

---

**HOLLY ENERGY PARTNERS — OPERATING, L.P.**  
LOCAL PIPELINE TARIFF

RATES APPLYING ON THE TRANSPORTATION OF  
**ISOBUTANE**

| FROM                  | TO             |
|-----------------------|----------------|
| LOVINGTON, NEW MEXICO | EL PASO, TEXAS |

The rates named in this Tariff are expressed in dollars per barrel of forty-two (42) United States Gallons and are subject to change as provided by law.

GOVERNED BY RULES AND REGULATIONS STATED HEREIN.

---

[C] ~~The rate decrease is filed in compliance of 18 CFR 342.3(a), Indexing, Rate Changes.~~

[N] Filed in compliance with Order No. 714 - Electronic Tariff Filings, issued on September 19, 2008. This Tariff brings forward the rates in FERC No. 46 for the establishment of the Baseline Tariff. No rates are being changed.

---

**ISSUED: June 29, 2010**

**EFFECTIVE: August 1, 2010**

---

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

Issued By  
Matthew P Clifton, CEO and Chairman

Compiled By  
Jimmy Harrison, Director, Financial Accounting & Reporting

Holly Energy Partners - Operating, L.P.  
100 Crescent Court, Ste 1600  
Dallas, TX 75201  
Phone (214) 871-3555 Fax (214) 615-9376

| TABLE OF RATES  |                |            |
|---|----------------|------------|
| RATES IN DOLLARS PER BARREL OF 42 UNITED STATES GALLONS |                |            |
| ORIGIN<br>CARRIER'S RECEIVING POINT                     | DESTINATION    | RATE       |
| Lovington, New Mexico                                   | El Paso, Texas | [U] 1.8586 |

**Explanation of Symbols:**

- [U] – Unchanged Rate
- [C] – Cancel
- [N] – New

| RULES AND REGULATIONS   |             |   |
|---|-------------|---|
| This Company will receive Petroleum Products for interstate transportation only to established delivery stations on its own lines, and lines of connecting pipeline companies, on the following conditions: |             |   |
| Item No.  | Subject     | Application   |
| 5   | Definitions | <p>As used in these rules and regulations, the following terms have the following meanings:</p> <p>“Barrels” means 42 United States gallons at sixty degrees (60°) Fahrenheit.</p> <p>“Carrier” means Holly Energy Partners — Operating, L.P.</p> <p>“Company” means Holly Energy Partners — Operating, L.P.</p> <p>“Consignee” means the party to whom a Shipper has ordered the delivery of Petroleum Products.</p> <p>“Nomination” means an offer by a Shipper to Carrier of a stated quantity of Petroleum Products for transportation from origin to specified destination.</p> <p>“Petroleum Products” means, collectively, Isobutane, Normal Butane and Natural Gasoline.</p> <p>“Shipment” means a volume of Petroleum Products offered to and accepted by Carrier for transportation.</p> <p>“Shipper” means the party who contracts with the Carrier for transportation of Petroleum Products under the terms of this tariff.</p> <p>“Transmix” means (a) for Isobutane delivery, a mixture of Isobutane and gasoline which will act as a buffer zone in the Pipeline to ensure the quality of the Isobutane delivered pursuant to this Agreement, (b) for Normal Butane delivery, a mixture of Normal Butane and gasoline which will act as a buffer zone in the Pipeline to ensure the quality of the Normal Butane delivered pursuant to this Agreement, and (c) for Natural Gasoline delivery, a mixture of Natural Gasoline and gasoline which will act as a buffer zone in the pipeline to ensure the quality of the Natural Gasoline delivered pursuant to this Agreement.</p> |

RULES AND REGULATIONS

| Item No. | Subject                                  | Application   |
|----------|--|---|
| 10       | Specifications and Acceptance of Product | <p>Petroleum Products will be accepted for transportation at such time as Petroleum Products of same quality and specifications are currently being transported from receiving point to destination. Prior to acceptance of Petroleum Products for transportation the Company may require from the Shipper a certificate setting forth, in detail, the specifications of each shipment of Petroleum Products. Carrier may also make such tests as it deems necessary.</p> <p>All additives and inhibitors to be included in Shipper's Petroleum Products must first be approved by the Carrier before such Petroleum Products will be accepted for transportation. If Petroleum Products tendered by Shipper do not contain corrosion inhibitor compound which is satisfactory to Carrier, then Carrier may, at Shipper's expense, inject corrosion inhibitor compound in the Petroleum Products to be transported, and Shipper and Consignee will accept delivery of shipments at destination containing portions of the corrosion inhibitor compound.</p> <p>Petroleum Products will be accepted for transportation when Shipper has made necessary arrangements (a) to provide facilities to tender such Petroleum Products and deliver same at Carrier's receiving manifold at the origin at pumping rates and pressures as required by Carrier, and (b) to provide facilities at the destination to receive the Petroleum Products tendered for transportation at flow rates and pressures as required by Carrier.</p> <p>Carrier may require Shipper to supply adequate buffer material when necessary for quality control purposes to maintain segregation of Shipments of Petroleum Products.</p> |
| 15       | Shipments-Nominations and Minimum Tender | <p>Orders for the shipment of Petroleum Products will be accepted for transportation under this tariff in quantities of not less than ten thousand (10,000) barrels from one Shipper consigned to same destination. Scheduling of all shipments shall be solely determined by Carrier.</p> <p>Any Shipper desiring transportation of Petroleum Products under this tariff must submit to Carrier by the 20th day of each month a Nomination of the type and quantity of Petroleum Products to be transported during the following month.</p> <p>Shippers will be required to schedule their Petroleum Products for delivery into suction manifold at the origin to meet the cycle within which Carrier schedules the Petroleum Products to move. Petroleum Products shall be available for shipment 24 hours before the scheduled date for movement into the Carrier's pipeline system. Shipper shall deliver Petroleum Products to Carrier at a pressure no greater than 275 psig and at a flowing pressure of at least 150 psig.</p>  |
| 20       | Mixing with Other Petroleum Products     | <p>Carrier will endeavor to deliver substantially the same Petroleum Products as received from Shipper to the extent permitted by Carrier's facilities. However, all shipments will be accepted for transportation only on condition that it shall be subject to such changes in gravity or quality while in transit as may result from the mixture with other Petroleum Products in the pipelines.</p> <p>Shipper shall be required to deliver at the origin a quantity of buffer material sufficient to act as a buffer at the front and at the back of all batches of Petroleum Products that Shipper delivers to Carrier for transportation. Carrier shall deliver the Transmix at the destination, and Shipper shall accept delivery of such Transmix, upon delivery of each batch of Petroleum Products to Shipper at the destination. Carrier shall cause meter tickets to be cut for all volumes of Transmix.</p>   |

RULES AND REGULATIONS

| Item No. | Subject   | Application  |
|----------|---|--|
| 25       | Petroleum Products to be Free from Liens and Charges    | Company shall have the right to decline to receive any Petroleum Products which may be involved in litigation or the title of which may be in dispute or which may be encumbered by lien or charge of any kind, and it may require of the Shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity bond to protect Company.   |
| 30       | Commodity   | This Company is engaged in the transportation of Petroleum Products exclusively and therefore will not accept any other commodity for transportation.  |
| 35       | Payment of Transportation And Other Charges             | The Shipper or Consignee shall pay the transportation charges accruing on Petroleum Products delivered at the final destination, and if required, shall pay the same before delivery. Shipment for transportation shall be subject to a lien for all such charges. Unless Carrier requires payment of transportation charges before delivery as allowed in this item, transportation charges shall be due ten days after receipt of invoice from Carrier for delivery of Petroleum Products. If such charges remain unpaid after payment is due, such charges shall bear interest from the date they became due until they are paid at a rate equal to 125 % of the prime rate of interest as reported in the <i>Wall Street Journal</i> as of the first of the month in which the charges are due or the maximum finance rate allowed by applicable law, whichever is less  |
| 35       | Payment of Transportation and Other Charges [continued] | If Shipper or Consignee fails to pay the transportation charges within 10 days after payment is due, Carrier shall have the right to sell Shipper's or Consignee's Petroleum Products at public auction for cash. The auction will be held between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after Shipper has been officially notified of the time and place of such sale and the quantity, general description, and location of the Petroleum Products to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Petroleum Products, and the balance shall be held for whosoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, Shipper and Consignee, if any, are liable to Carrier for any deficiency.                          |
| 40       | Liability of Carrier                                    | Carrier shall not be liable for loss of Petroleum Products in its custody, damage thereto, or delay caused by fire, storm, flood, epidemics, Acts of God, riots, insurrection, rebellion, war, act of the public enemy, quarantine, nuclear or atomic explosion, strikes, picketing, or other labor stoppages, whether of Carrier's employees or other, the authority of law, requisition or necessity of Government of the United States in time of war, default of Shipper or Shipper's Consignee or any other cause not due to the negligence of Carrier, whether similar or dissimilar to the cause herein enumerated. In the event of such loss, each Shipper shall bear the loss in the same proportion as its share of the total quantity involved and shall be entitled to receive only so much of its share remaining after its due proportion of the loss is deducted. Transportation charges will be assessed only on the quantity delivered net of volume corrections as set forth in Item No. 45 herein. In the event of loss of Petroleum Products due to the negligence or misconduct of Carrier, Carrier shall compensate Shipper for such loss. |