

HOLLY ENERGY PARTNERS, L.P.
HOLLY LOGISTIC SERVICES, L.L.C.
GOVERNANCE GUIDELINES
Adopted by the Board of Directors
of Holly Logistic Services, L.L.C.
as Amended April 27, 2011

The Board of Directors (the "Board") of Holly Logistic Services, L.L.C., (the "Company"), the general partner of HEP Logistics Holdings, L.P. (the "General Partner"), the general partner of Holly Energy Partners, L.P. (the "Partnership") has developed and adopted a set of corporate governance guidelines (the "Guidelines") to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

Role of Board and Management

The business of the Partnership and its subsidiaries is conducted by the Company's employees, managers, and officers, under the direction of the Company's Chairman of the Board and Chief Executive Officer, to enhance the long-term value of the Partnership for its unitholders. It is the Board's responsibility to oversee management and to assure that the long-term interests of the unitholders are being served. Both the Board and management recognize that the long-term interests of the unitholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, customers, suppliers, the communities the Partnership serves, government officials, and the public at large.

Functions of the Board

The Board has regularly scheduled meetings each year at which it performs its oversight functions. In addition to its general oversight of the Partnership and management, the Board and its committees also perform a number of specific functions, including the following:

1. Monitoring the financial and operational performance of the Partnership.
2. Selecting, evaluating, compensating, and overseeing succession planning regarding the Company's Chairman of the Board and Chief Executive Officer.
3. Providing counsel and oversight on the selection, evaluation, development, and compensation of the Company's executive officers.
4. Reviewing, approving, and monitoring fundamental financial and business strategies and major Company actions.
5. Assessing major risks facing the Partnership and reviewing options for their mitigation.

6. Overseeing the processes that are in place for maintaining the integrity of the Partnership's financial statements, the integrity of compliance with law and ethics by the Partnership, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

Board Composition

The composition of the Board should consider the following criteria:

1. The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully.
2. The composition of the Board should encompass a range of skills, expertise, knowledge, and diversity of opinion.

Selection of Chairman of the Board and Chief Executive Officer

The Board may select its chairman and the Company's chief executive officer in the manner it considers in the best interests of the Partnership at any given point in time.

Selection of Directors

Nominations. Navajo Pipeline Co., L.P., a Delaware limited partnership (the "Sole Member") is responsible for electing or approving the directors to serve on the Company's Board.

Criteria. The selection of directors will be made with consideration of the following criteria, as well as any other criteria that the Sole Member deems appropriate:

1. Personal qualities, background and reputation reflecting the highest personal and professional integrity, exceptional talent and judgment, and ability to work with other directors and director nominees to build a Board that is effective and responsive to the needs of the unitholders.
2. Current knowledge of the communities in which the Partnership does business, the Partnership's industry, other industries relevant to the Partnership's business, or other organizations of comparable size.
3. Ability and willingness to commit adequate time to the Board and committee matters.
4. Diversity of viewpoints, background, experience and other demographics.
5. The individual's agreement with the Guidelines.

Invitation. At the request of the Sole Member, the invitation to join the Board will be extended by the Board itself via the Chairman of the Board and Chief Executive Officer of the Company, together with an independent director, when deemed appropriate.

Orientation and Continuing Education. Management, working with the Board, will provide an orientation process for new directors, including background material on the Company and Partnership and meeting with senior management. Periodically, management will inform directors about education opportunities relevant to the Partnership and their duties as Board members.

Election/Term

The number of directors constituting the Board shall be six (6), unless otherwise fixed from time to time pursuant to a resolution adopted by the Sole Member. As of August 4, 2004, the number of members of the Board is six. The directors shall be elected or approved by the Sole Member and shall serve as directors of the Company until their death or removal from office or until their successors are elected and qualified.

Resignation

A resignation from the Board of Directors shall be deemed to take effect upon its receipt by the Company unless otherwise specified therein.

Board Meetings

The Board (or any committee of the Board) shall meet at such time and at such place as the Chairman of the Board (or the chairman of such committee) may designate. Written notice of all regular meetings of the Board (or any committee of the Board) must be given to all Directors (or all members of such committee) at least ten days prior to the regular meeting of the Board (or such committee). Special meetings of the Board (or any committee of the Board) shall be held at the request of (i) the Chairman of the Board (or the chairman of such committee), (ii) the Secretary (if any) at the request of the Chairman of the Board (or the chairman of such committee) or any two Directors (or any two members of such committee) or (iii) a majority of the Directors (or a majority of the members of such committee), in each case upon at least twenty-four hours oral or written notice to the Directors (or the members of such committee) or upon such shorter notice as may be approved by the Directors (or the members of such committee). Any Director (or member of such committee) may waive the requirement of such notice as to such Director (or such member). Attendance by a Director (or member of a committee) at any meeting shall constitute waiver by such Director of the requirement of notice of such meeting unless such Director specifically objects at such meeting on the basis of improper notice.

To ensure free and open discussion and communication among the non-management directors of the Board, non-management members of the Board of Directors shall meet at regularly scheduled executive sessions. Such sessions shall be held contemporaneously with the regularly scheduled Board Meetings. The non-management directors shall designate the director who will preside at such sessions.

The Committees of the Board

The Company shall have an Audit Committee, a Compensation Committee, and a Conflicts Committee. Each of these three committees shall satisfy all applicable rules of the NYSE and applicable federal law. As a limited partnership, the Partnership is not subject to the requirements of Sections 303A.01, .04 or .05 of the New York Stock Exchange's Corporate Governance Rules.

The Audit Committee shall be responsible for monitoring the Partnership's internal accounting controls, selecting and engaging independent auditors, reviewing quarterly and annual reports filed with the Securities and Exchange Commission, and reviewing certain activities of the independent auditors and their reports and conclusions. In addition, the Audit Committee shall select persons to conduct internal audits of certain transactions of the Partnership and related financial controls and review the reports developed from such internal audits.

The Compensation Committee shall be responsible for the administration of the Partnership's Long-Term Incentive Plan for employees, consultants, and directors of the Company and its affiliates and the Partnership's Annual Incentive Compensation Plan for the Company's key employees. The committee also shall be responsible for establishing and overseeing the compensation program for non-employee directors who serve on the Company's Board of Directors.

The Conflicts Committee shall be responsible for reviewing specific matters that the Board believes may involve conflicts of interest. The committee will determine if the resolution of the conflict of interest is fair and reasonable to the Partnership. Any matters approved by the committee will be conclusively deemed to be fair and reasonable to the Partnership, approved by all of its partners, and not a breach by its general partner of any duties it may owe the Partnership or its unitholders.

All directors, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report concerning his or her committee's activities to the Board.

The Audit Committee shall be composed of at least three directors who the Board has determined have no material relationship with the Company or the Partnership and who are otherwise "independent" under the rules of the NYSE and applicable federal law, including the rules of the Securities and Exchange Commission. A director may serve on more than one committee for which he or she qualifies.

Management Succession

The Board shall review and concur in a formal or informal succession plan, addressing the policies and principles for selection of a successor to the Chairman of the Board and Chief Executive Officer, both in an emergency situation and in the ordinary course of business. The

succession plan may include an assessment of the experience, performance, skills and planned career paths for possible successors to the Chairman of the Board and Chief Executive Officer.

Executive Compensation

Compensation of the officers of the Company shall be determined by Holly Corporation in accordance with the terms of the Omnibus Agreement and Partnership Agreement. Officers of the Company or its affiliates may participate in employee benefit plans and arrangements sponsored by the General Partner or its affiliates. Officers of the Company who also serve as directors will not receive additional compensation.

Board Compensation

The Board should conduct a review at least once every year of the components and amount of Board compensation. Board compensation should be consistent with market practices and the demands placed on the Board, but should not be set at a level that would call into question the Board's objectivity. All non-employee members of the Board receive the same base compensation for Board service. They may also receive compensation for committee participation, committee chairmanships, and other services. Employee members of the Board receive no compensation for their services as Board members. All non-employee Board members are reimbursed for reasonable, out-of-pocket expenses they incur to attend Board meetings, committee meetings, and director continuing education.

Expectations of Directors

The business and affairs of the Partnership shall be managed by or under the direction of the Board in accordance with Delaware law. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Partnership. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

1. *Commitment and Attendance.* All independent and management directors should make every effort to attend meetings of the Board and meetings of committees of which they are members. Members may attend by telephone to mitigate competing demands on their time.

2. *Participation in Meetings.* Each director should be sufficiently familiar with the business of the Partnership, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any appropriate questions a director may have about any aspect of the Partnership's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics.* All directors owe a duty of loyalty to the Partnership. This duty of loyalty mandates that the best interests of the Partnership take precedence over any

interests possessed by a director. The Partnership has adopted a Code of Business Conduct and Ethics (the "Code"). Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Partnership, potential conflicts of interest, and the taking of Partnership opportunities for personal use. Directors should be familiar with the Code's provisions in these areas and should consult with counsel in the event of any issues.

4. *Other Directorships.* The Board values the experience directors bring from other boards on which they serve, but recognizes that service on other boards may also present demands on a director's time and availability and may raise conflicts of interests or other legal issues. Directors should advise the Conflicts Committee and the Chairman of the Board and Chief Executive Officer before accepting membership on other boards, including those for non-profit companies, or other significant commitments involving affiliation with other businesses or governmental units.

5. *Contact with Management.* All directors are invited to contact the Chairman of the Board and Chief Executive Officer at any time to discuss any aspect of the Partnership's business. Directors also shall have access to other members of executive management. The Board expects that there will be frequent opportunities for directors to meet with the Chairman of the Board and Chief Executive Officer and other members of executive management in Board and committee meetings and in other formal or informal settings. Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

6. *Contact with other Constituencies.* It is important that the Partnership speak to employees and outside constituencies with a single voice and that designated members of management serve as spokespersons for the Partnership.

7. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

Evaluating Board Performance

The Board should conduct a self-evaluation at least annually to determine whether it is functioning effectively. This should include periodically considering the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools and background to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board.