, File No. 1-03876).
10.31	Fourteenth Amended and Restated Omnibus Agreement, dated February 22, 2016, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed February 22, 2016, File No. 1-03876).
10.32	Lease and Access Agreement (Cheyenne), dated November 9, 2011, between Frontier Refining LLC and Cheyenne Logistics LLC (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed November 10, 2011, File No. 1-03876).
10.33	First Amendment to Lease and Access Agreement (Cheyenne), effective June 5, 2012, between Frontier Refining LLC and Cheyenne Logistics LLC. (incorporated by reference to Exhibit 10.32 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.34	Lease and Access Agreement (El Dorado), dated November 9, 2011, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed November 10, 2011, File No. 1-03876).
10.35	First Amendment to Lease and Access Agreement (El Dorado), effective August 15, 2012, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC. (incorporated by reference to Exhibit 10.34 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.36	Second Amendment to Lease and Access Agreement (El Dorado), effective December 5, 2012, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC. (incorporated by reference to Exhibit 10.35 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.37	Third Amendment to Lease and Access Agreement (El Dorado), dated January 7, 2014, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC. (incorporated by reference to Exhibit 10.36 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.38	Senior Unsecured 5-Year Revolving Credit Agreement, dated July 1, 2014, among HollyFrontier Corporation, as borrower, Union Bank, N. A. as administrative agent, and each of the financial institutions party thereto as lenders (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed July 8, 2014, File No. 1-03876).
10.39	Subsidiary Guarantee, dated July 1, 2014, by certain subsidiaries of HollyFrontier Corporation in favor of Union Bank, N. A. as administrative agent (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed July 8, 2014, File No. 1-03876).
10.40*	Release of Subsidiary Guarantee, dated December 29, 2015, by and among HollyFrontier Corporation and Union Bank, N.A.

Exhibit Number	Description
10.41	Frontier Products Offtake Agreement El Dorado Refinery, dated October 19, 1999, between Frontier Oil and Refining Company and Equiva Trading Company (now Shell Oil Products US, assignee of Equiva Trading Company) (“the Agreement”) and First Amendment to the Agreement dated September 18, 2000, Second Amendment to the Agreement dated September 21, 2000, Third Amendment to the Agreement dated December 19, 2000, Fourth Amendment to the Agreement dated February 22, 2001, Fifth Amendment to the Agreement dated August 14, 2001, Sixth Amendment to the Agreement dated November 5, 2001, Seventh Amendment to the Agreement dated April 22, 2002, Eighth Amendment to the Agreement dated May 30, 2003, Ninth Amendment to the Agreement dated May 25, 2004, Tenth Amendment to the Agreement dated May 3, 2005, Eleventh Amendment to the Agreement dated March 31, 2006, Twelfth Amendment to the Agreement dated May 11, 2006, Thirteenth Amendment to the Agreement dated September 30, 2007, Fourteenth Amendment to the Agreement dated May 1, 2008 and Fifteenth Amendment to the Agreement dated May 28, 2008 (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008, File No. 1-07627).
10.42	Seventeenth Amendment, dated August 27, 2013, to the Frontier Products Offtake Agreement El Dorado Refinery, dated October 19, 1999, between Frontier Oil and Refining Company (now HollyFrontier Refining & Marketing LLC, as successor-by-merger to Frontier Oil and Refining Company) and Equiva Trading Company (now Shell Oil Products US, assignee of Equiva Trading Company) (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, File No. 1-03876).
10.43	Master Crude Oil Purchase and Sale Contract, dated November 1, 2010, among BNP Paribas Energy Trading GP, BNP Paribas Energy Trading Canada Corp., Frontier Oil and Refining Company and Frontier Oil Corporation (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, File No. 1-07627).
10.44	Guaranty, dated November 1, 2010, by Frontier Oil Corporation in favor of BNP Paribas Energy Trading GP and BNP Paribas Energy Trading Canada Corp. (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, File No. 1-07627).
10.45	LLC Interest Purchase Agreement, dated July 12, 2012, among HollyFrontier Corporation, Holly Energy Partners, L.P. and HEP UNEV Holdings LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, File No. 1-03876).
10.46	Limited Partial Waiver of Incentive Distribution Rights under the First Amended and Restated Agreement of Limited Partnership of Holly Energy Partners, L.P., dated July 12, 2012 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, File No. 1-03876).
10.47	Amended and Restated Limited Liability Company Agreement of HEP UNEV Holdings LLC, dated July 12, 2012, among HEP UNEV Holdings LLC, HollyFrontier Holdings LLC and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, File No. 1-03876).
10.48	Amended and Restated Transportation Services Agreement, dated September 26, 2014, 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 September 29, 2014, File No. 1-03876).
10.49	Refined Products Purchase Agreement, dated December 1, 2009, between Holly Refining & Marketing - Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 10.4 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).
10.50	First Amendment to Refined Products Purchase Agreement, dated May 17, 2010, between Holly Refining & Marketing - Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).
10.51	Second Amendment to Refined Products Purchase Agreement, dated December 19, 2011, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.6 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No 1-03876).
10.52	Third Amendment to Refined Products Purchase Agreement, dated June 1, 2012, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.7 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).

Exhibit Number	Description
10.53	Fourth Amendment to Refined Products Purchase Agreement, dated February 27, 2014, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.55 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2014, File No. 1-03876).
10.54	Fifth Amendment to Refined Products Purchase Agreement dated June 23, 2014, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.56 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2014, File No. 1-03876).
10.55	Unloading and Blending Services Agreement, dated March 12, 2015, by and between HollyFrontier Refining & Marketing LLC, Holly Energy Partners-Operating, L.P. and HEP Refining, L.L.C. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 16, 2015, File No. 1-03876).
10.56	Assignment and Assumption of Agreements, dated as of October 16, 2015, by and between HollyFrontier Refining & Marketing LLC, Navajo Refining Company, L.L.C., Holly Refining & Marketing - Tulsa LLC, Frontier Refining LLC and Frontier El Dorado LLC (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.57	Master Throughput Agreement, dated as of October 16, 2015, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners-Operating L.P. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.58	Amended and Restated Master Throughput Agreement, dated February 22, 2016, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed February 22, 2016, File No. 1-03876).
10.59	Construction Payment Agreement, dated as of October 16, 2015, by and between HEP Refining, L.L.C. and HollyFrontier Refining & Marketing LLC (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.60	Services and Secondment Agreement, dated as of October 16, 2015, by and among Holly Logistic Services, L.L.C., Holly Energy Partners-Operating L.P., Cheyenne Logistics LLC, El Dorado Logistics LLC, HollyFrontier Payroll Services, Inc., Frontier Refining LLC and Frontier El Dorado Refining LLC (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.61	Amended and Restated Services and Secondment Agreement, dated as of November 2, 2015, by and among Holly Logistic Services, L.L.C., Holly Energy Partners-Operating L.P., El Dorado Operating LLC, Cheyenne Logistics LLC, El Dorado Logistics LLC, HollyFrontier Payroll Services, Inc., Frontier Refining LLC and Frontier El Dorado Refining LLC (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).
10.62	Master Lease and Access Agreement, dated as of October 16, 2015, by and among Frontier El Dorado Refining LLC, Frontier Refining LLC, Holly Refining & Marketing - Tulsa LLC, Holly Refining & Marketing Company - Woods Cross LLC, Navajo Refining Company, L.L.C., El Dorado Logistics LLC, Cheyenne Logistics LLC, HEP Tulsa LLC, HEP Woods Cross, L.L.C. and HEP Pipeline, L.L.C. (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.63	Amended and Restated Master Lease and Access Agreement, dated as of November 2, 2015, by and among Frontier El Dorado Refining LLC, Frontier Refining LLC, Holly Refining & Marketing - Tulsa LLC, Holly Refining & Marketing Company - Woods Cross LLC, Navajo Refining Company, L.L.C., El Dorado Operating LLC, El Dorado Logistics LLC, Cheyenne Logistics LLC, HEP Tulsa LLC, HEP Woods Cross, L.L.C. and HEP Pipeline, L.L.C. (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).
10.64	LLC Interest Purchase Agreement, dated as of November 2, 2015, by and between HollyFrontier Corporation, Frontier El Dorado Refining 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 November 3, 2015, File No. 1-03876).
10.65	Master Tolling Agreement (Refinery Assets), dated as of November 2, 2015, by and between Frontier El Dorado Refining LLC and Holly Energy Partners-Operating L.P. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).
10.66	Master Tolling Agreement (Operating Assets), dated as of November 2, 2015, by and between Frontier El Dorado Refining LLC and Holly Energy Partners-Operating L.P. (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).

Exhibit Number	Description
10.67*†	LLC Interest Purchase Agreement, dated February 22, 2016, by and among HollyFrontier Refining & Marketing LLC, HollyFrontier Corporation, Holly Energy Partners - Operating, L.P. and Holly Energy Partners, L.P.
10.68*†	Refined Products Terminal Transfer Agreement, dated February 22, 2016, by and among HEP Refining Assets, L.P., Holly Energy Partners, L.P., El Paso Logistics LLC, HollyFrontier Corporation and Holly Energy Partners - Operating, L.P.
10.69+	HollyFrontier Corporation Long-Term Incentive Compensation Plan (formerly the Holly Corporation Long-Term Incentive Compensation Plan), as amended and restated on May 24, 2007 as approved at the Annual Meeting of Stockholders of Holly Corporation on May 24, 2007 (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2008, File No. 1-03876).
10.70+	First Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2008, File No. 1-03876).
10.71+	Second Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed May 18, 2011, File No. 1-03876).
10.72+	Third Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 4.6 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.73+	Fourth Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed May 15, 2015, File No. 1-03876).
10.74+	Holly Corporation Amended and Restated Change in Control Agreement Policy (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 1, 2011, File No. 1-03876).
10.75+	Holly Corporation Employee Form of Change in Control Agreement (for grandfathered Holly Corporation employees) (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed February 20, 2008, File No. 1-03876).
10.76+	HollyFrontier Corporation Form of Change in Control Agreement (for legacy Frontier Oil Corporation executives) (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed February 24, 2012, File No. 1-03876).
10.77+	HollyFrontier Corporation Form of Amendment to Change in Control Agreement for Chief Executive Officer and Chief Financial Officer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed May 10, 2012, File No. 1-03876).
10.78+	HollyFrontier Corporation Form of Change in Control Agreement (for legacy Holly Corporation employees) (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 30, 2012, File No. 1-03876).
10.79+	HollyFrontier Corporation Form of Change in Control Agreement (for HollyFrontier Corporation new hires and promotes) (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed March 30, 2012, File No. 1-03876).
10.80+	HollyFrontier Corporation Form of Amendment to Change in Control Agreement for George J. Damiris (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 14, 2013, File No. 1-03876).
10.81+	Change in Control Agreement, dated December 21, 2015, between the Company and Michael C. Jennings (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed December 21, 2015, File No. 1-03876).
10.82+	Form of Performance Share Unit Agreement (for 162(m) covered employees) (incorporated by reference to Exhibit 4.11 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.83+	Form of Performance Share Unit Agreement (for non-162(m) covered employees) (incorporated by reference to Exhibit 4.12 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.84+	Form of Restricted Stock Agreement (time-based vesting) (incorporated by reference to Exhibit 4.13 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).

Exhibit Number	Description
10.85+	Form of Notice of Grant of Restricted Stock (incorporated by reference to Exhibit 4.14 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.86+	Form of Restricted Stock Unit Agreement (for non-employee directors) (incorporated by reference to Exhibit 10.63 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2012, File No. 1-03876).
10.87+	Form of Notice of Grant of Restricted Stock Units (for non-employee directors) (incorporated by reference to Exhibit 10.64 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2012, File No. 1-03876).
10.88+	Form of Indemnification Agreement entered into with directors and officers of Holly Corporation (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed December 13, 2006, File No. 1-03876).
10.89+	Retention and Assumption Agreement, dated February 21, 2011, among Frontier Oil Corporation, Holly Corporation and Michael C. Jennings (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Current Report on Form 8-K filed February 21, 2011, File No. 1-07627).
10.90+	Retention and Assumption Agreement, dated February 21, 2011, among Frontier Oil Corporation, Holly Corporation and Doug S. Aron (incorporated by reference to Exhibit 10.2 to Frontier Oil Corporation's Current Report on Form 8-K filed February 21, 2011, File No. 1-07627).
10.91+	HollyFrontier Corporation Omnibus Incentive Compensation Plan (formerly the Frontier Oil Corporation Omnibus Incentive Compensation Plan) (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed July 8, 2011, File No. 1-03876).
10.92+	First Amendment to the HollyFrontier Corporation Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed May 15, 2015, File No. 1-03876).
10.93+	HollyFrontier Corporation Executive Nonqualified Deferred Compensation Plan (formerly the Frontier Deferred Compensation Plan) (incorporated by reference to Exhibit 10.73 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2012, File No. 1-03876).
10.94+	Form of Indemnification Agreement between Frontier and each of its officers and directors (incorporated by reference to Exhibit 10.41 to Frontier Oil Corporation's Annual Report on Form 10-K for its fiscal year ended December 31, 2006, File No. 1-07627).
10.95+	Form of Indemnification Agreement between HollyFrontier Corporation and each of its officers and directors (incorporated by reference to Exhibit 10.79 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2011, File No. 1-03876).
21.1*	Subsidiaries of Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm.
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 Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2015, 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, (v) Consolidated Statements of Equity, and (vi) Notes to the Consolidated Financial Statements.

* Filed herewith.

** Furnished herewith.

+ Constitutes management contracts or compensatory plans or arrangements.

++ Filed electronically herewith.

† Exhibit reflects correction of minor clerical error in signature block of previously filed exhibit.

THIRD SUPPLEMENTAL INDENTURE

US 3757459v.3

THIRD SUPPLEMENTAL INDENTURE (this “*Third Supplemental Indenture*”), dated as of September 23, 2015, among HEP Casper SLC LLC, a Delaware limited liability company (the “*Guaranteeing Subsidiary*”), Holly Energy Partners, L.P., a Delaware limited partnership (“*Holly Energy Partners*”), and Holly Energy Finance Corp. (“*Finance Corp.*” and collectively with Holly Energy Partners, the “*Issuers*”), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to herein (the “*Trustee*”).

WITNESSETH

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the “*Indenture*”), dated as of March 12, 2012, providing for the issuance of 6.50% Senior Notes due 2020 (the “*Notes*”), a First Supplemental Indenture, dated as of August 6, 2012, providing for the addition of HEP UNEV Holdings, LLC, a Delaware limited liability company, and HEP UNEV Pipeline, LLC, a Delaware limited liability company, as Guarantors under the Indenture, and a Second Supplemental Indenture, dated as of March 25, 2015, providing for the addition of HEP El Dorado LLC, a Delaware limited liability company, as Guarantor under the Indenture;

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers’ Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “*Note Guarantee*”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Third Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. **CAPITALIZED TERMS.** Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. **AGREEMENT TO GUARANTEE.** The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.
3. **NO RECOURSE AGAINST OTHERS.** No past, present or future director, officer, employee, incorporator, stockholder or agent of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or any Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Third Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.
4. **NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS THIRD SUPPLEMENTAL INDENTURE.**
5. **COUNTERPARTS.** The parties may sign any number of copies of this Third Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.
6. **EFFECT OF HEADINGS.** The Section headings herein are for convenience only and shall not affect the construction hereof.
7. **THE TRUSTEE.** The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Third Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Issuers.

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IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed and attested,

all as of the date first above written.

GUARANTEEING SUBSIDIARY:

HEP CASPER SLC LLC, a Delaware limited liability company

By: /s/ Stephen D. Wise
Stephen D. Wise
Vice President and Treasurer

ISSUERS:

HOLLY ENERGY PARTNERS, L.P.

By: HEP Logistic Holdings, L.P.,
its general partner

By: Holly Logistic Services, L.L.C.,
its general partner

By: /s/ Stephen D. Wise
Stephen D. Wise
Vice President and Treasurer

HOLLY ENERGY FINANCE CORP.

By: /s/ Stephen D. Wise
Stephen D. Wise
Vice President and Treasurer

OTHER GUARANTORS:

HEP EL DORADO LLC, a Delaware limited liability company

HEP LOGISTICS GP, L.L.C., a Delaware limited liability company

HOLLY ENERGY PARTNERS-OPERATING, L.P., a Delaware limited partnership

HOLLY ENERGY STORAGE-LOVINGTON LLC, a Delaware limited liability company

CHEYENNE LOGISTICS LLC, a Delaware limited liability company

EL DORADO LOGISTICS LLC, a Delaware limited liability company

HEP PIPELINE GP, L.L.C., a Delaware limited liability company

HEP REFINING GP, L.L.C., a Delaware limited liability company

HEP REFINING, L.L.C., a Delaware limited liability company

HEP TULSA LLC, a Delaware limited liability company

LOVINGTON-ARTESIA, L.L.C., a Delaware limited liability company

ROADRUNNER PIPELINE, L.L.C., a Delaware limited liability company

HEP SLC, LLC, a Delaware limited liability company

HEP UNEV HOLDINGS LLC, a Delaware limited liability company

HEP UNEV PIPELINE LLC, a Delaware limited liability company

By: /s/ Stephen D. Wise

Stephen D. Wise
Vice President and Treasurer

HEP MOUNTAIN HOME, L.L.C., a Delaware limited liability company

HEP PIPELINE, L.L.C., a Delaware limited liability company

HEP WOODS CROSS, L.L.C., a Delaware limited liability company

Each by: Holly Energy Partners—Operating, L.P., a Delaware limited partnership, its Sole Member

By: /s/ Stephen D.

Wise

Stephen D. Wise
Vice President and Treasurer

HEP FIN-TEX/TRUST RIVER, L.P., a Texas limited partnership

HEP NAVAJO SOUTHERN, L.P., a Delaware limited partnership

HEP PIPELINE ASSETS, LIMITED PARTNERSHIP, a Delaware limited partnership

Each by: HEP Pipeline GP, L.L.C., a Delaware limited liability company, its General Partner

By: /s/ Stephen D. Wise

Stephen D. Wise
Vice President and Treasurer
HEP REFINING ASSETS, L.P., a Delaware limited partnership

By: HEP Refining GP, L.L.C., a Delaware limited liability company, its General Partner

By: /s/ Stephen D. Wise

Stephen D. Wise
Vice President and Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Damien Daley
Name: Damien Daley
Title: Assistant Vice President

FOURTH SUPPLEMENTAL INDENTURE

FOURTH SUPPLEMENTAL INDENTURE (this “*Fourth Supplemental Indenture*”), dated as of November 17, 2015, among El Dorado Operating LLC, a Delaware limited liability company (the “*Guaranteeing Subsidiary*”), Holly Energy Partners, L.P., a Delaware limited partnership (“*Holly Energy Partners*”), and Holly Energy Finance Corp. (“*Finance Corp.*” and collectively with Holly Energy Partners, the “*Issuers*”), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to herein (the “*Trustee*”).

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the “*Indenture*”), dated as of March 12, 2012, providing for the issuance of 6.50% Senior Notes due 2020 (the “*Notes*”), a First Supplemental Indenture, dated as of August 6, 2012, providing for the addition of HEP UNEV Holdings, LLC, a Delaware limited liability company, and HEP UNEV Pipeline, LLC, a Delaware limited liability company, as Guarantors under the Indenture, a Second Supplemental Indenture, dated as of March 25, 2015, providing for the addition of HEP El Dorado LLC, a Delaware limited liability company, as Guarantor under the Indenture, and a Third Supplemental Indenture, dated as of September 23, 2015, providing for the addition of HEP Casper SLC LLC, a Delaware limited liability company, as Guarantor under the Indenture;

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers’ Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “*Note Guarantee*”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Fourth Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. **CAPITALIZED TERMS.** Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. **AGREEMENT TO GUARANTEE.** The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.
3. **NO RECOURSE AGAINST OTHERS.** No past, present or future director, officer, employee, incorporator, stockholder or agent of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or any Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Fourth Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.
4. **NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS FOURTH SUPPLEMENTAL INDENTURE.**
5. **COUNTERPARTS.** The parties may sign any number of copies of this Fourth Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.
6. **EFFECT OF HEADINGS.** The Section headings herein are for convenience only and shall not affect the construction hereof.
7. **THE TRUSTEE.** The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fourth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Issuers.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed and attested,

all as of the date first above written.

GUARANTEEING SUBSIDIARY:

EL DORADO OPERATING LLC, a Delaware limited liability company

By: /s/ STEPHEN D. WISE

Stephen D. Wise
Vice President and Treasurer

ISSUERS:

HOLLY ENERGY PARTNERS, L.P.

By: HEP Logistic Holdings, L.P.,
its general partner

By: Holly Logistic Services, L.L.C.,
its general partner

By: /s/ STEPHEN D. WISE

Stephen D. Wise
Vice President and Treasurer

HOLLY ENERGY FINANCE CORP.

By: /s/ STEPHEN D. WISE

Stephen D. Wise

Vice President and Treasurer

OTHER GUARANTORS:

HEP CASPER SLC LLC, a Delaware limited liability company

HEP EL DORADO LLC, a Delaware limited liability company

HEP LOGISTICS GP, L.L.C., a Delaware limited liability company

HOLLY ENERGY PARTNERS-OPERATING, L.P., a Delaware limited partnership

HOLLY ENERGY STORAGE-LOVINGTON LLC, a Delaware limited liability company

CHEYENNE LOGISTICS LLC, a Delaware limited liability company

EL DORADO LOGISTICS LLC, a Delaware limited liability company

HEP PIPELINE GP, L.L.C., a Delaware limited liability company

HEP REFINING GP, L.L.C., a Delaware limited liability company

HEP REFINING, L.L.C., a Delaware limited liability company

HEP TULSA LLC, a Delaware limited liability company

LOVINGTON-ARTESIA, L.L.C., a Delaware limited liability company

ROADRUNNER PIPELINE, L.L.C., a Delaware limited liability company

HEP SLC, LLC, a Delaware limited liability company

HEP UNEV HOLDINGS LLC, a Delaware limited liability company

HEP UNEV PIPELINE LLC, a Delaware limited liability company

By: /s/ STEPHEN D. WISE

Stephen D. Wise

Vice President and Treasurer

HEP MOUNTAIN HOME, L.L.C., a Delaware limited liability company

HEP PIPELINE, L.L.C., a Delaware limited liability company

HEP WOODS CROSS, L.L.C., a Delaware limited liability company

Each by: Holly Energy Partners—Operating, L.P., a Delaware limited partnership, its Sole Member

By: /s/ STEPHEN D. WISE

Stephen D. Wise

Vice President and Treasurer

HEP FIN-TEX/TRUST RIVER, L.P., a Texas limited partnership

HEP NAVAJO SOUTHERN, L.P., a Delaware limited partnership

HEP PIPELINE ASSETS, LIMITED PARTNERSHIP, a Delaware limited partnership

Each by: HEP Pipeline GP, L.L.C., a Delaware limited liability company, its General Partner

By: /s/ STEPHEN D. WISE

Stephen D. Wise

Vice President and Treasurer

HEP REFINING ASSETS, L.P., a Delaware limited partnership

By: HEP Refining GP, L.L.C., a Delaware limited liability company, its General Partner

By: /s/ STEPHEN D. WISE

Stephen D. Wise

Vice President and Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ DAMIEN DALEY
Name: Damien Daley
Title: Assistant Vice President

RELEASE OF SUBSIDIARY GUARANTEE

This Release of Subsidiary Guarantee (this “*Agreement*”) is entered into as of December 29, 2015, by and among HollyFrontier Corporation, a Delaware corporation (the “*Borrower*”) and MUFG Union Bank, N.A. (f/k/a Union Bank, N.A.), as administrative agent under the Credit Agreement referred to below (the “*Administrative Agent*”).

WITNESSETH:

WHEREAS, the Borrower, the Administrative Agent and the Lenders are party to that certain Senior Unsecured 5-Year Revolving Credit Agreement dated July 1, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the “*Credit Agreement*”);

WHEREAS, the Borrower (as successor-in-interest to Frontier Oil Corporation), certain of its Subsidiaries and Wells Fargo Bank, National Association, as trustee (the “*Trustee*”) are party to that certain Indenture dated as of November 22, 2010 (the “*Base Indenture*”), as supplemented and amended by the First Supplemental Indenture dated as of November 22, 2010, the Second Supplemental Indenture dated as of May 26, 2011, the Third Supplemental Indenture dated as of July 1, 2011 and the Fourth Supplemental Indenture dated as of September 6, 2013 (collectively, the “*Supplemental Indentures*” and, together with the Base Indenture, the “*Indenture*”);

WHEREAS, pursuant to Article Eleven of the Indenture and Section 5 of the Notes (as defined in the Indenture, the “*Notes*”), the Borrower has redeemed (the “*Redemption*”) all of the outstanding Notes issued under the Indenture;

WHEREAS, pursuant to Section 5.09, the Subsidiary Guarantee of each Subsidiary shall be released and discharged as provided in Section 9.09 contemporaneously with the last to occur of (i) the full satisfaction of such Guarantor’s obligations under any Material Indebtedness and (ii) the release and discharge of such Guarantor from its Guarantee of such Material Indebtedness;

WHEREAS, pursuant to the Redemption and the release and discharge of such Guarantors from their respective Guarantees of the Notes, the obligations of each of the Guarantors under such Material Indebtedness were satisfied in full and such Guarantors were released and discharged from their respective Guarantees of such Material Indebtedness;

WHEREAS, pursuant to Section 9.09, the Administrative Agent is authorized to execute and deliver this Agreement without the consent of any Lender;

WHEREAS, the Borrower has requested that the Administrative Agent provide this Agreement to evidence the termination of the obligations of the Released Subsidiary Guarantors (as defined below);

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Administrative Agent mutually covenant and agree for their own benefit and the benefit of the Lenders as follows:

ARTICLE I DEFINITIONS

Section 1.01 Defined Terms; Sections. As used in this Agreement, terms defined in the Credit Agreement or in the preamble or recitals hereto are used herein as therein defined. Any reference herein to Sections shall be construed to refer to Sections of the Credit Agreement.

ARTICLE II RELEASE OF SUBSIDIARY GUARANTORS

Section 2.01 Representations and Warranties of Borrower. The Borrower hereby represents and warrants to the Lenders that (i) all of the information set forth in this Agreement, including the recitals hereto, is true and correct in all material respects and (ii) after giving effect to the release of Subsidiary Guarantors provided in Section 2.02 of this Agreement, all of the Indebtedness of the Released Subsidiary Guarantors shall be permitted under Section 6.01.

Section 2.02 Release of Subsidiary Guarantors. The Borrower and the Administrative Agent hereby confirm that (a) each of the Subsidiaries listed on Schedule A attached hereto (collectively, the “**Released Subsidiary Guarantors**”) is automatically released and relieved of any obligations under the Subsidiary Guarantee pursuant to Section 9.09 and (b) the Subsidiary Guarantee is automatically terminated and is no longer in full force and effect.

ARTICLE III MISCELLANEOUS

Section 3.01 Loan Document. This Agreement is a Loan Document. THIS AGREEMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HERewith AND THEREwith REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 3.02 Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. Sections 9.10 and 9.11 are incorporated hereby *mutatis mutandis*.

Section 3.03 Severability Clause. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 3.04 Acknowledgment, Ratification. The Borrower hereby (a) acknowledges the terms of each Loan Document to which it is a party, ratifies and affirms its obligations thereunder, acknowledges, renews and extends its continued liability thereunder, and agrees that each such Loan Document remains in full force and effect, (b) represents and warrants to the Lenders that as of the date hereof, (i) all of the representations and warranties contained in each Loan Document to which it is a party are true and correct in all material respects except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date (provided that such materiality qualifier shall not be applicable to any representation or warranty that already is qualified or modified by materiality in the text thereof) and (ii) no Default or Event of Default has occurred and is continuing. The Administrative Agent makes no representation or warranty as to the validity or sufficiency of this Agreement or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

Section 3.05 Counterparts. The parties hereto may sign one or more copies of this Agreement in counterparts, all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission or other electronic transmission (e.g., a “pdf” or “tiff”) shall be effective delivery as delivery of a manually executed counterpart thereof.

Section 3.06 Headings. The headings of the Articles and the sections in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLLYFRONTIER CORPORATION,

as Borrower

By: /s/ Stephen D. Wise

Name: Stephen D. Wise

Title: Vice President and Treasurer

[Signature Page to Release of Subsidiary Guarantee]

MUFG UNION BANK, N.A., f/k/a UNION BANK, N.A.

as Administrative Agent

By: /s/ Brian Hawk

Name: Brian Hawk

Title: Vice President

[Signature Page to Release of Subsidiary Guarantee]

SCHEDULE A

RELEASED SUBSIDIARY GUARANTORS

BLACK EAGLE LLC
EAGLE CONSOLIDATION LLC
ETHANOL MANAGEMENT COMPANY LLC
FRONTIER EL DORADO REFINING LLC
FRONTIER PIPELINE LLC
FRONTIER REFINING & MARKETING LLC
FRONTIER REFINING LLC
HOLLY BIOFUELS LLC
HOLLY PETROLEUM, INC.
HOLLY REALTY, LLC
HOLLY REFINING COMMUNICATIONS, INC.
HOLLY REFINING & MARKETING – TULSA LLC
HOLLY REFINING & MARKETING COMPANY – WOODS CROSS LLC
HOLLY TRANSPORTATION LLC
HOLLY TRANSPORTATION UTAH LLC
HOLLY TRANSPORTATION UTAH SERVICES LLC
HOLLY WESTERN ASPHALT COMPANY
HOLLYFRONTIER PAYROLL SERVICES, INC.
HOLLYFRONTIER REFINING & MARKETING LLC
HOLLYMARKS, LLC
HRM REALTY, LLC
LEA REFINING COMPANY
NAVAJO HOLDINGS, INC.
NAVAJO PIPELINE GP, L.L.C.
NAVAJO PIPELINE LP, L.L.C.
NAVAJO REFINING COMPANY, L.L.C.
NAVAJO WESTERN ASPHALT COMPANY
NAVAHO PIPELINE CO., L.P.
NK ASPHALT PARTNERS

**LLC INTEREST PURCHASE AGREEMENT
[El Dorado Osage LLC]**

by and among

HOLLYFRONTIER REFINING & MARKETING LLC,

as Seller,

with

HOLLYFRONTIER CORPORATION,

as Guarantor

HOLLY ENERGY PARTNERS – OPERATING, L.P.,

as Buyer

and

HOLLY ENERGY PARTNERS, L.P.

Solely in Respect of Section 2.2(c)

and

HEP LOGISTICS HOLDINGS, L.P.,

Solely in Respect of Section 2.2(c)

Effective as of February 22, 2016

Exhibit A-1

Exhibit A-2

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LLC INTEREST PURCHASE AGREEMENT [El Dorado Osage]

THIS LLC INTEREST PURCHASE AGREEMENT (this "**Agreement**") dated as of February 22, 2016 to be effective as of the Effective Time (as defined below), is made and entered into by and among **HOLLYFRONTIER REFINING & MARKETING LLC**, a Delaware limited liability company ("**Seller**"), **HOLLYFRONTIER CORPORATION**, a Delaware corporation ("**HFC**"), **HOLLY ENERGY PARTNERS – OPERATING, L.P.**, a Delaware limited partnership ("**Buyer**"), **HOLLY ENERGY PARTNERS, L.P.**, a Delaware limited partnership (the "**Partnership**") and **HEP LOGISTICS HOLDINGS, L.P.**, a Delaware limited partnership ("**HEP General Partner**"). Seller and Buyer are sometimes referred to in this Agreement each as a "**Party**" and collectively as the "**Parties**." HFC joins this Agreement solely for the purpose of Articles VI and XI of this Agreement. The Partnership and HEP General Partner join this Agreement solely in respect of Section 2.2(c).

WHEREAS, Seller is the sole member of El Dorado Osage LLC, a Delaware limited liability company (the "**Company**");

WHEREAS, the Company is party to that certain Transfer of LLC Membership Interest Agreement by and among an Affiliate of Magellan Pipeline Company, L.P., a Delaware limited partnership, as seller ("**Magellan**"), and the Company, as buyer, dated the date hereof (the "**Magellan Agreement**"), whereby the Company proposes to acquire a fifty percent (50%) limited liability company membership interest (the "**Osage Membership Interest**") in Osage Pipe Line Company, LLC, a Delaware limited liability company ("**Osage**"), pursuant to and on the terms provided in the Magellan Agreement;

WHEREAS, immediately following consummation of the transactions contemplated by the Magellan Agreement, including Seller's acquisition of the Osage Membership Interest, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, all of the issued and outstanding limited liability company membership interests of the Company (the "**LLC Interest**") pursuant to and on the terms provided in this Agreement in exchange for the consideration set forth herein, including the transfer of the El Paso Hawkins Terminal pursuant to that certain Refined Products Terminal Transfer Agreement by and between HEP Refining Assets, L.P., a Delaware limited partnership and Affiliate of Buyer, as seller, and El Paso Logistics LLC, a Delaware limited liability company and Affiliate of Seller, as buyer, dated the date hereof (the "**Terminal Transfer Agreement**");

WHEREAS, in connection with the acquisition of the LLC Interest and in addition to the other transactions contemplated by the Terminal Transfer Agreement, the Parties and their respective Affiliates desire to (i) enter into the Amended and Restated Omnibus Agreement (as defined below), (ii) enter into the Second Amended and Restated Pipelines and Terminals Agreement (as defined below), and (iii) enter into an amendment to the Amended and Restated Master Throughput Agreement (as defined below);

NOW, THEREFORE, in consideration of the foregoing and the covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINED TERMS

1.1. Definitions . Capitalized terms used throughout this Agreement and not otherwise defined herein shall have the meanings set forth on Exhibit A.

1.2. Interpretation . Matters relating to the interpretation of this Agreement are set forth on Exhibit B.

ARTICLE II
PURCHASE OF LLC INTEREST

2.1. Transfer of LLC Interest. Subject to all of the terms and conditions of this Agreement, Seller hereby sells, transfers and conveys to Buyer, and Buyer hereby purchases and acquires from Seller, the LLC Interest, free and clear of all Encumbrances.

2.2. Obligations. In connection with the transfer of the LLC Interest and the other transactions contemplated hereby:

(a) Concurrently with, and in consideration for, the transfer of the LLC Interest to Buyer, Buyer shall cause HEP Refining to transfer to El Paso Logistics the El Paso Hawkins Terminal pursuant to and in accordance with the Terminal Transfer Agreement and enter into the other transactions contemplated by this Agreement.

(b) If during any Contract Quarter during the five (5) year period commencing on the date on which the El Dorado refinery owned and operated by an affiliate of HFC connects to a pipeline other than the Osage Pipeline for the delivery of crude, Seller's Quarterly Average Daily Volume is less than 105,000 bpd for reasons attributable to Seller and not otherwise excused under the applicable tariffs for the Osage Pipeline or by an event of Force Majeure at the El Dorado Refinery (the "**Volume Shortfall**"), Seller will pay to Buyer an amount equal to (a) 50% of the quality-appropriate posted tariff on the Osage Pipeline, per barrel, multiplied by (b) the Volume Shortfall, multiplied by (c) the number of days in such Contract Quarter (excluding any days excused under applicable tariffs for the Osage Pipeline or by an event of Force Majeure at the El Dorado Refinery). Such payment shall be made by Seller within ten (10) Business Days after receipt by Seller of an invoice therefor from Buyer, together with reasonably sufficient supporting documentation. In addition, on at least a Contract Quarter basis, Buyer shall provide Seller will all reasonably necessary reports and documentation supporting any requested payment pursuant to this Section 2.2(d). Any suspension of the obligations of the Parties to ship on the Osage Pipeline as a result of Force Majeure shall extend the payment period provided for in this Section 2.2(b) (to the extent so affected) for a period equal to the duration of the inability caused by Force Majeure. Seller will be required to pay any amounts accrued and due under this Section 2.2(b) at the time of the Force Majeure event.

(c) Within a reasonable time after the Effective Time, Seller, in cooperation with Buyer, shall obtain an appraisal (the "**Appraisal**") of the fair market value of the (i) El Paso Hawkins Terminal (the "**Terminal Value**"), and (ii) the Osage Membership Interest (the "**Membership Interest Value**") from an appraiser or appraisers of national reputation with experience appraising pipelines and terminals selected by Seller and to whom Buyer has no reasonable objection. Seller and Buyer shall each bear one-half of the fees and costs of the Appraisal.

(i) If within fifteen (15) days after delivery of the Appraisal to Buyer (the "**Objection Period**"), Buyer has not given Seller written notice of an objection as to the Appraisal (which notice shall state in reasonable detail the basis of Buyer's objections (the "**Objection Notice**")), the Appraisal and determination of the Terminal Value and the Membership Interest Value as reflected in the Appraisal will be final, binding and conclusive on the Parties, absent fraud or manifest error.

(ii) In the event that the Terminal Value is less than the Membership Interest Value, the Parties will enter into Amendment No. 5 to First Amended and Restated Agreement of Limited Partnership of Holly Energy Partners, L.P. substantially in the form of Exhibit C ("**Amendment No. 5**"). In the event that the Terminal Value is more than the Membership Value, neither Party shall have any obligation to enter into Amendment No. 5, and Seller shall contribute to the Partnership an amount in cash equal to the excess of the Terminal Value over the Membership Value.

(iii) If Buyer timely gives Seller an Objection Notice within the Objection Period and if Seller and Buyer fail to resolve the issues raised by the Objection Notice within thirty (30) days after giving the Objection Notice, the Parties shall submit the issues remaining in dispute for resolution to a recognized independent appraisal company acceptable to the Parties (the "**Independent Appraiser**"). The Independent Appraiser shall be directed to resolve only those issues in dispute and render a written report on the resolution of disputed issues with respect to the Terminal Value and/or the Membership Interest Value no later than sixty (60) days after the date on which the Independent Appraiser are engaged. Seller and Buyer shall use commercially reasonable efforts to furnish or cause to be furnished to the Independent Appraiser such documents and information related to the disputed issues as the Independent Appraiser may request and are available to such Party. Seller and Buyer shall each bear one-half of the fees and costs of the Independent Appraiser. The determination of the Terminal Value and the Membership Interest Value as reflected in the Independent Appraiser's report will be final, binding and conclusive on the Parties, absent fraud or manifest error.

ARTICLE III
CLOSING

3.1. Closing. The closing of the transactions contemplated hereby (the "**Closing**") shall take place simultaneously with the execution of this Agreement. The date of the Closing is referred to herein as the "**Closing Date**" and the Closing is deemed to be effective as of 12:01 a.m., Dallas, Texas time, on the date hereof (the "**Effective Time**").

3.2. Deliveries by Seller. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(a) A counterpart to the assignment of limited liability company membership interests transferring the LLC Interest to Buyer, substantially in the form of Exhibit D (the "**Assignment**"), duly executed by Seller.

(b) The original minute books, company books and membership registers for the Company.

(c) A counterpart of the Second Amended and Restated Refined Products Pipelines and Refined Products Terminals Agreement in a form mutually acceptable to the Parties (the "**Second Amended and Restated Pipelines and Terminals Agreement**"), duly executed by Seller.

(d) A counterpart of the Fourteenth Amended and Restated Omnibus Agreement in a form mutually acceptable to the Parties (the "**Amended and Restated Omnibus Agreement**"), duly executed by HFC and each applicable subsidiary of HFC (excluding the HEP Entities).

(e) A counterpart of the Amended and Master Throughput Agreement in a form mutually acceptable to the Parties (as the same may be amended from time to time hereafter, the "**Amended and Restated Master Throughput Agreement**"), duly executed by HFC and each applicable subsidiary of HFC (excluding the HEP Entities).

(f) Evidence in form and substance satisfactory to Buyer of the release and termination of any Encumbrances on the LLC Interest, if any.

(g) A properly executed certificate, in the form prescribed by Treasury regulations under Section 1445 of the Code, stating that HFC (the person from whom Seller is disregarded as an entity for U.S. federal income tax purposes) is not a "foreign person" within the meaning of Section 1445 of the Code.

3.3. Deliveries by Buyer. At the Closing (or such later date as may be set forth below), Buyer shall deliver, or cause to be delivered, to Seller the following:

(a) A counterpart of the Assignment duly executed by Buyer.

(b) A counterpart of the Second Amended and Restated Pipelines and Terminals Agreement, duly executed by Buyer.

(c) A counterpart of the Amended and Restated Omnibus Agreement, duly executed by the Partnership and each applicable subsidiary of the Partnership.

(d) A counterpart of the Amended and Restated Master Throughput Agreement, duly executed by the Partnership and each applicable subsidiary of the Partnership.

3.4. Closing Costs; Transfer Taxes and Fees.

(a) Allocation of Costs. Buyer shall pay the cost of all sales, transfer and use taxes arising out of the transfer of the LLC Interest.

(b) Reimbursement. If a Party pays any tax agreed to be borne by the other Party under this Agreement, such other Party shall promptly reimburse the paying Party for the amounts so paid. If any Party receives any tax refund or credit applicable to a tax paid by another Party hereunder, the receiving Party shall promptly pay such amounts to the Party entitled thereto.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer that as of the Effective Time:

4.1. Organization. Seller is an entity duly organized, validly existing and in good standing under the Applicable Laws of the State of Delaware.

4.2. Authorization. Seller has full limited liability company power and authority to execute, deliver, and perform this Agreement and any Seller Ancillary Documents. The execution, delivery, and performance by Seller of this Agreement and the Seller Ancillary Documents and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly authorized by all necessary limited liability company action of Seller. This Agreement has been duly executed and delivered by Seller and constitutes, and each Seller Ancillary Document executed or to be executed by Seller has been, or when executed will be, duly executed and delivered by Seller and constitutes, or when executed and delivered will constitute, a valid and legally binding obligation of Seller, enforceable against it in accordance with their terms, except to the extent that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Applicable Laws affecting creditors' rights and remedies generally and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

4.3. Company Status.

(a) The Company is duly organized, validly existing and in good standing under the laws of the State of Delaware and (i) has all requisite limited liability company power and authority to own, operate, use or lease its properties and assets and to carry on its business as it is now being conducted, and (ii) is duly qualified to do business and is in good standing in each of the jurisdictions in which the ownership, operation or leasing of its properties and assets and the conduct of its business requires it to be so qualified,

licensed or authorized, except, in the case of clause (ii), where the failure to have such power and authority or to be so qualified, licensed or authorized would not, individually or in the aggregate, be reasonably likely to cause a Material Adverse Effect on the Company. Schedule 4.3(a) lists all jurisdictions in which the Company is qualified to do business.

(b) The Company does not directly or indirectly, own any interest in any corporation, partnership, limited liability company, limited partnership, joint venture or other business association or entity, foreign or domestic.

(c) The Company was formed for the purpose of acquiring the Osage Membership Interest, has no assets except for the Osage Membership Interest, and has not conducted any business other than the ownership of the Osage Membership Interest.

(d) Seller has made available to Buyer a copy of the certificate of formation and limited liability company agreement of the Company, such copy being complete and correct and in full force and effect on the date hereof, and no amendment or modification of any such document has been filed, recorded or is pending or contemplated. The Company is not in violation of any provision of its certificate of formation or limited liability company agreement.

4.4. No Conflicts or Violations; No Consents or Approvals Required.

(a) The execution, delivery and performance by Seller of this Agreement and the other Seller Ancillary Documents does not, and the consummation of the transactions contemplated hereby and thereby will not, (i) violate, conflict with, or result in any breach of any provision of Seller's organizational documents or (ii) subject to obtaining the Consents or making the registrations, declarations or filings set forth in the last sentence of this Section (a), violate in any material respect any Applicable Law or material Contract binding upon Seller. Except as set forth on Schedule 4.4(a), no Consent of any Governmental Authority or any other person is required for Seller in connection with Seller's execution, delivery or performance of this Agreement or the Seller Ancillary Documents or consummation of the transactions contemplated hereby or thereby.

(b) The consummation of the transactions contemplated by this Agreement and the other Seller Ancillary Documents will not, (i) violate, conflict with, or result in any breach of any provision of the Company's organizational documents or (ii) subject to obtaining the Consents or making the registrations, declarations or filings set forth in the next sentence, violate in any material respect any Applicable Law or material contract binding upon the Company. Except as set forth on Schedule 4.4(b), no Consent of any Governmental Authority or any other person is required for the Company in connection with the performance of this Agreement and the Seller Ancillary Documents or the consummation of the transactions contemplated hereby or thereby.

4.5. Absence of Litigation; Compliance with Law. There is no Action pending or, to the Knowledge of Seller, threatened against (i) the Company or (ii) Seller or any of its Affiliates relating to the transactions contemplated by this Agreement or the Ancillary Documents or which, if adversely determined, would reasonably be expected to materially impair the ability of Seller to perform its obligations and agreements under this Agreement or the Seller Ancillary Documents and to consummate the transactions contemplated hereby and thereby. The Company has operated in compliance with all Applicable Laws except as would not, individually or in the aggregate, be reasonably likely to cause a Material Adverse Effect on the Company.

4.6. Title to LLC Interest; Capitalization.

(a) Seller is the record owner of and has good and valid title to the LLC Interest, free and clear of all Encumbrances, and sole and unrestricted voting power and power of disposition with respect to all of the LLC Interest. Except for any Claims arising under this Agreement and any other agreement entered into by Seller in connection with this Agreement, Seller and its Affiliates have no Claims of any kind against the Company, or any of its officers, managers, directors or employees. The LLC Interest has been duly authorized and validly issued in accordance with Applicable Laws and the organizational documents of the Company, including its limited liability company agreement, and is fully paid (to the extent required by the limited liability company agreement of the Company) and nonassessable (except to the extent such nonassessability may be affected by Sections 18-607 and 18-804 of DLLCA).

(b) There are no options or rights to purchase or acquire, or agreements, arrangements, commitments or understandings relating to, the LLC Interest except pursuant to this Agreement and the Amended and Restated Omnibus Agreement. There are no (i) authorized or outstanding securities of or equity interests in the Company of any kind other than the LLC Interest, (ii) there are no outstanding options, warrants, subscriptions, puts, calls or other rights, agreements, arrangements or commitments (preemptive, contingent or otherwise) obligating Seller or Company to offer, issue, sell, redeem, repurchase, otherwise acquire or transfer, pledge or encumber any securities of or equity interest in the Company; and (iii) there are no outstanding securities or obligations of any kind of any of the Company that are convertible into or exercisable or exchangeable for any equity interest in the Company.

(c) Upon consummation of the transactions contemplated by this Agreement, Buyer will have the entire record and beneficial ownership of the LLC Interest, free and clear of all Encumbrances.

(d) Neither the ROFR Waiver Letter nor the Osage LLC Agreement has been amended, supplemented or otherwise modified. The acquisition by the Company of the Osage Membership Interest pursuant to the Magellan Agreement was, and the acquisition of the LLC Interest by Buyer pursuant to this Agreement is, a Proposed Transaction (as defined in the ROFR Waiver Letter) and is permitted under the Osage LLC Agreement without entitling the counterparty thereto to exercise any rights of first refusal or tagalong rights.

4.7. No Undisclosed Liabilities. Except as set forth on Schedule 4.7, the Company does not now have any indebtedness or liability (whether absolute, accrued, contingent or otherwise) of any nature, other than its obligations under the Magellan Agreement, and (a) neither Seller (or any other HFC Entity, as the case may be) nor to Seller's Knowledge, any counterparty thereto, is in material breach of its obligations under the Magellan Agreement or ROFR Waiver Letter, and (b) neither the Company, nor to Seller's Knowledge, any counterparty thereto, is currently in material breach of its obligations under the Magellan Agreement.

4.8. No Employees. The Company does not now have nor has it ever had any employees.

4.9. Taxes. The Company and Osage have filed, on or before the applicable due date (including any extensions thereof), all material tax returns that they were required to file, and all such tax returns were accurate, correct, and complete in all material respects. All taxes due and owing by the Company and Osage have been paid in full or are being properly contested. The Company is, and at all time since its formation has been, disregarded as an entity separate from Seller for U.S. federal income tax purposes, and no election has been filed on or before the Closing Date that would change such classification on or after the Closing Date. Osage has been and is currently classified as a partnership for purposes of federal and state income tax laws.

4.10. Brokers and Finders. No investment banker, broker, finder, financial advisor or other intermediary has been retained by or is authorized to act on behalf of Seller who is entitled to receive from Buyer any fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller that as of the Effective Time:

5.1. Organization. Buyer is an entity duly organized, validly existing and in good standing under the Applicable Laws of the State of Delaware.

5.2. Authorization. Buyer has full partnership power and authority to execute, deliver, and perform this Agreement and any Buyer Ancillary Documents. The execution, delivery, and performance by Buyer of this Agreement and the Buyer Ancillary Documents and the consummation by Buyer of the transactions contemplated hereby and thereby, have been duly authorized by all necessary partnership action of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes, and each such Buyer Ancillary Document executed or to be executed Buyer has been, or when executed will be, duly executed and delivered by Buyer and constitutes, or when executed and delivered will constitute, a valid and legally binding obligation of Buyer, enforceable against it in accordance with their terms, except to the extent that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Applicable Laws affecting creditors' rights and remedies generally and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

5.3. No Conflicts or Violations; No Consents or Approvals Required. The execution, delivery and performance by Buyer of this Agreement and the Buyer Ancillary Documents does not, and consummation of the transactions contemplated hereby and thereby will not, (i) violate, conflict with, or result in any breach of any provisions of Buyer's organizational documents or (ii) subject to obtaining the Consents or making the registrations, declarations or filings set forth in the last sentence of this Section 5.3, violate in any material respect any Applicable Law or material contract binding upon Buyer. Except as set forth on Schedule 5.3, no Consent of any Governmental Authority or any other person is required for Buyer in connection with the Buyer's execution, delivery or performance of this Agreement or the Buyer Ancillary Documents or the consummation of the transactions contemplated hereby and thereby.

5.4. Absence of Litigation. There is no Action pending or, to the Knowledge of Buyer, threatened against Buyer or any of its Affiliates relating to the transactions contemplated by this Agreement or the Buyer Ancillary Documents or which, if adversely determined, would reasonably be expected to materially impair the ability of Buyer to perform its obligations and agreements under this Agreement or the Buyer Ancillary Documents and to consummate the transactions contemplated hereby and thereby.

5.5. Brokers and Finders. No investment banker, broker, finder, financial advisor or other intermediary has been retained by or is authorized to act on behalf of Buyer who is entitled to receive from Seller any fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF HFC

HFC hereby represents and warrants to Buyer and Seller that as of the date of this Agreement:

6.1. Organization. HFC is an entity duly organized, validly existing and in good standing under the Applicable Laws of the State of Delaware.

6.2. Authorization. HFC has full corporate power and authority to execute, deliver, and perform its obligations under Articles VI and XI. The execution, delivery, and performance by HFC of its obligations under this Agreement and the consummation by HFC of the transactions contemplated hereby, have been duly authorized by all necessary corporate action of HFC. This Agreement has been duly executed and delivered by HFC and constitutes a valid and legally binding obligation of HFC with respect to Articles VI and XI, enforceable against it in accordance with their terms, except to the extent that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Applicable Laws affecting creditors' rights and remedies generally and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

6.3. No Conflicts or Violations; No Consents or Approvals Required. The execution, delivery and performance by HFC of its obligations under this Agreement does not, and consummation of the transactions contemplated hereby will not, (i) violate, conflict with, or result in any breach of any provisions of HFC's organizational documents or (ii) subject to obtaining the Consents or making the registrations, declarations or filings set forth in the next sentence, violate any Applicable Law or material contract binding upon

HFC. Except as set forth on Schedule 6.3, no Consent of any Governmental Authority or any other person is required for HFC in connection with the execution, delivery and performance of its obligations this Agreement or the consummation by HFC of the transactions contemplated hereby.

6.4. Absence of Litigation. There is no Action pending or, to the Knowledge of HFC, threatened against HFC or any of its Affiliates relating to the transactions contemplated by this Agreement or which, if adversely determined, would reasonably be expected to materially impair the ability of HFC to perform its obligations and agreements under this Agreement and to consummate the transactions contemplated hereby.

6.5. Brokers and Finders. No investment banker, broker, finder, financial advisor or other intermediary has been retained by or is authorized to act on behalf of HFC who is entitled to receive from Buyer any fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE VII COVENANTS

7.1. Additional Agreements. Subject to the terms and conditions of this Agreement, the Ancillary Documents and the Amended and Restated Omnibus Agreement, each of the Parties shall use its commercially reasonable efforts to do, or cause to be taken all action and to do, or cause to be done, all things necessary, proper, or advisable under Applicable Laws to consummate and make effective the transactions contemplated by this Agreement. If at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, the Parties and their duly authorized representatives shall use commercially reasonable efforts to take all such action.

ARTICLE VIII ADDITIONAL AGREEMENTS

8.1. Further Assurances. After the Closing, each Party shall take such further actions, including obtaining consents to assignment from third parties, and execute such further documents as may be necessary or reasonably requested by the other Parties in order to effectuate the intent of this Agreement and the Ancillary Documents and to provide such other Parties with the intended benefits of this Agreement and the Ancillary Documents.

ARTICLE IX INDEMNIFICATION

9.1. Indemnification of Buyer and Seller. From and after the Closing and subject to the provisions of this Article IX, (i) Seller agrees to indemnify and hold harmless the Buyer Indemnified Parties from and against any and all Buyer Indemnified Costs and (ii) Buyer agrees to indemnify and hold harmless the Seller Indemnified Parties from and against any and all Seller Indemnified Costs.

9.2. Defense of Third-Party Claims. An Indemnified Party shall give prompt written notice to Seller or Buyer, as applicable (the "Indemnifying Party"), of the commencement or assertion of any action, proceeding, demand, or claim by a third party (collectively, a "third party action") in respect of which such Indemnified Party seeks indemnification hereunder. Any failure so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party under this Article IX unless the failure to give such notice materially and adversely prejudices the Indemnifying Party. The Indemnifying Party shall have the right to assume control of the defense of, settle, or otherwise dispose of such third-party action on such terms as it deems appropriate; provided, however, that:

(a) The Indemnified Party shall be entitled, at its own expense, to participate in the defense of such third-party action (provided, however, that the Indemnifying Party shall pay the attorneys' fees of the Indemnified Party if (i) the employment of separate counsel shall have been authorized in writing by the Indemnifying Party in connection with the defense of such third-party action, (ii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to have charge of such third-party action, (iii) the Indemnified Party shall have reasonably concluded that there may be defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, or (iv) the Indemnified Party's counsel shall have advised the Indemnified Party in writing, with a copy delivered to the Indemnifying Party, that there is a material conflict of interest that could violate applicable standards of professional conduct to have common counsel);

(b) The Indemnifying Party shall obtain the prior written approval of the Indemnified Party before entering into or making any settlement, compromise, admission, or acknowledgment of the validity of such third-party action or any liability in respect thereof if, pursuant to or as a result of such settlement, compromise, admission, or acknowledgment, injunctive or other equitable relief would be imposed against the Indemnified Party or if, in the opinion of the Indemnified Party, such settlement, compromise, admission, or acknowledgment could have a Material Adverse Effect on its business;

(c) The Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnified Party of a release from all liability in respect of such third-party action; and

(d) The Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or

acknowledgment of any third-party action (i) as to which the Indemnifying Party fails to assume the defense within a reasonable length of time or (ii) to the extent the third-party action seeks an order, injunction, or other equitable relief against the Indemnified Party which, if successful, would materially adversely affect the business, operations, assets, or financial condition of the Indemnified Party; provided, however, that the Indemnified Party shall make no settlement, compromise, admission, or acknowledgment that would give rise to liability on the part of any Indemnifying Party without the prior written consent of such Indemnifying Party.

The Parties shall extend reasonable cooperation in connection with the defense of any third-party action pursuant to this Article IX and, in connection therewith, shall furnish such records, information, and testimony and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested.

9.3. Direct Claims. In any case in which an Indemnified Party seeks indemnification hereunder which is not subject to Section 9.2 because no third-party action is involved, the Indemnified Party shall notify the Indemnifying Party in writing of any Indemnified Costs which such Indemnified Party claims are subject to indemnification under the terms hereof. Subject to the limitations set forth in Section 9.4(a), the failure of the Indemnified Party to exercise promptness in such notification shall not amount to a waiver of such claim unless the resulting delay materially prejudices the position of the Indemnifying Party with respect to such claim.

9.4. Limitations. The following provisions of this Section 9.4 shall limit the indemnification obligations hereunder:

(a) **Limitation as to Time.** The Indemnifying Party shall not be liable for any Indemnified Costs pursuant to this Article IX unless a written claim for indemnification in accordance with Section 9.2 or Section 9.3 is given by the Indemnified Party to the Indemnifying Party with respect thereto on or before 5:00 p.m., Dallas, Texas time, on the anniversary of the Closing Date; provided that the Indemnifying Party shall be liable for Indemnified Costs with respect to claims for indemnification for breach of the representations and warranties contained in Sections 4.1 (Organization), 4.2 (Authorization), 4.3(a) (Company Status), 4.6 (Title to LLC Interest; Capitalization), 4.9 (Taxes), 5.1 (Organization), 5.2 (Authorization), 6.1 (Organization) and 6.2 (Authorization), if a written claim for indemnification in accordance with Section 9.2 or Section 9.3 is given by the Indemnified Party to the Indemnifying Party at any time prior to the expiration of the applicable statute of limitations.

(b) **Sole and Exclusive Remedy.** Each Party acknowledges and agrees that, after the Closing Date, notwithstanding any other provision of this Agreement to the contrary, Buyer's and the other Buyer Indemnified Parties' and Seller and the other Seller Indemnified Parties' sole and exclusive remedy with respect to the Indemnified Costs shall be in accordance with, and limited by, the provisions set forth in this Article IX. The Parties further acknowledge and agree that the foregoing is not the remedy for and does not limit the Parties' remedies for matters covered by the indemnification provisions contained in the Amended and Restated Omnibus Agreement.

9.5. Tax Related Adjustments. Seller and Buyer agree that any payment of Indemnified Costs made hereunder by Buyer will be treated by the Parties on their tax returns as an adjustment to the taxable consideration received by Buyer in exchange for the El Paso Hawkins Terminal.

ARTICLE X MISCELLANEOUS

10.1. Expenses. Except as provided in Section 3.4 of this Agreement, or as provided in the Ancillary Documents or the Amended and Restated Omnibus Agreement, all costs and expenses incurred by the Parties in connection with the consummation of the transactions contemplated hereby shall be borne solely and entirely by the Party which has incurred such expense.

10.2. Notices. Any notice or other communication given under this Agreement shall be in writing and shall be provided in the manner, and deemed delivered at the time, set forth in the Amended and Restated Omnibus Agreement.

10.3. Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced under Applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner adverse to any Party. Upon such determination that any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible.

10.4. Dispute Resolution. Any Dispute arising out of or in connection with this Agreement, including any question regarding the existence, or validity or termination of this Agreement, shall be exclusively resolved in accordance with the provisions relating to dispute resolution set forth in the Amended and Restated Omnibus Agreement. Pending resolution of any Dispute between the Parties, the Parties shall continue to perform in good faith their respective obligations under this Agreement based upon the last agreed performance demonstrated prior to the Dispute.

10.5. Governing Law; Jurisdiction; Waiver of Jury Trial. 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. Each Party hereby submits to the jurisdiction of the state and federal courts in the State of Texas and to venue in Dallas, Texas. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.6. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party and their successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

10.7. Assignment of Agreement. At any time, the Parties may make a collateral assignment of their rights under this Agreement to any of their bona fide lenders or debt holders, or a trustee or a representative for any of them, and the non-assigning Parties shall execute an acknowledgment of such collateral assignment in such form as may from time to time be reasonably requested; *provided, however,* that unless written notice is given to the non-assigning Parties that any such collateral assignment has been foreclosed upon, such non-assigning Parties shall be entitled to deal exclusively with Seller or HFC, as the case may be, as to any matters arising under this Agreement, the Ancillary Documents or the Amended and Restated Omnibus Agreement (other than for delivery of notices required by any such collateral assignment). Except as otherwise provided in this Section 10.7, neither this Agreement nor any of the rights, interests, or obligations hereunder may be assigned by any Party without the prior written consent of the other Parties.

10.8. Captions. The captions in this Agreement are for purposes of reference only and shall not limit or otherwise affect the interpretation hereof.

10.9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.10. Director and Officer Liability. The directors, managers, officers, partners and stockholders of HFC, Buyer, Seller and their respective Affiliates shall not have any personal liability or obligation arising under this Agreement (including any claims that another party may assert) other than, if applicable, as a direct party to or as an assignee of this Agreement or pursuant to a written guarantee.

10.11. Integration. This Agreement and the Ancillary Documents supersede any previous understandings or agreements among the Parties, whether oral or written, with respect to their subject matter. This Agreement and the Ancillary Documents contain the entire understanding of the Parties with respect to the subject matter hereof and thereof. No understanding, representation, promise or agreement, whether oral or written, is intended to be or shall be included in or form part of this Agreement or the Ancillary Documents unless it is contained in a written amendment hereto or thereto and executed by the Parties hereto or thereto after the date of this Agreement or the Ancillary Documents. To the extent that there is any conflict between the Ancillary Documents and this Agreement, this Agreement shall prevail.

10.12. Effect of Agreement. The Parties ratify and confirm that except as otherwise expressly provided herein, in the event this Agreement conflicts in any way with the Amended and Restated Omnibus Agreement, the terms and provisions of the Amended and Restated Omnibus Agreement shall control.

10.13. Amendment; Waiver. This Agreement may be amended only in a writing signed by all parties hereto. Any waiver of rights hereunder must be set forth in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive any party's rights at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

10.14. Survival of Representations and Warranties. The representations and warranties set forth in this Agreement shall survive the Closing until 5:00 p.m., Dallas, Texas time on, on the anniversary of the Closing Date, except that the representations and warranties contained in Sections 4.1 (Organization), 4.2 (Authorization), 4.3(a) (Company Status), 4.6 (Title to LLC Interest; Capitalization), 4.9 (Taxes), 5.1 (Organization), 5.2 (Authorization), 6.1 (Organization) and 6.2 (Authorization) shall survive until the expiration of the applicable statute of limitations; provided, however, that any representation and warranty that is the subject of a claim for indemnification hereunder which claim was timely made pursuant to Section 9.4(a) shall survive with respect to such claim until such claim is finally paid or adjudicated.

10.15. WAIVERS AND DISCLAIMERS. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES AND OTHER COVENANTS AND AGREEMENTS MADE BY THE PARTIES IN THIS AGREEMENT AND THE ANCILLARY DOCUMENTS AND THE AMENDED AND RESTATED OMNIBUS AGREEMENT, THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT NONE OF THE PARTIES HAS MADE, DOES NOT MAKE, AND EACH SUCH PARTY SPECIFICALLY NEGATES AND DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS, IMPLIED OR STATUTORY, ORAL OR WRITTEN, PAST OR PRESENT, REGARDING (I) THE VALUE, NATURE, QUALITY OR CONDITION OF THE LLC INTEREST OR ANY ASSETS OWNED BY OSAGE, (II) THE INCOME TO BE DERIVED FROM THE LLC INTEREST OR THE ASSETS OWNED BY OSAGE, (III) THE SUITABILITY OF THE ASSETS OWNED BY OSAGE FOR ANY AND ALL ACTIVITIES AND USES THAT MAY BE CONDUCTED THEREWITH, (IV) THE COMPLIANCE OF OR BY THE ASSETS OWNED BY OSAGE OR THEIR OPERATION WITH ANY APPLICABLE LAWS (INCLUDING WITHOUT LIMITATION ANY ZONING, ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS), OR (V) THE MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE ASSETS OWNED BY OSAGE. EXCEPT TO THE EXTENT PROVIDED IN THIS AGREEMENT THE ANCILLARY DOCUMENTS OR THE AMENDED AND RESTATED OMNIBUS AGREEMENT, NONE OF THE PARTIES IS LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE LLC INTEREST, THE COMPANY OR THE ASSETS OF OSAGE FURNISHED BY ANY AGENT, EMPLOYEE, SERVANT OR THIRD PARTY. EXCEPT TO THE EXTENT PROVIDED IN THIS AGREEMENT THE ANCILLARY DOCUMENTS OR THE AMENDED AND RESTATED OMNIBUS AGREEMENT, EACH OF THE PARTIES HERETO ACKNOWLEDGES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE TRANSFER AND CONVEYANCE OF THE LLC INTEREST SHALL BE MADE IN AN "AS IS," "WHERE IS" CONDITION WITH ALL FAULTS, AND THE LLC INTEREST IS TRANSFERRED AND CONVEYED SUBJECT TO

ALL OF THE MATTERS CONTAINED IN THIS SECTION. THIS SECTION SHALL SURVIVE THE TRANSFER AND CONVEYANCE OF THE LLC INTEREST OR THE TERMINATION OF THIS AGREEMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED BY THE PARTIES AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE LLC INTEREST, THE COMPANY OR THE ASSETS OF OSAGE THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT, OR OTHERWISE, EXCEPT AS SET FORTH IN THIS AGREEMENT THE ANCILLARY DOCUMENTS OR THE AMENDED AND RESTATED OMNIBUS AGREEMENT.

ARTICLE XI GUARANTEE

11.1. Payment Guaranty. HFC unconditionally, absolutely, continually and irrevocably guarantees, as principal and not as surety, to Buyer the punctual and complete payment in full when due of all Buyer Indemnified Costs by the Indemnifying Party under this Agreement (collectively, the "**Payment Obligations**"). HFC agrees that Buyer shall be entitled to enforce directly against HFC any of the Payment Obligations.

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

- (a) any assignment or other transfer of the Agreement or any of the rights thereunder of Buyer;
- (b) any amendment, waiver, renewal, extension or release of or any consent to or departure from or other action or inaction related to the Agreement;
- (c) any acceptance by Buyer of partial payment or performance from the Indemnifying Party;
- (d) any bankruptcy, insolvency, reorganization, arrangement, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Indemnifying Party, or any action taken with respect to the Agreements by any trustee or receiver, or by any court, in any such proceeding;
- (e) any absence of any notice to, or Knowledge of, HFC, of the existence or occurrence of any of the matters or events set forth in the foregoing subsections (a) through (d); or
- (f) any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor.

The obligations of HFC 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 Payment Obligations or otherwise.

11.3. Waiver. HFC hereby waives promptness, diligence, all setoffs, presentments, protests and notice of acceptance and any other notice relating to any of the Payment Obligations and any requirement for Buyer 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 Indemnifying Party, any other entity or any collateral.

11.4. Subrogation Waiver. HFC agrees that it shall not have any rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification or other rights of payment or recovery from the Indemnifying Party for any payments made by HFC under this Article XI until all Payment Obligations have been indefeasibly paid, and HFC 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 Indemnifying Party until all Payment Obligations have been indefeasibly paid.

11.5. Reinstatement. The obligations of HFC under this Article XI shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Payment Obligations is rescinded or must otherwise be returned to the Indemnifying Party or any other entity, upon the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation or reorganization of the Indemnifying Party or such other entity, or for any other reason, all as though such payment had not been made.

11.6. Continuing Guaranty. This Article XI 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 Payment Obligations, (ii) be binding upon HFC, its successors and assigns and (iii) inure to the benefit of and be enforceable by Buyer and its successors, transferees and assigns.

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

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IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Time.

SELLER:

HOLLYFRONTIER REFINING & MARKETING LLC

By: /s/ George J. Damiris
George J. Damiris
Chief Executive Officer and President

BUYER:

HOLLY ENERGY PARTNERS – OPERATING, L.P.

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

**ACKNOWLEDGED AND AGREED FOR
THE PURPOSES ONLY OF ARTICLES VI and XI:**

HOLLYFRONTIER CORPORATION

By: /s/ George J. Damiris
George J. Damiris
Chief Executive Officer and President

**ACKNOWLEDGED AND AGREED FOR
THE PURPOSES ONLY OF SECTION 2.2(c):**

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/ Michael C. Jennings
Michael C. Jennings
Chief Executive Officer

HEP LOGISTICS HOLDINGS, L.P.

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

By: /s/ Michael C. Jennings _____
Michael C. Jennings
Chief Executive Officer

EXHIBIT A
to
LLC INTEREST PURCHASE AGREEMENT

Definitions

"**Action**" means any claim, action, suit, investigation, inquiry, proceeding, condemnation or audit by or before any court or other Governmental Authority or any arbitration proceeding.

"**Affiliate**" means, with 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 (i) 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, (ii) ownership of 50% or more of the equity or equivalent interest in any person and (iii) the ability to direct the business and affairs of any person by acting as a general partner, manager or otherwise. Notwithstanding the foregoing, no HollyFrontier Entity will be considered an Affiliate of an HEP Entity, and no HEP Entity will be considered an Affiliate of a HFC Entity.

"**Agreement**" has the meaning set forth in the Preamble.

"**Amended and Restated Omnibus Agreement**" has the meaning set forth in Section 3.2(d).

"**Amendment No. 5**" has the meaning set forth in Section 2.2(c)(ii).

"**Ancillary Documents**" means, collectively, the Buyer Ancillary Documents and the Seller Ancillary Documents.

"**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 by 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.

"**Appraisal**" has the meaning set forth in Section 2.2(c).

"**Assignment**" has the meaning set forth in Section 3.2(a).

"**bpd**" means barrels per day.

"**Business Day**" means any day other than Saturday, Sunday or other day upon which commercial banks in Dallas, Texas are authorized by law to close.

"**Buyer**" has the meaning set forth in the Preamble.

"**Buyer Ancillary Documents**" means each agreement, document, instrument or certificate to be delivered by Buyer, or their Affiliates, at the Closing pursuant to Section 3.3 and each other document or Contract entered into by Buyer, or the Partnership, or their Affiliates, in connection with this Agreement or the Closing.

"**Buyer Indemnified Costs**" means, subject to Article IX, any and all damages, losses, Claims, assessments, judgments,

liabilities, demands, charges, suits, penalties, costs, and expenses (including court costs and reasonable attorneys' fees and expenses incurred in investigating and preparing for any litigation or proceeding) that any of the Buyer Indemnified Parties incurs and that arise out of or relate to any breach of a representation, warranty or covenant of Seller under this Agreement. Notwithstanding anything in the foregoing to the contrary, Buyer Indemnified Costs shall exclude any and all indirect, consequential, punitive, or exemplary damages (other than those that are a result of (a) a third-party action for such indirect, consequential, punitive or exemplary damages, or (b) the gross negligence or willful misconduct of Seller or, to the extent occurring before the Closing Date, the Company).

"Buyer Indemnified Parties" means Buyer and the Partnership and each officer, director, partner, manager, employee, consultant, stockholder, and Affiliate of Buyer and the Partnership, including, without limitation, the Company.

"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.

"Closing" has the meaning set forth in [Section 3.1](#).

"Closing Date" has the meaning set forth in [Section 3.1](#).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the Recitals.

"Consents" means all notices to, authorizations, consents, Orders or approvals of, or registrations, declarations or filings with, or expiration of waiting periods imposed by, any Governmental Authority, and any notices to, consents or approvals of any other third party, in each case that are required by Applicable Law or by Contract in order to consummate the transactions contemplated by this Agreement and the Ancillary Documents.

"Contract" means any written or oral contract, agreement, indenture, instrument, note, bond, loan, lease, mortgage, franchise, license agreement, purchase order, binding bid or offer, binding term sheet or letter of intent or memorandum, commitment, letter of credit or any other legally binding arrangement, including any amendments or modifications thereof and waivers relating thereto.

"Contract Quarter" means each three-month calendar quarter, commencing January 1, 2016.

"Dispute" means any dispute or difference that arises between the Parties in connection with or arising out of this Agreement (including, any dispute as to the termination or invalidity of this Agreement or any provision of it).

"DLLCA" means the Delaware Limited Liability Company Act, 6 Del.C. §18-101 et seq., as amended from time to time.

"Effective Time" has the meaning set forth in [Section 3.1](#).

"El Dorado Refinery" means the petroleum refinery owned by HollyFrontier El Dorado Refining LLC and located in El Dorado, Kansas.

"El Paso Hawkins Terminal" has the meaning set forth in the Terminal Transfer Agreement.

"El Paso Logistics" means El Paso Logistics LLC, a Delaware limited liability company and Affiliate of Seller.

"Encumbrance" means any mortgage, pledge, charge, hypothecation, claim, easement right of purchase, security interest, deed of trust, conditional sales agreement, encumbrance, interest, option, lien, right of first refusal, right of way, defect in title, encroachments or other restriction, whether or not imposed by operation of Applicable Law, any voting trust or voting agreement, stockholder agreement or proxy.

"Force Majeure" has the meaning set forth in the Amended and Restated Omnibus Agreement.

"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.

"HEP Entities" means Holly Logistic Services, L.L.C., HEP Logistics Holdings, L.P. and the Partnership and its direct and indirect subsidiaries.

"**HEP General Partner**" has the meaning set forth in the Preamble.

"**HEP Refining**" means HEP Refining Assets, L.P., a Delaware limited partnership and Affiliate of Buyer.

"**HFC**" has the meaning set forth in the Preamble.

"**HFC Entities**" means HFC and its direct and indirect subsidiaries other than the HEP Entities.

"**Indemnified Costs**" means Buyer Indemnified Costs and Seller Indemnified Costs, as applicable.

"**Indemnified Party**" means Buyer Indemnified Parties and Seller Indemnified Parties.

"**Indemnifying Party**" has the meaning set forth in Section 9.2.

"**Independent Appraiser**" has the meaning set forth in Section 2.2(c)(iii).

"**Knowledge**" and any variations thereof, or words to the same effect, means (i) with respect to Seller and HFC, actual knowledge after reasonable inquiry of George Damiris; and (ii) with respect to Buyer, actual knowledge after reasonable inquiry of Mark T. Cunningham and Richard L. Voliva III.

"**LLC Interest**" has the meaning set forth in the Recitals.

"**Magellan**" has the meaning set forth in the Recitals.

"**Magellan Agreement**" has the meaning set forth in the Recitals.

"**Material Adverse Effect**" means any adverse change, circumstance, effect or condition in or relating to the assets, financial condition, results of operations, or business of any person that materially affects the business of such person or that materially impedes the ability of any person to consummate the transactions contemplated hereby, other than any change, circumstance, effect or condition in the refining or pipelines industries generally (including any change in the prices of crude oil, natural gas, natural gas liquids, feedstocks or refined products or other hydrocarbon products, industry margins or any regulatory changes or changes in Applicable Law) or in United States or global economic conditions or financial markets in general. Any determination as to whether any change, circumstance, effect or condition has a Material Adverse Effect shall be made only after taking into account all effective insurance coverages and effective third-party indemnifications with respect to such change, circumstance, effect or condition.

"**Membership Interest Value**" has the meaning set forth in Section 2.2(c).

"**Objection Notice**" has the meaning set forth in Section 2.2(c)(i).

"**Objection Period**" has the meaning set forth in Section 2.2(c)(i).

"**Order**" means any order, writ, injunction, decree, compliance or consent order or decree, settlement agreement, schedule and similar binding legal agreement issued by or entered into with a Governmental Authority.

"**Osage**" has the meaning set forth in the Recitals.

"**Osage LLC Agreement**" means the Limited Liability Company Agreement of Osage dated March 2, 2004, as amended on or about the date hereof in connection with the transactions contemplated by this Agreement.

"**Osage Membership Interest**" has the meaning set forth in the Recitals.

"**Osage Pipeline**" means that certain pipeline system owned and operated by Osage and comprised of a 135-mile, 20-inch pipe line originating in Cushing, Oklahoma, and terminating within the El Dorado tank farm near El Dorado, Kansas, along with associated pumping and metering stations and equipment.

"**Partnership**" has the meanings set forth in the Preamble.

"**Party**" and "**Parties**" has the meanings set forth in the Preamble.

"**Payment Obligations**" has the meanings set forth in Section 11.1.

"**Person**" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated

organization, association, Governmental Authority or other entity.

"Quarterly Average Daily Volume " means the volume of product shipped on the Osage Pipeline during any Contract Quarter divided by the number of days in such Contract Quarter, expressed in terms of bpd.

"ROFR Waiver Letter" means that certain letter agreement between Seller and McPherson Refinery Inc., a Kansas cooperative marketing association (formerly known as National Cooperative Refinery Association) dated as of December 1, 2015.

"Second Amended and Restated Pipelines and Terminals Agreement" has the meaning set forth in Section 3.2(c).

"Seller" has the meaning set forth in the Preamble.

"Seller Ancillary Documents" means each agreement, document, instrument or certificate to be delivered by Seller, or its Affiliates, at the Closing pursuant to Section 3.2 and each other document or Contract entered into by Seller, or its Affiliates, in connection with this Agreement or the Closing.

"Seller Indemnified Costs" means any and all damages, losses, Claims, liabilities, demands, charges, suits, penalties, costs, and expenses (including court costs and reasonable attorneys' fees and expenses incurred in investigating and preparing for any litigation or proceeding) that any of the Seller Indemnified Parties incurs and that arise out of or relate to any breach of a representation, warranty or covenant of Buyer or the Partnership under this Agreement. Notwithstanding anything in the foregoing to the contrary, Seller Indemnified Costs shall exclude any and all indirect, consequential, punitive or exemplary damages (other than those that are a result of (x) a third-party claim for such indirect, consequential, punitive or exemplary damages or (y) the gross negligence or willful misconduct of Buyer).

"Seller Indemnified Parties" means Seller and each officer, director, partner, manager, employee, consultant, stockholder, and Affiliate of Seller, including, without limitation, HFC.

"Terminal Transfer Agreement" has the meaning set forth in the Recitals.

"Terminal Value" has the meaning set forth in Section 2.2(c).

"third-party action" has the meaning set forth in Section 9.2.

"Volume Shortfall" has the meaning set forth in Section 2.2(b).

EXHIBIT B
to
LLC INTEREST PURCHASE AGREEMENT

Interpretation

As used in this Agreement, unless a clear contrary intention appears:

(a) any reference to the singular includes the plural and vice versa, any reference to natural persons includes legal persons and vice versa, and any reference to a gender includes the other gender;

(b) the words "hereof", "hereby", "herein", and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(c) any reference to Articles, Sections and Exhibits are, unless otherwise stated, references to Articles, Sections and Exhibits of or to this Agreement and references in any Section or definition to any clause means such clause of such Section or definition. The headings in this Agreement have been inserted for convenience only and shall not be taken into account in its interpretation;

(d) reference to any agreement (including this Agreement), document or instrument means such agreement, document, or instrument as amended, modified or supplemented and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of this Agreement;

(e) the Exhibits and Schedules hereto form an integral part of this Agreement and are equally binding therewith. Any reference to "this Agreement" shall include such Exhibits and Schedules;

(f) references to a Person shall include any permitted assignee or successor to such Party in accordance with this Agreement and reference to a Person in a particular capacity excludes such Person in any other capacity;

(g) if any period is referred to in this Agreement by way of reference to a number of days, the days shall be calculated exclusively of the first and inclusively of the last day unless the last day falls on a day that is not a Business Day in which case the last day shall be the next succeeding Business Day;

(h) the use of "or" is not intended to be exclusive unless explicitly indicated otherwise;

(i) references to "\$" or to "dollars" shall mean the lawful currency of the United States of America; and

(j) the words "includes," "including," or any derivation thereof shall mean "including without limitation" or "including, but not limited to."

EXHIBIT C
to
LLC INTEREST PURCHASE AGREEMENT

Form of Amendment No. 5

AMENDMENT NO. 5 TO

#5111303

**FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED
PARTNERSHIP**

OF

HOLLY ENERGY PARTNERS, L.P.

[●], 2016

This Amendment No. 5 (this "**Amendment No. 5**") to the First Amended and Restated Agreement of Limited Partnership of Holly Energy Partners, L.P. (the "**Partnership**"), dated as of July 13, 2004, as amended by Amendment No. 1 thereto dated as of February 28, 2005, Amendment No. 2 thereto dated as of July 6, 2005, Amendment No. 3 thereto dated as of April 11, 2008 and Amendment No. 4 thereto dated as of January 16, 2013 (as so amended, the "**Partnership Agreement**") is hereby adopted effective as of [●], 2016 by HEP Logistics Holdings, L.P., a Delaware limited partnership (the "**General Partner**"), as general partner of the Partnership. Capitalized terms used but not defined herein have the meaning given such terms in the Partnership Agreement.

WHEREAS, Section 13.1(d)(i) of the Partnership Agreement provides that the General Partner, without the approval of any Partner, may amend any provision of the Partnership Agreement to reflect a change that the General Partner determines does not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect, and the General Partner has determined that this Amendment No. 5, in connection with the Osage Transactions (as defined below), does not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect;

WHEREAS, Section 5.6 of the Partnership Agreement provides that the General Partner, without the approval of any Limited Partners, may issue additional Partnership Securities, or classes or series thereof, for any Partnership purpose at any time and from time to time, and may issue such Partnership Securities for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion, all without the approval of any Limited Partners; and the Subordination Period has expired;

WHEREAS, Section 13.1(g) of the Partnership Agreement provides that the General Partner, without the approval of any Partner, may amend any provision of the Partnership Agreement to reflect an amendment that the General Partner determined is necessary or appropriate in connection with the authorization of issuance of any class or series of Partnership Securities pursuant to Section 5.6 of the Partnership Agreement;

WHEREAS, prior to the date hereof, El Dorado Osage LLC, a Delaware limited liability company (“*El Dorado Osage*”), acquired a 50% membership interest in Osage Pipeline Company LLC, a Delaware limited liability company (the “*Osage Purchase*”), pursuant to the Transfer of LLC Membership Interest Agreement by and among Magellan OLP, L.P., as seller, and El Dorado Osage, as buyer, dated February 22, 2016 (the “*Osage Purchase Agreement*”); and, at the time of the Osage Purchase, El Dorado Osage was an Affiliate of HollyFrontier Refining & Marketing LLC, a Delaware limited liability company (“*HFRM*”);

WHEREAS, prior to the date hereof, HFRM contributed all the membership interest in El Dorado Osage to Holly Energy Partners – Operating, LP, a Delaware limited partnership and Affiliate of the Partnership (“*Operating Partnership*”), pursuant to and upon the terms and subject to the conditions set forth in the LLC Interest Purchase Agreement (the “*Osage LLC Interest Purchase Agreement*”) by and among HFRM, HollyFrontier Corporation, a Delaware corporation, the Partnership, the General Partner and the Operating Partnership, dated February 22, 2016 (such contribution, together with the Osage Purchase, the “*Osage Transactions*”);

WHEREAS, pursuant to the terms of Section 2.2(c) of the Osage LLC Interest Purchase Agreement, the Partnership agreed to cause this Amendment No. 5 to be adopted under the circumstance described therein;

WHEREAS, the General Partner has determined that it is in the best interest of the Partnership to adopt this Amendment No. 5 in order to provide for the issuance of the Special General Partner Interest representing a general partner interest in the Partnership; and

WHEREAS, acting pursuant to the power and authority granted to it: (i) under Section 13.1(d)(i) of the Partnership Agreement, the General Partner has determined that this Amendment No. 5 does not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect, and (ii) under Section 13.1(g) of the Partnership Agreement, the General Partner has determined that this Amendment No. 5 is necessary and appropriate in connection with the issuance of the Special General Partner Interest.

NOW, THEREFORE, the Partnership Agreement is amended as follows:

Section 1. Amendment Relating to the Special General Partner Interest.

(a) Section 1.1 is amended to add or amend and restate the following definitions in the appropriate alphabetical order:

(i) “*El Dorado Osage*” means El Dorado Osage LLC, a Delaware limited liability company.

(ii) “*Hawkins Terminal*” means a refined products terminal in El Paso, Texas, located on the real property more particularly described on Exhibit A to the Refined Products Terminal Transfer Agreement, dated February 22, 2016, by and among HEP Refining Assets, L.P., a Delaware limited partnership, the Partnership, El Paso Logistics LLC, a Delaware limited liability company, HFC and the Operating Partnership.

(iii) “*Hawkins Terminal Sharing Ratio*” means the ratio, expressed as a percentage, of the Terminal Value to the Membership Interest Value.

(iv) “*HFC*” means HollyFrontier Corporation, a Delaware corporation.

(v) “*HFRM*” means HollyFrontier Refining & Marketing LLC, a Delaware limited liability company.

(vi) “*Liquidation or Sale Loss*” means any Net Termination Loss recognized after the Liquidation Date or upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership Group, taken as a whole, in a single transaction or a series of related transactions (excluding any disposition to a member of the Partnership Group).

(vii) “*Membership Interest Value*” has the meaning ascribed to such term in the Osage LLC Interest Purchase Agreement.

(viii) “*Osage Interests*” means a 50% membership interest in Osage Pipeline Company LLC, a Delaware limited liability company.

(ix) “*Osage LLC Interest Purchase Agreement*” means that certain LLC Interest Purchase Agreement by and

among HFRM, HFC, the Partnership, the General Partner and the Operating Partnership, dated February 22, 2016.

(x) “*Partnership Security*” means any class or series of equity interest in the Partnership (but excluding any options, rights, warrants and appreciation rights relating to an equity interest in the Partnership), including, without limitation, Common Units, Subordinated Units, Class B Subordinated Units, Incentive Distribution Rights and the Special General Partner Interest.

(xi) “*Percentage Interest*” means as of any date of determination (a) as to the General Partner (in its capacity as General Partner without reference to any Limited Partner Interests held by it), 2.0%, (b) as to any Unitholder or Assignee holding Units, the product obtained by multiplying (i) 98% less the percentage applicable to paragraph (c) by (ii) the quotient obtained by dividing (A) the number of Units held by such Unitholder or Assignee by (B) the total number of all Outstanding Units, and (c) as to the holders of additional Partnership Securities issued by the Partnership in accordance with Section 5.6, the percentage established as a part of such issuance. The Percentage Interest with respect to an Incentive Distribution Right and the Special General Partner Interest shall at all times be zero.

(xii) “*Special General Partner Interest*” means a Partnership Security which shall confer upon the holder thereof only the rights and obligations specifically provided in this Agreement with respect to the Special General Partner Interest (and no other rights otherwise available to holders of a Partnership Security).

(xiii) “*Special General Partner Interest Capital Account*” means the Capital Account of the Special General Partner Interest, which Capital Account shall be equal to the amount by which the Membership Interest Value is greater than the Terminal Value.

(xiv) “*Special General Partner Interest Sharing Ratio*” means 100% minus the Hawkins Terminal Sharing Ratio.

(xv) “*Terminal Value*” has the meaning ascribed to such term in the Osage LLC Interest Purchase Agreement.

(xvi) “*Unit*” means a Partnership Security that is designated as a “Unit” and shall include Common Units, Subordinated Units and Class B Subordinated Units, but shall not include (i) a General Partner Interest, (ii) Incentive Distribution Rights or (iii) the Special General Partner Interest.

(b) Article V is amended to add a new Section 5.13 creating a new Partnership Security to read in its entirety as follows:

Section 5.13. Establishment of Special General Partner Interest.

(a) *General.* The General Partner hereby designates and creates a Partnership Security designated as the “*Special General Partner Interest*”, having only the rights and preferences, and duties and obligations as set forth in this Section 5.13.

(b) *Rights of the Special General Partner Interest.* The Special General Partner Interest shall have the following rights and preferences and shall be subject to the following duties and obligations.

(i) *Allocations.* The holder of the Special General Partner Interest shall not be allocated (i) items of income, gain, loss or deduction with respect to such Special General Partner Interest, except to the extent provided by Section 6.1(d)(xiii), or (ii) Net Termination Gain or Net Termination Loss, except as provided in the last sentence of Section 6.1(c)(ii).

(iii) *Distributions.* Except as set forth in Section 12.4 with respect to an event of dissolution and liquidation of the Partnership, the holder of the Special General Partner Interest shall not be entitled to any distributions.

(iv) *Voting Rights.* Unless and to the extent otherwise required by the Delaware Act, the Special General Partner Interest shall not be entitled to vote on any matters, whether or not any other Partners are entitled to vote thereon.

(v) *No Certificates.* Unless the General Partner determines otherwise, the Special General Partner Interest shall not be evidenced by certificates and shall be reflected in the books and records of the transfer agent.

(vi) *Registrar and Transfer Agent.* The General Partner will act as registrar and transfer agent of the Special General Partner Interest.

(c) Section 6.1(c)(ii) of the Partnership Agreement is amended to add the following after 6.1(c)(ii)(C) as a proviso applying to each of (A), (B) and (C):

Provided, however, that in the event of allocating Liquidation or Sale Loss, if the Special General Partner Interest Capital Account has not previously been reduced to zero, Liquidation or Sale Loss shall be first allocated to the Special General Partner Interest until the Special General Partner Interest Capital Account is reduced to zero, and thereafter, any such loss remaining shall be allocated pursuant to Section 6.1(c)(ii)(A), (B) and (C), as applicable.

(d) Section 6.1(d) of the Partnership Agreement is amended to add a new Section 6.1(d)(xiii) as follows:

(xiii) *Special General Partner Interest Cost Recovery Deductions.* For any taxable period ending after the date of the Osage LLC Interest Purchase Agreement, any and all cost recovery deductions available to the Partnership with respect to the tax basis of the Osage Interests (and the underlying Partnership assets attributable thereto) shall be allocated as follows: (i) until the Special General Partner Interest Capital Account is reduced to zero (a) the Special General Partner Interest Sharing Ratio shall be allocated to the Special General Partner Interest and (b) the Hawkins Terminal Sharing Ratio shall be allocated in accordance with Section 6.1(a), (b) or (c), as applicable and (ii) thereafter, in accordance with Section 6.1(a), (b) or (c), as applicable.

Section 2. The appropriate officers of the General Partner are hereby authorized to make such further clarifying and conforming changes as they deem necessary or appropriate, and to interpret the Partnership Agreement, to give effect to the intent and purpose of this Amendment No. 5.

Section 3. Except as hereby amended, the Partnership Agreement shall remain in full force and effect.

Section 4. This Amendment shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, all rights and remedies being governed by such laws without regard to principles of conflicts or laws.

[Signature page follows]

IN WITNESS WHEREOF, this Amendment has been executed as of the date first above written

GENERAL PARTNER:

HEP Logistics Holdings, L.P.

By: Holly Logistic Services, L.L.C, its general partner

By:

Name: Michael C. Jennings

Title: Chief Executive Officer

EXHIBIT D

to

LLC INTEREST PURCHASE AGREEMENT

Form of Assignment

ASSIGNMENT OF LIMITED LIABILITY COMPANY INTERESTS

This Assignment of Limited Liability Company Interests (“Assignment”) is dated effective as of 12:01 a.m., Dallas, Texas time, on February 22, 2016 (the “Effective Time”), by and between HollyFrontier Refining & Marketing LLC, a Delaware limited liability company (“Seller”), and Holly Energy Partners – Operating, L.P., a Delaware limited partnership (“Buyer”). Buyer and Seller are referred to collectively herein as the “Parties.”

RECITALS

Reference is made to that certain LLC Interest Purchase Agreement dated effective as of February 22, 2016, among Buyer, Seller, HollyFrontier Corporation, a Delaware corporation, as guarantor, and Holly Energy Partners, L.P. solely in respect of Section 2.2(c), pursuant to which Seller has agreed to sell and assign to Buyer all of its limited liability company interests in El Dorado Osage LLC, a Delaware limited liability company (the "Company"), representing one-hundred percent (100%) of the outstanding limited liability company interests in the Company, in accordance with the terms of such LLC Interest Purchase Agreement (such agreement, as the same may be amended, the "Purchase Agreement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

This Assignment is delivered by Seller pursuant to the Purchase Agreement.

ASSIGNMENT

Now, therefore, in consideration of the premises and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Subject to the representations, warranties and covenants of the parties contained in the Purchase Agreement, Seller hereby assigns to Buyer all of its limited liability company interests in the Company, representing one-hundred percent (100%) of the outstanding limited liability company interests in the Company, and any income, distributions, or other value associated therewith or deriving therefrom on and after the Effective Time (collectively, the "Transferred Interests").
2. Subject to the representations, warranties and covenants of the parties contained in the Purchase Agreement, Buyer hereby assumes, from and after the Effective Time, all obligations and liabilities of Seller with respect to the Transferred Interests arising from and after the Effective Time.
3. Seller hereby agrees to promptly execute and deliver any corrective assignments and other legal documents or notification reasonably requested by Buyer to give effect to the intent of this Assignment.
4. Seller hereby acknowledges and agrees that, as a result of this Assignment, it no longer has any limited liability company interest or equity interest in the Company, and it resigns as a member of the Company effective as of the Effective Time.
5. This Assignment shall be binding upon the Parties and their respective successors and assigns.
6. This Assignment shall be governed by and construed in accordance with the internal laws of the State of Delaware.
7. This Assignment is subject to the terms and conditions of the Purchase Agreement, and nothing contained herein shall be deemed to supersede, limit, amend, supplement, modify, vary or enlarge any of the rights, obligations, covenants, agreements, representations and warranties of the Parties under the Purchase Agreement, this Assignment being intended only to effect the transfer of the Transferred Interests from Seller to Buyer as contemplated in the Purchase Agreement. In the event of any conflict between the terms of this Assignment and the terms of the Purchase Agreement, the terms of the Purchase Agreement shall control.
8. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Assignment is executed to be effective as of the Effective Time.

SELLER:

HOLLYFRONTIER REFINING & MARKETING LLC

By: _____
George J. Damiris
Chief Executive Officer and President

BUYER:

HOLLY ENERGY PARTNERS – OPERATING, L.P.

By: _____
Michael C. Jennings
Chief Executive Officer

SCHEDULE 4.3(a)
to
LLC INTEREST PURCHASE AGREEMENT

Jurisdictions

Kansas

Oklahoma

SCHEDULE 4.4(a)
to
LLC INTEREST PURCHASE AGREEMENT

Required Consents - Seller

None.

SCHEDULE 4.4(b)
to
LLC INTEREST PURCHASE AGREEMENT

Required Consents - Company

None.

SCHEDULE 4.7
to
LLC INTEREST PURCHASE AGREEMENT

Undisclosed Liabilities

None.

SCHEDULE 5.3
to
LLC INTEREST PURCHASE AGREEMENT

Required Consents – Buyer

None.

SCHEDULE 6.3
to
LLC INTEREST PURCHASE AGREEMENT

Required Consents - HFC

None.

REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT

by and between

HEP REFINING ASSETS, L.P.,

as Seller,

with

HOLLY ENERGY PARTNERS, L.P.,

as Guarantor of Seller,

EL PASO LOGISTICS LLC.

as Buyer,

HOLLYFRONTIER CORPORATION,

as Guarantor of Buyer,

and

HOLLY ENERGY PARTNERS – OPERATING, L.P.

Solely in Respect of Section 6.2

Dated: February 22, 2016

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REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT

THIS REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT (this "Agreement") dated as of February 22, 2016 to be effective as of the Effective Time (as defined below), is made and entered into by and among HEP REFINING ASSETS, L.P., a Delaware limited partnership ("Seller"), HOLLY ENERGY PARTNERS, L.P., a Delaware limited partnership and Affiliate of Seller (the "Partnership"), EL PASO LOGISTICS LLC, a Delaware limited liability company ("Buyer"), HOLLYFRONTIER CORPORATION, a Delaware corporation and an Affiliate of Buyer ("HFC"), and HOLLY ENERGY PARTNERS – OPERATING, L.P., a Delaware limited partnership and an Affiliate of Seller ("HEP Operating"). Seller and Buyer are sometimes referred to in this Agreement each as a "Party" and collectively as the "Parties." HFC joins this Agreement solely for the purpose of Section 10.1 of this Agreement. The Partnership joins this Agreement solely for the purpose of Section 10.2 of this Agreement. HEP Operating joins this Agreement solely for the purpose of Section 6.2 of this Agreement.

WHEREAS, Seller owns a refined products terminal in El Paso, Texas (the "Terminal"), located on the real property more particularly described on Exhibit A (together with all easements, rights, titles and interests appurtenant thereto, the "Real Property");

WHEREAS, the Terminal consists of all buildings, structures, and other physical improvements located on or affixed to the Real Property (the "Improvements") and all Permits, storage tanks, equipment, machinery, fixtures, and all other tangible personal property, except for the Excluded Assets (the "Tangible Personal Property") owned by Seller and used in connection with the ownership, maintenance, or operation of the Terminal and the Real Property;

WHEREAS, Seller has certain rights under Contracts that are assignable and relate exclusively to the ownership and operation of the Terminal (whether such Contracts are with Seller or an Affiliate of Seller), that are not Excluded Assets, as more particularly described on Schedule 2.1 (collectively, the "Assigned Contracts");

WHEREAS, the Real Property, the Improvements, the Tangible Personal Property and the Assigned Contracts are collectively referred to herein as the "Property"; provided, however, that Property shall not include any goods, products, and inventory that are owned by third parties and located on the Real Property or used in connection with the ownership and operation of the Terminal;

WHEREAS, concurrently with the entry into this Agreement, HollyFrontier Refining & Marketing LLC, a Delaware limited liability company and Affiliate of Buyer ("HFRM"), and HEP Operating, are entering into that certain LLC Interest Purchase Agreement (the "LLC Transfer Agreement") pursuant to which HEP Operating is purchasing all of the limited liability company membership interests of El Dorado Osage LLC, a Delaware limited liability company, from HFRM (the "Osage Transaction");

WHEREAS, in connection with and as partial consideration for the Osage Transaction, Seller desires to convey to Buyer, and Buyer desire to receive from Seller, the Property in accordance with the terms and conditions set forth in this Agreement;

WHEREAS, in connection with the acquisition of the Property and in addition to the other transactions contemplated by the

LLC Transfer Agreement, the Parties and their respective Affiliates desire to (i) enter into an Amended and Restated Master Systems Operating Agreement (as defined below), (ii) enter into the Second Amended and Restated Pipelines and Terminals Agreement (as defined below), containing, among other things, construction obligations of Affiliates of Seller, and (iii) enter an Amended and Restated Master Throughput Agreement (as defined below).

NOW, THEREFORE, in consideration of the foregoing and the covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I **DEFINED TERMS**

1.1. Definitions . Capitalized terms used throughout this Agreement and not otherwise defined herein shall have the meanings set forth on Exhibit B.

1.2. Interpretation . Matters relating to the interpretation of this Agreement are set forth on Exhibit C.

ARTICLE II **TRANSFER OF TERMINAL**

2.1 Transfer of Terminal. Subject to the terms and conditions of this Agreement, concurrently with the closing of the Osage Transaction and as partial consideration therefor, Seller agrees to convey and assign to Buyer, and Buyer agrees to accept from Seller, all of Seller's right, title, estate and interest in and to the Property and enter into the other transactions contemplated by this Agreement. The Parties acknowledge and agree that the Assigned Contracts included in the Property are identified on Schedule 2.1.

2.2 Assumption of Liabilities. Buyer assumes and agrees to timely pay, perform and discharge all of the Terminal Liabilities to the full extent that Seller has heretofore or would have been in the future obligated to pay, perform and discharge the Terminal Liabilities were it not for the transfer of the Property to Buyer and delivery of this Agreement; provided, however, that said assumption and agreement to pay, perform and discharge the Terminal Liabilities shall not (a) increase the obligation of Buyer with respect to the Terminal Liabilities beyond that of Seller, (b) waive any valid defense that was available to Seller with respect to the Terminal Liabilities or (c) enlarge the rights or remedies of any third party under any of the Terminal Liabilities.

2.3 Excluded Liabilities. Notwithstanding anything to the contrary in this Agreement, including the terms and provisions of Section 2.2, Buyer shall not be deemed to have assumed, and the Property is not being conveyed subject to (a) any Monetary Liens and all such Monetary Liens shall be deemed to be excluded from the assumption of Terminal Liabilities provided for in Section 2.2, (b) the Alon Documents, and (c) any of the liabilities that are covered by the indemnities set forth in the Amended and Restated Omnibus Agreement, all of which shall be deemed to be excluded from the assumption of Terminal Liabilities provided for in Section 2.2 if and to the extent such liabilities are covered by such indemnities.

2.4 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, the Property shall not include any of the Contracts, equipment, machinery or other tangible personal property described on Schedule 2.4 (the "Excluded Assets"), which Excluded Assets shall be retained by Seller. Seller and Buyer shall negotiate in good faith to reach commercially reasonable terms on which any Excluded Assets located on the Property may remain on the Property; provided, however, that if Seller and Buyer do not reach agreement as aforesaid in respect of an Excluded Asset, Seller shall remove such Excluded Asset from the Property within a reasonable time after such failure to reach agreement occurs.

ARTICLE III **CLOSING**

3.1. Closing. The closing of the transactions contemplated hereby (the "Closing") shall take place simultaneously with the execution of this Agreement. The date of the Closing is referred to herein as the "Closing Date" and the Closing is deemed to be effective as of 12:01 a.m., Dallas, Texas time, on the date hereof (the "Effective Time").

3.2. Deliveries by Seller. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(a) a special warranty deed in substantially the form set forth on Exhibit D (the "Deed"), conveying the Real Property and Improvements to Buyer, free and clear of all Encumbrances except the Permitted Encumbrances, duly executed by Seller.

(b) a bill of sale and assignment in substantially the form set forth on Exhibit E, transferring and assigning to Buyer all of the Tangible Personal Property, free and clear of all Monetary Liens, duly executed by Seller.

(c) evidence in form and substance satisfactory to Buyer of the release and termination of all Monetary Liens on the Property.

(d) to the extent assignable, assignment documents, duly executed by Seller, assigning each of the Permits held by Seller which are assignable by Seller to Buyer in accordance with Applicable Law.

(e) a properly executed certificate, in the form prescribed by Treasury regulations under Section 1445 of the Code, stating that the Partnership (the person from whom Seller is disregarded as an entity for U.S. federal income tax purposes) is not a "foreign person" within the meaning of Section 1445 of the Code.

(f) a counterpart of the Amended and Restated Master Systems Operating Agreement in a form mutually acceptable to the Parties (the "Amended and Restated Master Systems Operating Agreement"), duly executed by the HEP Entities party thereto.

(g) a counterpart of the Amended and Restated Master Throughput Agreement in a form mutually acceptable to the Parties (the "Amended and Restated Master Throughput Agreement"), duly executed by the HEP Entities party thereto.

(h) a counterpart of the Second Amended and Restated Refined Products Pipelines and Refined Products Terminals Agreement in a form mutually acceptable to the Parties (the "Second Amended and Restated Pipelines and Terminals Agreement"), duly executed by the HEP Entities party thereto.

(i) the amount of any prorations, credits, debits, and adjustments owned by Seller pursuant to Section 3.4.

3.3. Deliveries by Buyer. At the Closing (or such later date as may be set forth below), Buyer shall deliver, or cause to be delivered, to Seller the following:

(a) a counterpart of the Amended and Restated Master Systems Operating Agreement, duly executed by the HFC

Entities party thereto.

(b) a counterpart of the Amended and Restated Master Throughput Agreement, duly executed by the HFC Entities party thereto.

(c) a counterpart of the Second Amended and Restated Pipelines and Terminals Agreement, duly executed by the HFC Entities party thereto.

(d) the amount of any prorations, credits, debits, and adjustments owned by Buyer pursuant to Section 3.4.

3.4. Prorations; Closing Costs; Transfer Taxes and Fees

(a) Buyer shall pay the cost of all sales, transfer and use taxes arising out of the transfer of the Property.

(b) On the Closing Date, or as promptly as practicable following the Closing Date, but in no event later than sixty (60) calendar days thereafter, the real, if any, and personal property taxes, water, gas, electricity and other utilities with respect to the Assets and the real estate interests and rights associated with the Property and local business or other license fees to the extent assigned and other similar periodic charges payable with respect to the Property shall be prorated between Buyer, on the one hand, and Seller, on the other hand, effective as of the Effective Time, with Seller being responsible for amounts related to the period prior to but excluding the Effective Time and Buyer being responsible for amounts related to the period at and after the Effective Time. If the final property tax rate or final assessed value for the current tax year is not established by the Closing Date, the prorations shall be made on the basis of the rate or assessed value in effect for the preceding tax year and shall be adjusted when the exact amounts are determined. All such prorations shall be based upon the most recent available assessed value available prior to the Closing Date.

(c) Seller shall pay all recording fees and other costs incidental to the recordation of the Deed.

(d) If a Party pays any tax agreed to be borne by the other Party under this Agreement, such other Party shall promptly reimburse the paying Party for the amounts so paid. If any Party receives any tax refund or credit applicable to a tax paid by another Party hereunder, the receiving Party shall promptly pay such amounts to the Party entitled thereto.

ARTICLE IV **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller hereby represents and warrants to Buyer that as of the Effective Time:

4.1. **Organization.** Seller is an entity duly organized, validly existing and in good standing under the Applicable Laws of the State of Delaware.

4.2. **Authorization.** Seller has full partnership power and authority to execute, deliver, and perform this Agreement and any Seller Ancillary Documents to which it is a party. The execution, delivery, and performance by Seller of this Agreement and the Seller Ancillary Documents to which it is a party and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly authorized by all necessary partnership action of Seller. This Agreement has been duly executed and delivered by Seller and constitutes, and each Seller Ancillary Document executed or to be executed by Seller has been, or when executed will be, duly executed and delivered by Seller and constitutes, or when executed and delivered will constitute, a valid and legally binding obligation of Seller, enforceable against it in accordance with their terms, except to the extent that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Applicable Laws affecting creditors' rights and remedies generally and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

4.3. **No Conflicts or Violations; No Consents or Approvals Required.** The execution, delivery and performance by Seller of this Agreement and the other Seller Ancillary Documents to which it is a party does not, and the consummation of the transactions contemplated hereby and thereby will not, (i) violate, conflict with, or result in any breach of any provision of Seller's organizational documents or (ii) subject to obtaining the Consents or making the registrations, declarations or filings set forth in the next sentence, violate in any material respect any Applicable Law or material Contract binding upon Seller. Except as set forth on Schedule 4.3, no Consent of any Governmental Authority or any other person is required for Seller in connection with Seller's execution, delivery or performance of this Agreement or the Seller Ancillary Documents to which it is a party or consummation of the transactions contemplated hereby or thereby.

4.4. **Absence of Litigation.** There is no Action pending or, to the Knowledge of Seller, threatened against (i) the Property or (ii) Seller or any of its Affiliates relating to the transactions contemplated by this Agreement or the Seller Ancillary Documents or which, if adversely determined, would reasonably be expected to materially impair the ability of Seller to perform its obligations and agreements under this Agreement or the Seller Ancillary Documents and to consummate the transactions contemplated hereby and thereby.

4.5. **Title.** Seller is the record owner of and has good and marketable indefeasible fee simple title to Property, free and clear of all Encumbrances except Permitted Encumbrances. There are no options or rights to purchase or acquire, or agreements, arrangements, commitments or understandings relating to, the Property except pursuant to this Agreement, the Amended and Restated Omnibus Agreement or commercial agreements to which an HFC Entity is a party.

4.6. **Brokers and Finders.** No investment banker, broker, finder, financial advisor or other intermediary has been retained by or is authorized to act on behalf of Seller who is entitled to receive from Buyer any fee or commission in connection with the transactions contemplated by this Agreement.

4.7. **Taxes.** Seller has filed or caused to be filed all material Tax Returns required to be filed with respect to the Property on or prior to the date hereof and paid all Taxes attributable to the Property that have become due and payable on or prior to the date hereof. There are no liens (other than Permitted Encumbrances) currently pending attributable to any unpaid Taxes.

ARTICLE V **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller that as of the Effective Time:

5.1. **Organization.** Buyer is an entity duly organized, validly existing and in good standing under the Applicable Laws of the State of Delaware.

5.2. **Authorization.** Buyer has full limited liability company power and authority to execute, deliver, and perform this Agreement and any Buyer Ancillary Documents to which it is a party. The execution, delivery, and performance by Buyer of this Agreement and the Buyer Ancillary Documents to which it is a party and the consummation by Buyer of the transactions contemplated hereby and thereby, have been duly authorized by all necessary limited liability company action of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes, and each such Buyer Ancillary Document executed or to be executed by Buyer has been, or when executed will be, duly executed and delivered by Buyer and constitutes, or when executed and delivered will constitute,

a valid and legally binding obligation of Buyer, enforceable against it in accordance with their terms, except to the extent that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Applicable Laws affecting creditors' rights and remedies generally and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

5.3. **No Conflicts or Violations; No Consents or Approvals Required.** The execution, delivery and performance by Buyer of this Agreement and the Buyer Ancillary Documents to which it is a party does not, and consummation of the transactions contemplated hereby and thereby will not, (i) violate, conflict with, or result in any breach of any provisions of Buyer's organizational documents or (ii) subject to obtaining the Consents or making the registrations, declarations or filings set forth in the next sentence, violate in any material respect any Applicable Law or material contract binding upon Buyer. Except as set forth on Schedule 5.3, no Consent of any Governmental Authority or any other person is required for Buyer in connection with the Buyer's execution, delivery or performance of this Agreement or the Buyer Ancillary Documents to which it is a party or the consummation of the transactions contemplated hereby and thereby.

5.4. **Absence of Litigation.** There is no Action pending or, to the Knowledge of Buyer, threatened against Buyer or any of its Affiliates relating to the transactions contemplated by this Agreement or the Buyer Ancillary Documents or which, if adversely determined, would reasonably be expected to materially impair the ability of Buyer to perform its obligations and agreements under this Agreement or the Buyer Ancillary Documents and to consummate the transactions contemplated hereby and thereby.

5.5. **Brokers and Finders.** No investment banker, broker, finder, financial advisor or other intermediary has been retained by or is authorized to act on behalf of Buyer who is entitled to receive from Seller any fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE VI COVENANTS

6.1. **Additional Agreements.** Subject to the terms and conditions of this Agreement and the Ancillary Documents and the Amended and Restated Omnibus Agreement, each of the Parties shall use its commercially reasonable efforts to do, or cause to be taken all action and to do, or cause to be done, all things necessary, proper, or advisable under Applicable Laws to consummate and make effective the transactions contemplated by this Agreement. If at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, the Parties and their duly authorized representatives shall use commercially reasonable efforts to take all such action.

6.2. **Obligation to Modify Alon Documents.** Seller and HEP Operating shall use commercially reasonable efforts to modify the Alon Documents to remove the Property as a location for terminating products pursuant to the Alon Documents.

6.3. **Site Access.** From time to time after the Effective Time, upon the request of either Party, the Parties will enter into good faith negotiations to enter into such easements or real property license agreements evidencing HEP Operating's right during the Term to maintain, operate and access the Excluded Assets located within the Terminal. Such agreement(s) shall include HFC's standard terms and conditions, with such modifications thereto as are mutually acceptable to the Parties.

ARTICLE VII ADDITIONAL AGREEMENTS

7.1 **Further Assurances.** After the Closing, each Party shall take such further actions, including obtaining consents to assignment from third parties, and execute such further documents as may be necessary or reasonably requested by the other Parties in order to effectuate the intent of this Agreement and the Ancillary Documents and to provide such other Parties with the intended benefits of this Agreement and the Ancillary Documents.

ARTICLE VIII INDEMNIFICATION

8.1. **Indemnification of Buyer and Seller.** From and after the Closing and subject to the provisions of this Article VIII, (i) Seller agrees to indemnify and hold harmless the Buyer Indemnified Parties from and against any and all Buyer Indemnified Costs and (ii) Buyer agrees to indemnify and hold harmless the Seller Indemnified Parties from and against any and all Seller Indemnified Costs.

8.2. **Defense of Third-Party Claims** . An Indemnified Party shall give prompt written notice to Seller or Buyer, as applicable (the "Indemnifying Party"), of the commencement or assertion of any action, proceeding, demand, or claim by a third party (collectively, a "third party action") in respect of which such Indemnified Party seeks indemnification hereunder. Any failure so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party under this Article VIII unless the failure to give such notice materially and adversely prejudices the Indemnifying Party. The Indemnifying Party shall have the right to assume control of the defense of, settle, or otherwise dispose of such third-party action on such terms as it deems appropriate; provided, however, that:

(a) The Indemnified Party shall be entitled, at its own expense, to participate in the defense of such third-party action (provided, however, that the Indemnifying Party shall pay the attorneys' fees of the Indemnified Party if (i) the employment of separate counsel shall have been authorized in writing by the Indemnifying Party in connection with the defense of such third-party action, (ii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to have charge of such third-party action, (iii) the Indemnified Party shall have reasonably concluded that there may be defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, or (iv) the Indemnified Party's counsel shall have advised the Indemnified Party in writing, with a copy delivered to the Indemnifying Party, that there is a material conflict of interest that could violate applicable standards of professional conduct to have common counsel);

(b) The Indemnifying Party shall obtain the prior written approval of the Indemnified Party before entering into or making any settlement, compromise, admission, or acknowledgment of the validity of such third-party action or any liability in respect thereof if, pursuant to or as a result of such settlement, compromise, admission, or acknowledgment, injunctive or other equitable relief would be imposed against the Indemnified Party or if, in the opinion of the Indemnified Party, such settlement, compromise, admission, or acknowledgment could have a Material Adverse Effect on its business;

(c) The Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnified Party of a release from all liability in respect of such third-party action; and

(d) The Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or acknowledgment of any third-party action (i) as to which the Indemnifying Party fails to assume the defense within a reasonable length of time or (ii) to the extent the third-party action seeks an order, injunction, or other equitable relief against the Indemnified Party which, if successful, would materially adversely affect the business, operations, assets, or financial condition of the Indemnified Party; provided, however, that the Indemnified Party shall make no settlement, compromise, admission, or acknowledgment that would give rise to liability on the part of any Indemnifying Party without the prior written consent of such Indemnifying Party.

The Parties shall extend reasonable cooperation in connection with the defense of any third-party action pursuant to this Article VIII and, in connection therewith, shall furnish such records, information, and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested.

8.3. **Direct Claims.** In any case in which an Indemnified Party seeks indemnification hereunder which is not subject to Section 8.2 because no third-party action is involved, the Indemnified Party shall notify the Indemnifying Party in writing of any Indemnified Costs which such Indemnified Party claims are subject to indemnification under the terms hereof. Subject to the limitations set forth in Section 8.4(a), the failure of the Indemnified Party to exercise promptness in such notification shall not amount to a waiver of such claim unless the resulting delay materially prejudices the position of the Indemnifying Party with respect to such claim.

8.4. **Limitations.** The following provisions of this Section 8.4 shall limit the indemnification obligations hereunder:

(a) **Limitation as to Time.** The Indemnifying Party shall not be liable for any Indemnified Costs pursuant to this Article VIII unless a written claim for indemnification in accordance with Section 8.2 or Section 8.3 is given by the Indemnified Party to the Indemnifying Party with respect thereto on or before 5:00 p.m., Dallas, Texas time, on the anniversary of the Closing Date; provided that the Indemnifying Party shall be liable for Indemnified Costs with respect to claims for indemnification for breach of the representations and warranties contained in Sections 4.1 (Organization), 4.2 (Authorization), 4.5 (Title), 5.1 (Organization) and 5.2 (Authorization), if a written claim for indemnification in accordance with Section 8.2 or Section 8.3 is given by the Indemnified Party to the Indemnifying Party at any time prior to the expiration of the applicable statute of limitations.

(b) **Sole and Exclusive Remedy.** Each Party acknowledges and agrees that, after the Closing Date, notwithstanding any other provision of this Agreement to the contrary, Buyer's and the other Buyer Indemnified Parties' and Seller and the other Seller Indemnified Parties' sole and exclusive remedy with respect to the Indemnified Costs shall be in accordance with, and limited by, the provisions set forth in this Article VIII. The Parties further acknowledge and agree that the foregoing is not the remedy for and does not limit the Parties' remedies for matters covered by the indemnification provisions contained in the Amended and Restated Omnibus Agreement.

8.5. **Tax Related Adjustments.** Seller and Buyer agree that any payment of Indemnified Costs made hereunder by Buyer will be treated by the Parties on their tax returns as an adjustment to the taxable consideration received by Buyer in exchange for the Terminal.

ARTICLE IX MISCELLANEOUS

9.1. **Expenses.** Except as provided in Section 3.3 of this Agreement, or as provided in the Ancillary Documents or the Amended and Restated Omnibus Agreement, all costs and expenses incurred by the Parties in connection with this Agreement and the consummation of the transactions contemplated hereby shall be borne solely and entirely by the Party which has incurred such expense.

9.2. **Notices.** Any notice or other communication given under this Agreement shall be in writing and shall be provided in the manner, and deemed delivered at the time, set forth in the Amended and Restated Omnibus Agreement.

9.3. **Severability.** If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced under Applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner adverse to any Party. Upon such determination that any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible.

9.4. **Governing Law; Jurisdiction; Waiver of Jury Trial.** 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. Each Party hereby submits to the jurisdiction of the state and federal courts in the State of Texas and to venue in Dallas, Texas. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9.5. **Dispute Resolution.** Any Dispute arising out of or in connection with this Agreement, including any question regarding the existence, validity or termination of this Agreement, shall be exclusively resolved in accordance with the provisions relating to dispute resolution set forth in the Amended and Restated Omnibus Agreement. Pending resolution of any Dispute between the Parties, the Parties shall continue to perform in good faith their respective obligations under this Agreement based upon the last agreed performance demonstrated prior to the Dispute.

9.6. **Parties in Interest.** This Agreement shall be binding upon and inure solely to the benefit of each Party and their successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

9.7. **Assignment of Agreement.** At any time, the Parties may make a collateral assignment of their rights under this Agreement to any of their bona fide lenders or debt holders, or a trustee or a representative for any of them, and the non-assigning Parties shall execute an acknowledgment of such collateral assignment in such form as may from time to time be reasonably requested; provided, however, that unless written notice is given to the non-assigning Parties that any such collateral assignment has been foreclosed upon, such non-assigning Parties shall be entitled to deal exclusively with Seller or HFC, as the case may be, as to any matters arising under this Agreement, the Ancillary Documents or the Amended and Restated Omnibus Agreement (other than for delivery of notices required by any such collateral assignment). Except as otherwise provided in this Section 9.7, neither this Agreement nor any of the rights, interests, or obligations hereunder may be assigned by any Party without the prior written consent of the other Parties.

9.8. **Captions.** The captions in this Agreement are for purposes of reference only and shall not limit or otherwise affect the interpretation hereof.

9.9. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.10. **Director and Officer Liability.** The directors, managers, officers, partners and stockholders of HFC, Buyer, Seller and their respective Affiliates shall not have any personal liability or obligation arising under this Agreement (including any claims that another party may assert) other than, if applicable, as a direct party to or as an assignee of this Agreement or pursuant to a written guarantee.

9.11. **Integration.** This Agreement, the Ancillary Documents and the Amended and Restated Omnibus Agreement supersede any previous understandings or agreements among the Parties, whether oral or written, with respect to their subject matter. This Agreement, the Ancillary Documents and the Amended and Restated Omnibus Agreement contain the entire understanding of the Parties with respect to the subject matter hereof and thereof. No understanding, representation, promise or agreement, whether oral or

written, is intended to be or shall be included in or form part of this Agreement, the Ancillary Documents or the Amended and Restated Omnibus Agreement unless it is contained in a written amendment hereto or thereto and executed by the Parties hereto or thereto after the date of this Agreement, the Ancillary Documents or the Amended and Restated Omnibus Agreement. To the extent that there is any conflict between the Ancillary Documents and this Agreement, this Agreement shall prevail.

9.12. **Effect of Agreement.** The Parties ratify and confirm that except as otherwise expressly provided herein, in the event this Agreement conflicts in any way with the Amended and Restated Omnibus Agreement, the terms and provisions of the Amended and Restated Omnibus Agreement shall control.

9.13. **Amendment; Waiver.** This Agreement may be amended only in a writing signed by all parties hereto. Any waiver of rights hereunder must be set forth in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive any party's rights at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

9.14. **Survival of Representations and Warranties.** The representations and warranties set forth in this Agreement shall survive the Closing until 5:00 p.m., Dallas, Texas time on, on the anniversary of the Closing Date, except that the representations and warranties contained in Sections 4.1 (Organization), 4.2 (Authorization), 4.5 (Title), 5.1 (Organization) and 5.2 (Authorization) shall survive until the expiration of the applicable statute of limitations; provided, however, that any representation and warranty that is the subject of a claim for indemnification hereunder which claim was timely made pursuant to Section 8.2 or 8.3 shall survive with respect to such claim until such claim is finally paid or adjudicated.

9.15. **WAIVERS AND DISCLAIMERS.** NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES AND OTHER COVENANTS AND AGREEMENTS MADE BY THE PARTIES IN THIS AGREEMENT, THE ANCILLARY DOCUMENTS AND THE AMENDED AND RESTATED OMNIBUS AGREEMENT, THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT NONE OF THE PARTIES HAS MADE, DOES NOT MAKE, AND EACH SUCH PARTY SPECIFICALLY NEGATES AND DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS, IMPLIED OR STATUTORY, ORAL OR WRITTEN, PAST OR PRESENT, REGARDING (I) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, (II) THE INCOME TO BE DERIVED FROM THE PROPERTY, (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES THAT MAY BE CONDUCTED THEREWITH, (IV) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE LAWS (INCLUDING WITHOUT LIMITATION ANY ZONING, ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS), OR (V) THE MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY. EXCEPT TO THE EXTENT PROVIDED IN THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE AMENDED AND RESTATED OMNIBUS AGREEMENT NONE OF THE PARTIES IS LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY AGENT, EMPLOYEE, SERVANT OR THIRD PARTY. EXCEPT TO THE EXTENT PROVIDED IN THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE AMENDED AND RESTATED OMNIBUS AGREEMENT, EACH OF THE PARTIES HERETO ACKNOWLEDGES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE TRANSFER AND CONVEYANCE OF THE PROPERTY SHALL BE MADE IN AN "AS IS," "WHERE IS" CONDITION WITH ALL FAULTS, AND THE PROPERTY IS TRANSFERRED AND CONVEYED SUBJECT TO ALL OF THE MATTERS CONTAINED IN THIS SECTION. THIS SECTION SHALL SURVIVE THE TRANSFER AND CONVEYANCE OF THE PROPERTY OR THE TERMINATION OF THIS AGREEMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED BY THE PARTIES AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE PROPERTY THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT, OR OTHERWISE, EXCEPT AS SET FORTH IN THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE AMENDED AND RESTATED OMNIBUS AGREEMENT.

ARTICLE X GUARANTEES

10.1 Guarantee by HFC.

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

(b) **Guaranty Absolute.** HFC hereby guarantees that the Buyer Payment Obligations will be paid strictly in accordance with the terms of this Agreement. The obligations of HFC under this Agreement constitute a present and continuing guaranty of payment, and not of collection or collectability. The liability of HFC 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 Buyer;
- (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 Seller of partial payment from Buyer;
- (iv) any bankruptcy, insolvency, reorganization, arrangement, composition, adjustment, dissolution, liquidation or other like proceeding relating to Buyer 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, HFC, 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 HFC 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 Buyer Payment Obligations or otherwise.

(c) **Waiver.** HFC hereby waives promptness, diligence, all setoffs, presentments, protests and notice of acceptance and any other notice relating to any of the Buyer Payment Obligations and any requirement for Seller 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 Buyer, any other entity or any collateral.

(d) Subrogation Waiver. HFC agrees that for so long as there is a current or ongoing default or breach of this Agreement by Buyer, HFC shall not have any rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification or other rights of payment or recovery from Buyer for any payments made by HFC under this Section 10.1, and HFC 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 Buyer during any period of default or breach of this Agreement by Buyer until such time as there is no current or ongoing default or breach of this Agreement by Buyer.

(e) Reinstatement. The obligations of HFC under this Section 10.1 shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Buyer Payment Obligations is rescinded or must otherwise be returned to Buyer or any other entity, upon the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation or reorganization of Buyer or such other entity, or for any other reason, all as though such payment had not been made.

(f) Continuing Guaranty. This Section 10.1 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 Buyer Payment Obligations, (ii) be binding upon HFC and its successors and assigns and (iii) inure to the benefit of and be enforceable by Seller and its successors, transferees and assigns.

(g) No Duty to Pursue Others. It shall not be necessary for Seller (and HFC hereby waives any rights which HFC may have to require Seller), in order to enforce such payment by HFC, first to (i) institute suit or exhaust its remedies against Buyer or others liable on the Buyer Payment Obligations or any other person, (ii) enforce Seller's rights against any other guarantors of the Buyer Payment Obligations, (iii) join Buyer or any others liable on the Buyer Payment Obligations in any action seeking to enforce this Section 10.1, (iv) exhaust any remedies available to Seller against any security which shall ever have been given to secure the Buyer Payment Obligations, or (v) resort to any other means of obtaining payment of the Buyer Payment Obligations.

10.2 Guaranty by Partnership.

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

(b) Guaranty Absolute. The Partnership hereby guarantees that the Seller Obligations will be paid strictly in accordance with the terms of this Agreement. The obligations of the Partnership under this Agreement constitute a present and continuing guaranty of payment, and not of collection or collectability. The liability of the Partnership 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 Buyer;

(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 Buyer of partial payment from Seller;

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

(c) Waiver. The Partnership hereby waives promptness, diligence, all setoffs, presentments, protests and notice of acceptance and any other notice relating to any of the Seller Obligations and any requirement for Buyer 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 Seller, any other entity or any collateral.

(d) Subrogation Waiver. The Partnership agrees that for so long as there is a current or ongoing default or breach of this Agreement by Seller, the Partnership shall not have any rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification or other rights of payment or recovery from Seller for any payments made by the Partnership under this Section 10.2, and the 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 Seller during any period of default or breach of this Agreement by Seller until such time as there is no current or ongoing default or breach of this Agreement by Seller.

(e) Reinstatement. The obligations of the Partnership under this Section 10.2 shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Seller Obligations is rescinded or must otherwise be returned to Seller or any other entity, upon the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation or reorganization of Seller or such other entity, or for any other reason, all as though such payment had not been made.

(f) Continuing Guaranty. This Section 10.2 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 Seller Obligations, (ii) be binding upon the Partnership and its successors and assigns and (iii) inure to the benefit of and be enforceable by Buyer and its successors, transferees and assigns.

(g) No Duty to Pursue Others. It shall not be necessary for Buyer (and the Partnership hereby waives any rights which the Partnership may have to require Buyer), in order to enforce such payment by the Partnership, first to (i) institute suit or exhaust its remedies against Seller or others liable on the Seller Obligations or any other person, (ii) enforce Buyer's rights against any other guarantors of the Seller Obligations, (iii) join the Partnership or any others liable on the Seller Obligations in any action seeking to

enforce this Section 10.2, (iv) exhaust any remedies available to Buyer against any security which shall ever have been given to secure the Seller Obligations or (v) resort to any other means of obtaining payment of the Seller Obligations.

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IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Time.

SELLER:

HEP REFINING ASSETS, L.P., a Delaware limited partnership

By: HEP Refining GP, L.L.C., a Delaware limited liability company, its general partner

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

BUYER:

EL PASO LOGISTICS LLC, a Delaware limited liability company

By: /s/ George J. Damiris
George J. Damiris
Chief Executive Officer and President

**ACKNOWLEDGED AND AGREED FOR
THE PURPOSES ONLY OF SECTION 10.1:**

HOLLYFRONTIER CORPORATION

By: /s/ George J. Damiris
George J. Damiris
Chief Executive Officer and President

**ACKNOWLEDGED AND AGREED FOR
THE PURPOSES ONLY OF SECTION 10.2:**

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/ Michael C. Jennings
Michael C. Jennings
Chief Executive Officer

**ACKNOWLEDGED AND AGREED FOR
THE PURPOSES ONLY OF SECTION 6.2:**

HOLLY ENERGY PARTNERS - OPERATING, L.P.

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

**EXHIBIT A
to
REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT**

Legal Description of Real Property

PARCEL 1:

Being a portion of Tract 1A2, Block 4, Ascarate Grant, City of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING FOR REFERENCE at the most northeasterly corner of said Tract 1A2;
THENCE, along the north easterly line of said Tract 1A2, South 58 degrees 01' 00" East, a distance of 3,218.47 feet to a point;
THENCE, leaving said northeasterly line. South 30 degrees 55' 00" West, a distance of 150.06 feet to the POINT OF BEGINNING for the herein described Tract;
THENCE, South 58 degrees 01' 00" East, a distance of 792.36 feet to a point for corner;
THENCE, South 32 degrees 35' 17" West, a distance of 261.19 feet to a point for corner;
THENCE, North 57 degrees 37' 10" West, a distance of 784.87 feet to a point for corner;
THENCE, North 30 degrees 55' 00" East, a distance of 255.78 feet to the POINT OF BEGINNING and containing 4.679 acres of land.

PARCEL 2:

Being a portion of Tract 1 A3, Block 4, Ascarate Grant, City of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING FOR REFERENCE at the most northeasterly corner of said Tract 1A3;
THENCE, along the northeasterly line of said Tract 1A3, South 58 degrees 01' 00" East, a distance of 3,499.26 feet to a point;
THENCE, leaving said northeasterly line, South 32 degrees 14' 00" West, a distance of 488.89 feet to the POINT OF BEGINNING for the herein described Tract;
THENCE, South 57 degrees 49' 00" East, a distance of 909.00 feet to a point for corner;
THENCE, South 59 degrees 54' 00" East, a distance of 141.10 feet to a point for corner;
THENCE, South 32 degrees 14' 00" West, a distance of 335.13 feet to a point for corner;
THENCE, North 57 degrees 49'00" West, a distance of 1,050.00 feet to a point for corner;
THENCE, North 32 degrees 14' 00" East, a distance of 330.00 feet to the POINT OF BEGINNING and containing 7.963 acres of land.

PARCEL 3:

Being a portion of Tract 1A8, Block 4, Ascarate Grant, .City of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING FOR REFERENCE at the City Monument at the centerline intersection of Hawkins Boulevard and Tony Lama Street;
THENCE, along the center line of said Hawkins Boulevard, North 58 degrees 01' 00" West, a distance of 1,263.28 feet to a City Monument at the beginning of a curve to the right;
THENCE, leaving said center line. North 60 degrees 23' 42" West, a distance of 453.15 feet to a point set 1/2" rebar in the south right-of-way line of said Hawkins Boulevard and POINT OF BEGINNING for the herein described tract;
THENCE, leaving said south right-of-way line and along the arc of a curve to the right (Delta Angle - 63 degrees 16'31", Radius - 335.00 feet, Chord - North 89 degrees 15' 26" West, 351.45 feet) a distance of 369.96 feet to a set 1/2" rebar; .
THENCE, North 57 degrees 37' 10" West, a distance of 558.04 feet to a set 1/2" rebar;
THENCE, North 32 degrees 35' 17" East, a distance of 261.19 feet to a set 1/2" rebar in the south right-of-way line of a 150 foot wide City of El Paso drainage right-of-way;
THENCE, along the south line of said drainage right-of-way, South 58 degrees 01' 00" East, a distance of 698.23 feet to a set 1/2" rebar in the south right-of-way line of said Hawkins Boulevard;
THENCE, along said south right-of-way line in a curve to the left South 29 degrees 59' 56" East, 176.18 feet) a distance of 176.70 feet to the POINT OF BEGINNING and containing 202,904 square feet or 4.658 acres of land.

PARCEL 4:

Lots 39 to 55, inclusive, Block 8, East Side Industrial District Unit One, an addition to the City of El Paso, El Paso County, Texas, according to the map thereof on File in Book 1, Page 44, Plat Records, El Paso County, Texas.

EXHIBIT B
to
REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT

Definitions

"**Action**" means any claim, action, suit, investigation, inquiry, proceeding, condemnation or audit by or before any court or other Governmental Authority or any arbitration proceeding.

"**Affiliate**" means, with 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 (i) 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, (ii) ownership of 50% or more of the equity or equivalent interest in any person and (iii) the ability to direct the business and affairs of any person by acting as a general partner, manager or otherwise. Notwithstanding the foregoing, no HollyFrontier Entity will be considered an Affiliate of an HEP Entity, and no HEP Entity will be considered an Affiliate of a HFC Entity.

"**Alon**" means Alon USA, Inc.

"**Alon Documents**" means the following agreements between Seller and Alon: (a) Storage and Product Handling Agreement dated February 21, 1997, as amended, by and between the Partnership, successor-in-interest to Navajo Refining Company, L.L.C. and Alon, successor-in-interest to Fina Oil and Chemical Company, and (b) Pipeline Lease Agreement dated as of February 21, 1997, as amended, between Alon, as successor-in-interest to American Petroleum Pipe Line Company and HEP Operating, as successor-in-interest to Navajo Pipeline Company.

"**Agreement**" has the meaning set forth in the Preamble.

"**Amended and Restated Omnibus Agreement**" means that certain Fourteenth Amended and Restated Omnibus Agreement dated the date hereof among HFC and the Partnership and certain of their Affiliates.

"**Amended and Restated Master Systems Operating Agreement**" has the meaning set forth in [Section 3.2\(f\)](#).

"**Amended and Restated Master Throughput Agreement**" has the meaning set forth in [Section 3.2\(g\)](#).

"**Ancillary Documents**" means, collectively, the Buyer Ancillary Documents and the Seller Ancillary Documents.

"**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 by 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.

"**Assigned Contracts**" has the meaning set forth in the Recitals.

"**Business Day**" means any day other than Saturday, Sunday or other day upon which commercial banks in Dallas, Texas are authorized by law to close.

"**Buyer**" has the meaning set forth in the Preamble.

"**Buyer Ancillary Documents**" means each agreement, document, instrument or certificate to be delivered by Buyer, or their Affiliates, at the Closing pursuant to [Section 3.3](#) and each other document or Contract entered into by Buyer, or its Affiliates, in connection with this Agreement or the Closing.

"**Buyer Indemnified Costs**" means, subject to [Article VIII](#), any and all damages, losses, Claims, assessments, judgments, liabilities, demands, charges, suits, penalties, costs, and expenses (including court costs and reasonable attorneys' fees and expenses incurred in investigating and preparing for any litigation or proceeding) that any of the Buyer Indemnified Parties incurs and that arise out of or relate to any breach of a representation, warranty or covenant of Seller under this Agreement. Notwithstanding anything in the foregoing to the contrary, Buyer Indemnified Costs shall exclude any and all indirect, consequential, punitive, or exemplary damages (other than those that are a result of (a) a third-party action for such indirect, consequential, punitive or exemplary damages, or (b) the gross negligence or willful misconduct of Seller or, to the extent occurring before the Closing Date, the Company).

"**Buyer Indemnified Parties**" means Buyer and HFC and each officer, director, partner, manager, employee, consultant, stockholder and Affiliate of Buyer and HFC.

"**Buyer Payment Obligations**" has the meaning set forth in [Section 10.1](#).

"**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.

"**Closing**" has the meaning set forth in [Section 3.1](#).

"**Closing Date**" has the meaning set forth in [Section 3.1](#).

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Consents**" means all notices to, authorizations, consents, Orders or approvals of, or registrations, declarations or filings with, or expiration of waiting periods imposed by, any Governmental Authority, and any notices to, consents or approvals of any other third party, in each case that are required by Applicable Law or by Contract in order to consummate the transactions contemplated by this Agreement and the Ancillary Documents.

"**Contract**" means any written or oral contract, agreement, indenture, instrument, note, bond, loan, lease, mortgage, franchise, license agreement, purchase order, binding bid or offer, binding term sheet or letter of intent or memorandum, commitment, letter of credit or any other legally binding arrangement, including any amendments or modifications thereof and waivers relating thereto.

"**Deed**" has the meaning set forth in [Section 3.2\(a\)](#).

"**Dispute**" means any dispute or difference that arises between the Parties in connection with or arising out of this Agreement (including, any dispute as to the termination or invalidity of this Agreement or any provision of it).

"**Effective Time**" has the meaning set forth in [Section 3.1](#).

"**Encumbrance**" means any mortgage, pledge, charge, hypothecation, claim, easement right of purchase, security interest, deed of trust, conditional sales agreement, encumbrance, interest, option, lien, right of first refusal, right of way, defect in title, encroachments or other restriction, whether or not imposed by operation of Applicable Law, any voting trust or voting agreement, stockholder agreement or proxy, created by, through or under Seller.

"**Excluded Assets**" has the meaning set forth in [Section 2.4](#).

"**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.

"**HEP Operating**" has the meaning set forth in the Preamble.

"**HFC**" has the meaning set forth in the Preamble.

"**HFC Entities**" means HFC and its direct and indirect subsidiaries other than the HEP Entities.

"**HFRM**" has the meaning set forth in the Recitals.

"Improvements" has the meaning set forth in the Recitals.

"Indemnified Costs" means Buyer Indemnified Costs and Seller Indemnified Costs, as applicable.

"Indemnified Party" means Buyer Indemnified Parties and Seller Indemnified Parties.

"Indemnifying Party" has the meaning set forth in [Section 8.2](#).

"Knowledge" and any variations thereof, or words to the same effect, means (i) with respect to Seller, actual knowledge after reasonable inquiry of Mark Cunningham and Richard Voliva; and (ii) with respect to Buyer, actual knowledge after reasonable inquiry of George Damiris.

"LLC Transfer Agreement" has the meaning set forth in the Recitals.

"Material Adverse Effect" means any adverse change, circumstance, effect or condition in or relating to the assets, financial condition, results of operations, or business of any person that materially affects the business of such person or that materially impedes the ability of any person to consummate the transactions contemplated hereby, other than any change, circumstance, effect or condition in the refining or pipelines industries generally (including any change in the prices of crude oil, natural gas, natural gas liquids, feedstocks or refined products or other hydrocarbon products, industry margins or any regulatory changes or changes in Applicable Law) or in United States or global economic conditions or financial markets in general. Any determination as to whether any change, circumstance, effect or condition has a Material Adverse Effect shall be made only after taking into account all effective insurance coverages and effective third-party indemnifications with respect to such change, circumstance, effect or condition.

"Monetary Liens" means any mortgage, deed of trust, judgment lien or other similar financial encumbrance arising by, through or under Seller.

"Osage Transaction" has the meaning set forth in the Recitals.

"Order" means any order, writ, injunction, decree, compliance or consent order or decree, settlement agreement, schedule and similar binding legal agreement issued by or entered into with a Governmental Authority.

"Partnership" has the meaning set forth in the Preamble.

"Party" and "Parties" have the meanings set forth in the Preamble.

"Permits" means all material permits, licenses, variances, exemptions, Orders, franchises and approvals of all Governmental Authorities necessary for the lawful ownership and operation of the Terminal, including the Assets.

"Permitted Encumbrances" means recorded encumbrances, agreements, defects, restrictions and adverse claims covering the Property and all Applicable Laws, rules, regulations, ordinances, judgments and orders of governmental authorities or tribunals having or asserting jurisdiction over the Property and operations conducted thereon or therewith, in each case to the extent the same are valid and enforceable and affect the Property, including, without limitation (i) all matters that a current on the ground survey, title insurance commitment or policy, or visual inspection of the Property would reflect, (ii) the applicable liabilities assumed in [Section 2.2](#), and (iii) any additional matters specified in "Permitted Encumbrances" as defined in the Deed.

"Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, Governmental Authority or other entity.

"Property" has the meaning set forth in the Recitals.

"Real Property" has the meaning set forth in the Recitals.

"Seller" has the meaning set forth in the Preamble.

"Seller Ancillary Documents" means each agreement, document, instrument or certificate to be delivered by Seller, or its Affiliates, at the Closing pursuant to [Section 3.2](#) and each other document or Contract entered into by Seller, or its Affiliates, in connection with this Agreement or the Closing.

"Seller Indemnified Costs" means any and all damages, losses, Claims, liabilities, demands, charges, suits, penalties, costs, and expenses (including court costs and reasonable attorneys' fees and expenses incurred in investigating and preparing for any litigation or proceeding) that any of the Seller Indemnified Parties incur and that arise out of or relate to any breach of a representation, warranty or covenant of Buyer under this Agreement. Notwithstanding anything in the foregoing to the contrary, Seller Indemnified Costs shall exclude any and all indirect, consequential, punitive or exemplary damages (other than those that are a result of (x) a third-party claim for such indirect, consequential, punitive or exemplary damages or (y) the gross negligence or willful misconduct of Buyer).

"Seller Indemnified Parties" means Seller and each officer, director, partner, manager, employee, consultant, stockholder, and Affiliate of Seller, including the Partnership.

"Seller Obligations" has the meaning set forth in [Section 10.2](#).

"Tangible Personal Property" has the meaning set forth in the Recitals.

"Tax" or "Taxes" means (i) all taxes, assessments, fees, and other charges of any kind whatsoever imposed by any Governmental Authority, including any federal, state, local and/or foreign income tax, net worth tax, production tax, value added tax, withholding tax, gross receipts tax, profits tax, ad valorem tax, personal property tax, real property tax, sales tax, goods and services tax, transfer tax, use tax, excise tax, insurance tax, capital stock tax, franchise tax, payroll tax, employment tax, unemployment tax, disability tax, alternative or add-on minimum tax and estimated tax, (ii) any interest, fine, penalty or additions to tax imposed by a Governmental Authority in connection with any item described in clause (i), and (iii) any liability in respect of any item described in clauses (i) or (ii) above, that arises by reason of a contract, assumption, transferee, successor liability or operation of law.

"Tax Return" shall mean any report, return, information statement, schedule, attachment, payee statement or other information required to be provided to any Governmental Authority with respect to Taxes or any amendment thereof.

PARCEL 4:

Lots 39 to 55, inclusive, Block 8, East Side Industrial District Unit One, an addition to the City of El Paso, El Paso County, Texas, according to the map thereof on File in Book 1, Page 44, Plat Records, El Paso County, Texas.

EXHIBIT E
to
REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT

Form of Bill of Sale

BILL OF SALE AND ASSIGNMENT

HEP REFINING ASSETS, L.P., a Delaware limited partnership ("Grantor"), for good and valuable consideration paid by EL PASO LOGISTICS LLC, a Delaware limited liability company ("Grantee"), the receipt and sufficiency of which are hereby acknowledged, has BARGAINED, SOLD, ASSIGNED and DELIVERED and by these presents does BARGAIN, SELL, ASSIGN and DELIVER unto Grantee all tangible personal property and fixtures owned by Grantor and used in connection with the ownership, maintenance, or operation of the real property described on Exhibit A or the improvements located thereon (the "Property").

This Bill of Sale is made and accepted expressly subject to the Permitted Encumbrances (as defined in the Refined Products Terminal Transfer Agreement dated the date hereof by and among Grantor, Grantee, Holly Energy Partners, L.P., HollyFrontier Corporation and Holly Energy Partners – Operating, L.P.) (the "Terminal Transfer Agreement").

Notwithstanding anything in this Agreement to the contrary, this Bill of Sale shall not include any of the Excluded Assets described in the Terminal Transfer Agreement.

[Signatures on following page]

EXECUTED as of February ____, 2016.

HEP REFINING ASSETS, L.P., a Delaware limited partnership

By: HEP Refining GP, L.L.C., a Delaware limited liability company, its general partner

By: _____
Michael C. Jennings
Chief Executive Officer

EXHIBIT A
TO
BILL OF SALE AND ASSIGNMENT
(Legal Description of the Property)

PARCEL 1:

Being a portion of Tract 1A2, Block 4, Ascarate Grant, City of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING FOR REFERENCE at the most northeasterly corner of said Tract 1A2;
THENCE, along the north easterly line of said Tract 1A2, South 58 degrees 01' 00" East, a distance of 3,218.47 feet to a point;
THENCE, leaving said northeasterly line. South 30 degrees 55' 00" West, a distance of 150.06 feet to the POINT OF BEGINNING for the herein described Tract;
THENCE, South 58 degrees 01' 00" East, a distance of 792.36 feet to a point for corner;
THENCE, South 32 degrees 35' 17" West, a distance of 261.19 feet to a point for corner;
THENCE, North 57 degrees 37' 10" West, a distance of 784.87 feet to a point for corner;
THENCE, North 30 degrees 55' 00" East, a distance of 255.78 feet to the POINT OF BEGINNING and containing 4.679 acres of land.

PARCEL 2:

Being a portion of Tract 1 A3, Block 4, Ascarate Grant, City of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING FOR REFERENCE at the most northeasterly corner of said Tract 1A3;
THENCE, along the northeasterly line of said Tract 1A3, South 58 degrees 01' 00" East, a distance of 3,499.26 feet to a point;
THENCE, leaving said northeasterly line, South 32 degrees 14' 00" West, a distance of 488.89 feet to the POINT OF BEGINNING for the herein described Tract;
THENCE, South 57 degrees 49' 00" East, a distance of 909.00 feet to a point for corner;
THENCE, South 59 degrees 54' 00" East, a distance of 141.10 feet to a point for corner;
THENCE, South 32 degrees 14' 00" West, a distance of 335.13 feet to a point for corner;
THENCE, North 57 degrees 49' 00" West, a distance of 1,050.00 feet to a point for corner;
THENCE, North 32 degrees 14' 00" East, a distance of 330.00 feet to the POINT OF BEGINNING and containing 7.963 acres of land.

PARCEL 3:

Being a portion of Tract 1A8, Block 4, Ascarate Grant, .City of El Paso, El Paso County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING FOR REFERENCE at the City Monument at the centerline intersection of Hawkins Boulevard and Tony Lama Street;

THENCE, along the center line of said Hawkins Boulevard, North 58 degrees 01' 00" West, a distance of 1,263.28 feet to a City Monument at me beginning of a curve to the right;

THENCE, leaving said center line. North 60 degrees 23' 42" West, a distance of 453.15 feet to a point set 1/2" rebar in the south right-of-way line of said Hawkins Boulevard and POINT OF BEGINNING for the herein described tract;

THENCE, leaving said south right-of-way line and along the arc of a curve to the right (Delta Angle - 63 degrees 16'31", Radius - 335.00 feet, Chord - North 89 degrees 15' 26" West, 351.45 feet) a distance of 369.96 feet to a set 1/2" rebar; .

THENCE, North 57 degrees 37' 10" West, a distance of 558.04 feet to a set 1/2" rebar;

THENCE, North 32 degrees 35' 17" East, a distance of 261.19 feet to a set 1/2" rebar in the south right-of-way line of a 150 feet wide City of El Paso drainage right-of-way;

THENCE, along the south line of said drainage right-of-way, South 58 degrees 01' 00" East, a distance of 698.23 feet to a set 1/2" rebar in the south right-of-way line of said Hawkins Boulevard;

THENCE, along said south right-of-way line in a curve to the left South 29 degrees 59' 56" East, 176.18 feet) a distance of 176.70 feet to the POINT OF BEGINNING and containing 202,904 square feet or 4.658 acres of land.

PARCEL 4:

Lots 39 to 55, inclusive, Block 8, East Side Industrial District Unit One, an addition to the City of El Paso, El Paso County, Texas, according to the map thereof on File in Book 1, Page 44, Plat Records, El Paso County, Texas.

SCHEDULE 2.1
to
REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT

Assigned Contracts

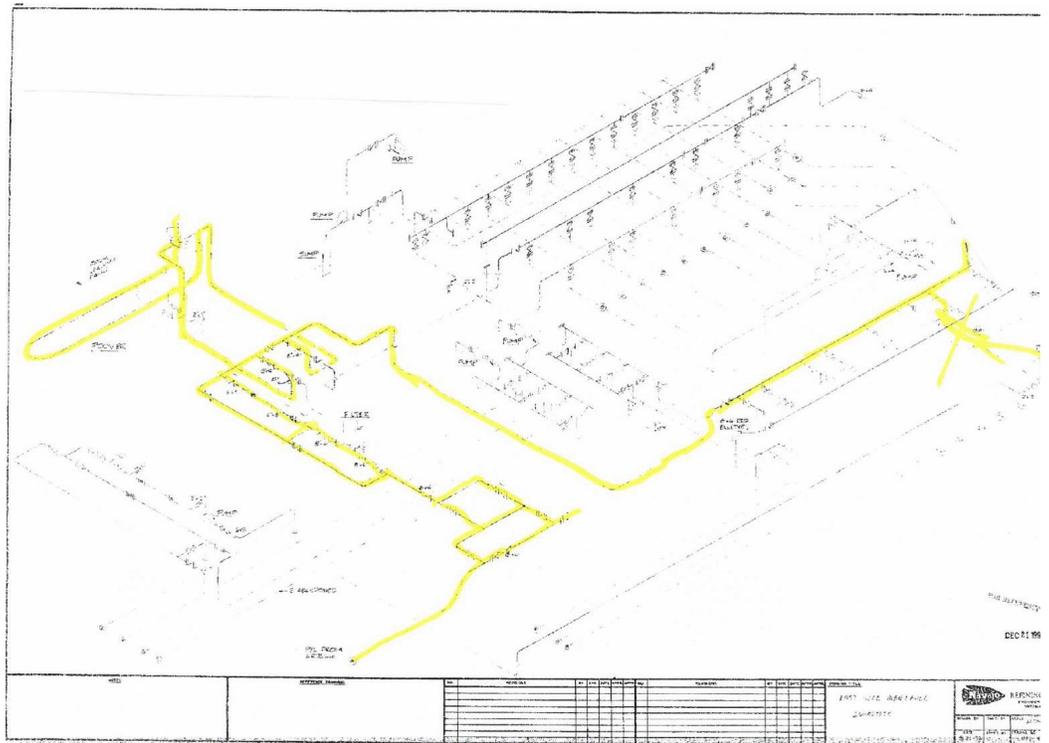
Agreements between Seller and third party carriers permitting access to the Terminal by such third party carriers.

SCHEDULE 2.4
to
REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT

Excluded Assets

The "Excluded Assets" referenced in the foregoing Agreement are the following assets, as further identified on the diagram attached to this Schedule 2.4:

- (a) 6" Manifold Piping – 6" piping in the Eastside portion of the Hawkins Terminal including but not limited to: receiving pig trap; mainline valve MOV-1; flow meter; meter prover; piping and pipe rack inside terminal; launching pig trap; instrumentation including pressure and temperature transmitters and densitometer;
- (b) Electrical and Controls in the Eastside portion of the Hawkins Terminal – including but not limited to: PLC Cabinet and Pipeline PLC; Quickpanel inside Cut Shack; Satellite dish and communication equipment for SCADA; Pipeline UPS & MCC; and
- (c) Electrical and Controls in the PD portion of the Hawkins Terminal – including but not limited to: PLC Cabinet and Pipeline PLC.
- (d)



**SCHEDULE 4.3
to
REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT**

Required Consents - Seller

None

**SCHEDULE 5.3
to
REFINED PRODUCTS TERMINAL TRANSFER AGREEMENT**

Required Consents - Buyer

None

Schedule 2.4

**HOLLYFRONTIER CORPORATION
SUBSIDIARIES OF REGISTRANT**

State of Incorporation

<u>Name of Entity</u>	<u>or Organization</u>	
Black Eagle, LLC	Delaware	
Cheyenne Logistics LLC (3)	Delaware	
El Dorado Logistics LLC (3)	Delaware	
El Dorado Operating LLC (3)	Delaware	
El Dorado Osage LLC (3)	Delaware	
El Paso Operating LLC	Delaware	
Eagle Consolidation LLC	Delaware	
Ethanol Management Company LLC	Delaware	
Frontier Pipeline LLC	Delaware	
Frontier Refining & Marketing LLC	Delaware	
HEP Casper SLC LLC (3)	Delaware	
HEP El Dorado LLC (3)	Delaware	
HEP Fin-Tex/Trust-River, L.P. (3)	Texas	
HEP Logistics GP, L.L.C (3)	Delaware	
HEP Logistics Holdings, L.P.	Delaware	
HEP Mountain Home, L.L.C. (3)	Delaware	
HEP Navajo Southern, L.P. (3)	Delaware	
HEP Pipeline Assets, Limited Partnership (3)	Delaware	
HEP Pipeline GP, L.L.C. (3)	Delaware	
HEP Pipeline, L.L.C. (3)	Delaware	
HEP Refining Assets, L.P. (3)	Delaware	
HEP Refining GP, L.L.C. (3)	Delaware	
HEP Refining, L.L.C. (3)	Delaware	
HEP SLC, LLC (3)	Delaware	
HEP Tulsa LLC (3)	Delaware	
HEP UNEV Holdings LLC (3)	Delaware	
HEP UNEV Pipeline LLC (3)	Delaware	
HEP Woods Cross, L.L.C. (3)	Delaware	
Holly Biofuels, LLC	Delaware	
Holly Energy Finance Corp. (3)	Delaware	
Holly Energy Partners, L.P. (2)	Delaware	
Holly Energy Partners – Operating, L.P. (2),(3)	Delaware	
Holly Energy Storage – Lovington LLC	Delaware	
Holly Logistics Limited LLC	Delaware	
Holly Logistic Services, L.L.C.	Delaware	
Holly Petroleum, Inc.	Delaware	
Holly Realty, LLC	Delaware	
Holly Refining Communications, Inc.	Delaware	
HollyFrontier Asphalt Company LLC	Delaware	
HollyFrontier Cheyenne Refining LLC	Delaware	
HollyFrontier El Dorado Refining LLC	Delaware	
HollyFrontier Holdings LLC	Delaware	
HollyFrontier Navajo Refining LLC	Delaware	
HollyFrontier Payroll Services, Inc.	Delaware	
HollyFrontier Refining & Marketing LLC	Delaware	
HollyFrontier Services LLC	Delaware	
HollyFrontier Tulsa Refining LLC	Delaware	
HollyFrontier Transportation LLC	Delaware	
HollyFrontier Woods Cross Refining LLC	Delaware	
Hollymarks, LLC	Delaware	
HRM Realty, LLC	Delaware	
Lea Refining Company	Delaware	
Lovington-Artesia, L.L.C. (3)	Delaware	
Navajo Holdings, Inc.	New Mexico	
Navajo Pipeline Co., L.P. (1)	Delaware	
Navajo Pipeline GP, L.L.C.	Delaware	
Navajo Pipeline LP, L.L.C.	Delaware	
Osage Pipe Line Company, LLC (3)	Delaware	
Roadrunner Pipeline, L.L.C. (3)	Delaware	
UNEV Pipeline, LLC (3)	Delaware	
Wainoco Oil and Gas Company	Delaware	
Wainoco Resources, Inc.	Delaware	
Whispering Eagle Holdings LLC	Delaware	
Whispering Eagle LLC	Delaware	

(1) Navajo Pipeline Co., L.P. also does business as Navajo Pipeline Co.

(2) Holly Energy Partners, L.P. and Holly Energy Partners – Operating, L.P. also do business as Holly Energy Partners.

(3) Represents a subsidiary of Holly Energy Partners, L.P. We have presented these entities in our list of subsidiaries as a result of our reconsolidation of Holly Energy Partners, L.P. on March 1, 2008.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-184877) of HollyFrontier Corporation,
- (2) Registration Statement (Form S-8 No. 333-175428) of HollyFrontier Corporation,
- (3) Registration Statement (Form S-8 No. 333-54612) of HollyFrontier Corporation, and
- (4) Registration Statement (Form S-3ASR No. 333-208155) pertaining to the sale of common stock on behalf of a selling stockholder of HollyFrontier Corporation;

of our reports dated February 24, 2016, with respect to the consolidated financial statements of HollyFrontier Corporation and the effectiveness of internal control over financial reporting of HollyFrontier Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 2015.

/s/Ernst & Young LLP

Dallas, Texas
February 24, 2016

CERTIFICATION

I, George J. Damiris, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2016

/s/ George J. Damiris

George J. Damiris
Chief Executive Officer and President

CERTIFICATION

I, Douglas S. Aron, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2016

/s/ Douglas S. Aron

Douglas S. Aron

Executive Vice President and Chief Financial Officer

**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-K for the period ending December 31, 2015 and filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George J. Damaris, 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: February 24, 2016

/s/ George J. Damaris

George J. Damaris

Chief Executive Officer and President

**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-K for the period ending December 31, 2015 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: February 24, 2016

/s/ Douglas S. Aron

Douglas S. Aron

Executive Vice President and Chief Financial Officer

