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

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)
FOR FISCAL YEAR ENDED JULY 31, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-3876

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

DELAWARE	75-1056913
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 CRESCENT COURT SUITE 1600 DALLAS, TEXAS	75201-6927
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, $.01 PAR VALUE	AMERICAN STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act:

NONE

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

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 and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

On October 14, 1994, the aggregate market value of the Common Stock, par value $.01 per share, held by non-affiliates of the registrant was $85,000,000. (This is not to be 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.)

8,253,514 shares of Common Stock, par value $.01 per share, were outstanding on October 14, 1994.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the registrant's proxy statement for its annual meeting of

stockholders in December 1994, which proxy statement will be filed with the Securities and Exchange Commission within 120 days after July 31, 1994, are incorporated by reference in Part III.

Annual Report on Form 10-K
of Holly Corporation
Fiscal Year Ended July 31, 1994

Part I

Items 1 and 2. Business and Property

Holly Corporation and its consolidated and wholly-owned subsidiaries, herein referred to as the "Company" unless the context otherwise indicates, are engaged primarily in the refining of petroleum and petroleum derivatives. Navajo Refining Company, one of the wholly-owned subsidiaries, owns and operates a high-conversion petroleum refinery in Artesia, New Mexico ("Navajo") and, under the terms of a long term Lease Agreement with an affiliate, also operates refining facilities in nearby Lovington, New Mexico. In combination, operation of the refineries allows for total crude oil throughput capacity of 60,000 barrels-per-day ("BPD"). The Company also owns Montana Refining Company, a Partnership ("MRC"), which operates a small petroleum refinery adjoining Great Falls, Montana. The principal markets for the Company's refined petroleum products are in Arizona, New Mexico, west Texas, Northern Mexico and Montana.

The Company contracts with two independent oil and gas consulting groups to engage in the exploration for and production of oil and gas. The scope of such activity is presently modest relative to the Company's refining activities.

The Company was incorporated in Delaware in 1947.

Navajo Refining Company

With the completion of a major expansion in December 1991, the Company's total New Mexico crude oil refining capacity became 60,000 BPD, inclusive of the Lovington operations. At the Artesia and Lovington facilities, Navajo has the ability to process almost all high sulfur ("sour") crude oil and, as a result of the expansion, has increased from 87% to 90% the proportion of throughput that can be converted into higher value products (gasoline, diesel and jet fuels). The expansion has also increased internal high octane capabilities and has augmented overall operating flexibility.

The following table sets forth certain information about the operations of Navajo during the last five fiscal years:

	Years ended July 31,				
	1994	1993	1992	1991	1990
Refinery production (BPD)(1)	57,400 (2)	58,600	48,900	38,800 (2)	40,000
Refinery utilization(3)	90.1%(2)	92.5%	87.8%	94.2%(2)	98.8%
Average per barrel					
Net sales	$ 22.51	$ 25.39	$ 24.77	$ 29.91	$ 25.59
Cost of sales	$ 19.96	$ 22.95	$ 23.41	$ 27.36	$ 21.94

- - ----------

(1) Barrels per calendar day of refined products produced from crude oil and other raw materials.

(2) Refinery production and utilization rates were reduced as the result of a scheduled four-week turnaround for major maintenance.

(3) Crude oil throughput divided by crude unit capacity.

Navajo's principal refining facility is located on approximately 300 acres of land in Artesia, New Mexico. The facility has crude, fluid catalytic cracking, vacuum distillation, alkylation, hydrodesulfurization, reforming and asphalt units. The Company also maintains approximately 1,500,000 barrels of tankage, other supporting units and office buildings.

The Artesia refining facilities are operated in conjunction with refining facilities located in Lovington, New Mexico, approximately 65 miles east of Artesia. The principal units at Lovington are a 36,000 BPD capacity crude unit and an associated vacuum unit. The Lovington units process crude oil into intermediate products, which are transported through a Company-owned eight- inch pipeline running to the Artesia refinery.

Pipeline Facilities

The Company's principal crude gathering pipeline systems lead to the Artesia and Lovington refining facilities from various points in southeastern New Mexico. The Company's principal product pipelines are a line from Artesia to El Paso and a line from Artesia to Orla, Texas and then west to El Paso and east to Midland/Odessa (the eastern segment to Midland/Odessa is currently inactive). Products can be shipped by common carrier pipeline from El Paso north to Albuquerque and west to Tucson and Phoenix. The Company owns terminalling facilities in Albuquerque, El Paso and Tucson.

Crude Oil and Feedstock Supplies

Navajo and Lovington are situated near the Permian Basin in an area with historically abundant crude supplies. The Company purchases crude oil from producers in nearby southeastern New Mexico and west Texas, and on the spot market. Crude oil is gathered both through the Company's pipelines and by its tank trucks. Crude oil acquired in locations distant from the refineries is exchanged for crude oil that is transportable to the refineries. The Company owns crude oil terminalling facilities located in Midland, Texas, which are presently inactive.

In 1993, the Company reactivated a subsidiary, Navajo Crude Oil Marketing Company, to facilitate the purchase of crude oil from leases in west Texas and New Mexico.

Principal Products and Markets

Set forth below is certain information regarding the principal products of Navajo:

	Years ended July 31,				
	1994	1993	1992	1991	1990
Product sales (percent of total sales volumes)					
Gasolines	57.5%	53.9%	51.2%	47.6%	48.4%
Jet fuels	11.3	9.7	12.8	18.6	20.8
Diesel fuels	20.1	24.0	21.3	19.7	18.2
Asphalt	6.6	8.0	8.6	7.4	6.2
LPG and other	4.5	4.4	6.1	6.7	6.4

----	----	----	----	----
100%	100%	100%	100%	100%
====	====	====	====	====

The principal customers for gasoline include other refiners, convenience store chains, independent marketers, an affiliate of PEMEX (the government-owned energy company of Mexico) and retailers. Navajo's gasoline is marketed in the southwestern United States, including the metropolitan areas of Albuquerque, El Paso, Phoenix and Tucson and in areas in Northern Mexico.

Diesel fuel is sold to other refiners, wholesalers, independent dealers and railroads.

Jet fuel is sold primarily for military use. Military jet fuel is sold to the Defense Fuel Supply Center (the "DFSC") of the Defense Logistics Agency under contracts that can vary significantly from year to year. Navajo sold approximately 7,000 BPD of jet fuel to the DFSC in its 1994 fiscal year and has a contract to supply 8,100 BPD to the DFSC for the year ending September 30, 1995.

Asphalt is sold to contractors and government authorities for highway construction and maintenance. Carbon black oil is sold for further processing and LPGs are sold to petrochemical plants and are used as fuel.

Light products are shipped by product pipelines or are made available at distant points by exchanges with others. Light products are also available to customers through truck loading facilities at the refineries and at terminals.

The demand for the Company's gasoline and asphalt products has historically been stronger from March through October than during the rest of the year.

Approximately $67,000,000 (12%) of the Company's revenues for fiscal 1994, $65,000,000 (10%) of revenues for fiscal 1993 and $67,000,000 (13%) for fiscal 1992 were from the sale of military jet fuel to the United States Government. Approximately $58,000,000 (11%) of the Company's revenues for fiscal 1994 were for the sale of gasoline to an affiliate of PEMEX. In addition to the United States Government and PEMEX, another refiner, which is a purchaser of gasoline and diesel for resale to retail customers, accounted for approximately $43,000,000 (8%) of the Company's revenues in fiscal 1994, $75,000,000 (12%) in fiscal 1993, and $96,000,000 (19%) in fiscal 1992. While a loss of, or reduction in amounts purchased by, major purchasers that resell to retail customers could have an adverse effect on the Company, the Company believes that the impact of such a loss on the Company's results of operations should be limited because the Company's sales volume with respect to products whose end-users are retail customers is more dependent on the general retail demand in the Company's primary markets than on sales to any specific customer.

Montana Refinery

Montana Refining Company, a Partnership ("MRC") owns and operates a petroleum refinery and related crude oil pipeline in Black Eagle, Montana, adjoining Great Falls, Montana. The refinery, which is able to process approximately 7,000 BPD of crude oil and which converts about 77% of its throughput into higher value products (gasoline, diesel and jet fuels), serves regional gasoline, jet fuel, diesel and asphalt customers.

The recently amended Clean Air Act could require substantial expenditures for the Montana refinery over the next several years (see Regulation below) but, the extent to which such expenditures will be required is not yet clear. Because of the smaller size of the Montana facility, these expenditures could be proportionally larger than similar expenditures anticipated for the Company's refining facilities in New Mexico. MRC completed in December 1993 the installation of a hydrodesulfurizer and related equipment.

Jet Fuel Terminal

The Company owns and operates a 120,000 barrel capacity jet fuel terminal near Mountain Home, Idaho, which supplies jet fuel to the Mountain Home United States Air Force Base.

Navajo Western Asphalt Company

Navajo Western Asphalt Company, a wholly-owned subsidiary of the Company, operates an asphalt marketing facility in the Phoenix, Arizona area. The Company is nearing completion of asphalt processing and storage facilities at an approximate cost of $3.5 million which will allow for an expansion of this operation.

Competition

The manufacture and sale of petroleum products by independent refiners such as the Company is highly competitive. The Company competes with major integrated oil companies as well as independent refiners. Competition in particular geographic markets is affected primarily by the amounts of refined products produced by refineries located in such markets and by the availability of refined products and the cost of transportation to such markets from refineries located outside those markets.

In the past fiscal year, the Company has become aware of certain matters that could cause an increase in the supply of product in the Company's markets, with the possibility of accompanying adverse pressure on the prices for its products. Diamond Shamrock, Inc., an independent retailer and refiner, has announced its intention to build a 400-mile 10-inch pipeline, with initial capacity of 32,000 barrels per day of refined product, from its refinery near Dumas, Texas to El Paso, Texas. Diamond Shamrock states that it believes construction will be completed by spring of 1995. In addition, Williams Energy Ventures, a unit of Williams Companies, Inc., has announced the possibility of its participation in the construction and operation of a modern, high conversion 50,000 barrels per day refinery near Phoenix, Arizona. While it appears that no definite decision has been made as to whether to proceed with this project, Williams has indicated that, if the refinery is constructed, construction would take approximately 30 months. Although these developments represent the possibility of increasing the supply of product into some or all of the Company's markets, the extent of such volume increase or its impact on the Company's profitability cannot presently be determined.

In July 1993, the Company entered a settlement agreement with a common carrier pipeline that the Company uses to access its Arizona markets. Under the agreement, the occurrence of defined events will require increases in the capacity of the pipeline. It is anticipated that this settlement lessens, at least in the foreseeable future, the likelihood of future constraints on the movement of the Company's product into these markets. The flow of additional product into El Paso, however, either as a result of the Diamond Shamrock pipeline or otherwise could result in the reappearance of such constraints.

Employees and Labor Relations

The Company (excluding Montana Refining Company) has 461 employees, 170 of whom are covered by collective bargaining agreements ("covered employees"). Contracts relative to all covered employees were negotiated during 1993. These collective bargaining agreements will expire in 1996.

Navajo Northern, Inc. and Black Eagle, Inc., the general partners of Montana Refining Company, provide employees for the operations of MRC. Total employment is 70, with 41 of them being covered by a collective bargaining agreement.

Regulation

Refinery operations are subject to federal, state and local laws regulating the discharge of matter into the environment or otherwise relating to the protection of the environment. Over the years, there have been and continue to be ongoing communications, including notices of violations, and discussions about environmental matters between the Company and federal and state authorities, some of which have resulted in changes of operating procedures and in capital expenditures by the Company. Compliance with applicable environmental laws and regulations will continue to have an impact on the Company's operations and capital requirements. In particular, the final form of the regulations implementing recent amendments to the Clean Air Act could have a substantial impact on the future capital spending requirements of the refining industry as a whole including those of the Company.

The United States Environmental Protection Agency ("EPA") has promulgated regulations which substantially reduced the allowable sulfur content of diesel fuel for sales starting in October 1993. In fiscal 1994, the Company completed projects which will allow both Navajo and MRC to meet this new standard.

Effective January 1, 1995, certain cities in the country will be required to use only reformulated gasoline ("RFG"), a cleaner burning fuel. While none of the Company's principal markets presently require RFG, this requirement could be implemented over time. Further, other requirements of the Clean Air Act could cause the Company to be required to expend substantial monies for compliance. The specifics of these requirements and their attendant cost are not presently determinable.

The Company is and has been the subject of various state and federal environmental proceedings and inquiries. The most significant of these is the enforcement action which has been brought by the Justice Department and which is discussed at length in the Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note 12 to the Consolidated Financial Statements. In addition to the expenditures that will likely be incurred in connection with a resolution of this matter, current or future environmental regulations inevitably will require other remediation expenditures at the New Mexico and Montana refineries. The extent of any such expenditures cannot be presently determined.

The Company's operations are also subject to various laws and regulations relating to occupational health and safety. The Company maintains safety, training and maintenance programs as part of its ongoing efforts to ensure compliance with applicable laws and regulations. Moreover, while recently enacted comprehensive health and safety legislation will require substantial expenditures and modifications of procedures, the Company believes it is taking the appropriate steps to ensure compliance.

Notwithstanding the Company's efforts, following an eight-month series of inspections at MRC, the Occupational Safety and Health Administration recently issued numerous citations alleging a variety of matters of noncompliance. MRC has contested all citations and it cannot presently be determined the extent of any fines for which it will ultimately be responsible.

Insurance

The Company's operations are subject to normal hazards of refinery operations, including fire, explosion and weather-related perils. The Company maintains various insurance coverages, including business interruption insurance, subject to certain deductibles. The Company is not fully insured against certain risks because such risks are not fully insurable, coverage is unavailable or premium costs are prohibitive.

Item 3. Legal Proceedings

In July 1993, the United States Department of Justice, acting on behalf of the EPA, filed a complaint in the United States District Court for the

District of New Mexico alleging that the Company's subsidiary, Navajo Refining Company, beginning in September 1990 and continuing until the present, had violated and continues to violate the Resource Conservation and Recovery Act (RCRA) and implementing regulations of the EPA by treating, storing and disposing of certain hazardous wastes without necessary authorization and without compliance with regulatory requirements. The complaint seeks a court order directing Navajo to comply with these regulatory standards and civil penalties for the alleged non-compliance. Navajo has answered the complaint, denying all the allegations of legal liability and asserting affirmative defenses. Only limited discovery has been conducted. While the Company and Navajo intend to contest the government's case as necessary and appropriate, the parties have been exploring the possiblity of a negotiated resolution since near the onset of this matter. Based on the discussions, thus far, the Company is optimistic an overall settlement may be achieved in the relatively near future. For additional discussion, please see Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 12 to the Consolidated Financial Statements.

The Company is a party to various other litigation and proceedings which it believes, based on advice of counsel, will not have a materially adverse impact on its financial condition or operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders during the fourth quarter of the Company's 1994 fiscal year.

Executive Officers of Registrant (per instruction 3 to Item 401(b) of Regulation S-K)

The executive officers of the Company as of October 21, 1994 are as follows:

Name	Age	Position	Executive Officer Since
Lamar Norsworthy	48	Chairman of the Board, President and Chief Executive Officer	1971
Jack P. Reid	58	Executive Vice President, Refining and Director	1976
William J. Gray	53	Senior Vice President, Marketing and Supply	1976
Matthew P. Clifton	43	Senior Vice President	1988
David G. Blair	36	Vice President, Marketing Asphalt and LPG	1994
Christopher L. Cella	37	Vice President and General Counsel	1990
Karl N. Knapp	36	Vice President	1994
John A. Knorr	44	Vice President, Crude Oil Supply and Trading	1988
Virgil R. Langford	49	Vice President, Refining	1989
Mike Mirbagheri	55	Vice President, International Crude Oil and Refined Products	1982

Henry A. Teichholz	51	Vice President, Treasurer and Controller	1984
Gregory A. White	37	Vice President, Marketing Light Oils	1994

In addition to the persons listed above, Kathryn Walker, age 44, was appointed Controller of Navajo Refining Company in August 1993; prior thereto she served from November 1985 as Assistant Controller of Navajo.

All officers of the Company are elected annually to serve until their successors have been elected. Mr. Cella joined the Company in 1990, having previously been associated with the law firm of Gibson, Dunn & Crutcher since 1982. Mr. Clifton previously served as Vice President, Economics, Engineering and Legal Affairs from 1988 to 1991. Mr. Knorr is also President of one of the partners of MRC and serves as the General Manager of MRC. Mr. Langford became Navajo's refinery manager in January 1989 and had held a similar position with MRC since 1985. Mr. Teichholz has occupied the additional offices of Vice President and Treasurer since 1989. Messrs. Blair, Knapp and White were elected to their respective positions in September 1994. Mr. Blair has served as Marketing Manager of Asphalt and LPG of Navajo since 1989 and previously held various marketing and supply positions. Mr. Knapp joined the Company in 1992 and served as Director of Corporate Development from 1992 to 1994. Mr. Knapp was Director of Corporate Planning for Northwest Airlines from 1991 to 1992, and prior to that was associated with the management consulting firm of Monitor Company from 1987 to 1991. Mr. White has served as Marketing Manager of Light Oils of Navajo since 1989 and previously held various marketing and supply positions.

Part II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is traded on the American Stock Exchange under the symbol "HOC". The following table sets forth the range of the daily high and low sales prices per share of common stock, dividends paid per share and the trading volume of common stock for the periods indicated:

Fiscal years ended July 31,	High	Low	Dividends	Total Volume
1993				
First Quarter	$25	$23	$.075	154,900
Second Quarter	30 7/8	23 7/8	.075	310,200
Third Quarter	29 3/8	25 7/8	.075	331,000
Fourth Quarter	30 1/2	26 3/8	.075	178,800
1994				
First Quarter	30	26 5/8	.075	255,800
Second Quarter	30	25 3/8	.075	269,400
Third Quarter	30 1/2	27 1/8	.10	165,200
Fourth Quarter	33 3/8	28 1/4	.10	275,200

As of July 31, 1994, the Company had approximately 2,100 stockholders of record.

On September 23, 1994, the Company's Board of Directors declared a regular quarterly dividend in the amount of $.10 per share payable on October 21, 1994. The Company intends to consider the declaration of a dividend on a quarterly basis, although there is no assurance as to future dividends since they are dependent on the future earnings, capital requirements and financial condition of the Company as well as other factors. The Senior Notes and Credit Agreement limit the payment of dividends. See Note 6 to the Consolidated Financial Statements.

Item 6. Selected Financial Data

($ in thousands, except per share amounts) Years ended July 31,	1994	1993	1992	1991	1990
FINANCIAL DATA					
For the year					
Revenues	$ 552,320	$ 630,621	$ 506,668	$ 489,333	$ 438,882
Income before income taxes and cumulative effect of accounting change	$ 35,002	$ 33,317	$ 662	$ 18,416	$ 37,402
Income tax provision (benefit)	14,285	13,384	(2,097)	6,682	13,447
Income before cumulative effect of accounting change	20,717	19,933	2,759	11,734	23,955
Cumulative effect of accounting change	-	(958)	-	-	-
Net income	$ 20,717	$ 18,975	$ 2,759	$ 11,734	$ 23,955
Income per common share					
Income before cumulative effect of accounting change	$ 2.51	$ 2.42	$ .33	$ 1.42	$ 2.90
Cumulative effect of accounting change	-	(.12)	-	-	-
Net income	$ 2.51	$ 2.30	$ .33	$ 1.42	$ 2.90
Cash dividends per common share	$ .35	$ .30	$ .45	$ .48	$ .40
Average number of shares of common stock outstanding	8,254,000	8,254,000	8,254,000	8,254,000	8,254,000
Net cash provided by operating activities	$ 27,684	$ 38,737	$ 961	$ 27,907	$ 33,643
At end of year					
Working capital	$ 18,236	$ 12,145	$ 5,031	$ 18,658	$ 11,608
Total assets	$ 281,814	$ 249,807	$ 245,462	$ 212,095	$ 149,503
Long-term debt (including current portion)	$ 74,448	$ 80,056	$ 80,164	$ 80,638	$ 34,936
Stockholders' equity	$ 64,772	$ 46,478	$ 29,505	$ 29,811	$ 21,371

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

RESULTS OF OPERATIONS

1994 Versus 1993

Net income for the 1994 fiscal year ended July 31, 1994 was $20.7 million compared to $19.9 million before an accounting change in the prior fiscal year. A charge of $1.0 million relating to a change in the method to account for income taxes reduced net income to $19.0 million in fiscal 1993.

While refinery margins for the 1994 fiscal year as a whole still improved over the levels of the prior year, the current year's margins were adversely impacted by poor refined product margins experienced by Navajo Refining Company for this year's fourth quarter, as product prices did not increase commensurately with a rise in crude oil costs (in the first quarter of fiscal 1995, Navajo Refining Company's margins improved from the previous quarter's level). Montana Refining Company had a third consecutive record year in fiscal 1994, as its refinery margins were very good for the entire year. Most of the increase in profitability resulting from the Company's higher refinery margins was offset by the effect of a 3% reduction in sales volumes and the net effect of the other items described below. Net sales for the 1994 fiscal year were down 13% as the result of lower prices on product sales and the decrease in volumes. The reduction in sales volume for the year was caused primarily by a planned major maintenance turnaround of Navajo Refining Company's New Mexico facilities which occurred in the first months of fiscal 1994. A charge of $2.9 million was recorded in the fourth quarter of fiscal 1993 to reflect an increase in the estimate for the costs to be incurred in the turnaround, and an additional $1.5 million in excess of the revised accrual at July 31, 1993 was included as an expense with respect to the turnaround in the current year's second quarter. Further reducing income in the current year were other operating expense increases and an increase in exploration expenses, including dry holes.

Income in the prior year was improved by $4 million relating to the settlement of litigation with a common carrier pipeline and was reduced by a $2 million charge relating to an action by the United States Department of Justice, acting on behalf of the Environmental Protection Agency (EPA). Both of these items are more fully described below.

1993 Versus 1992

Net income for the year ended July 31, 1993 was $19.9 million before an accounting change compared to $2.8 million in the prior year. The cumulative effect through the 1992 fiscal year of adopting Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", which amends the accounting for income taxes from the deferral method to the liability method, was to decrease net income by $1.0 million, to $19.0 million for the year ended July 31, 1993. Other than the cumulative effect of the adjustment, the effect of the change on income for the year ended July 31, 1993 was not significant.

Net income for the year ended July 31, 1993 improved substantially over the prior year due to improved refinery margins and higher sales volumes. Increased sales volumes of 23% and revenues of 24% over the prior year were the result of higher throughputs made possible by the refinery expansion completed in December 1991 and the alleviation of product pipeline distribution constraints in October 1992. Refinery margins and sales volumes for the 1993 fiscal year also may have been favorably affected by a temporary suspension of production during most of the year by a refinery in the Company's principal market area. Additionally contributing to 1993's performance was Montana Refining Company's second consecutive record year. Increases in fiscal 1993 in operating expenses, principally an increase made in the fourth quarter of $2.9 million in the estimate for a planned major maintenance turnaround scheduled for the fall of 1993, in depreciation, depletion and amortization, primarily attributable to the refinery expansion, and in general and administrative expense reduced profitability. Net income in the fourth quarter of the 1993 fiscal year was improved by pre-tax income of $4 million and reduced by a pre-tax charge of $2 million, both of which are described below.

The year ended July 31, 1993 included income of $4 million relating to a settlement of litigation with a common carrier pipeline company. As part of the settlement, trigger events were established which would require increases in the capacity of the pipeline the Company uses to access the Arizona markets.

As discussed in detail under Financial Condition below, the $2 million pre-tax charge relates to an enforcement action brought by the United States Department of Justice, acting on behalf of the EPA, which alleges that the Company's subsidiary, Navajo Refining Company, beginning in September 1990 and continuing until the present, violated and continues to violate the Resource

Conservation and Recovery Act (RCRA) and implementing regulations of the EPA by treating, storing and disposing of certain hazardous wastes without required authorization and without compliance with regulatory requirements. The complaint seeks a court order directing Navajo to comply with these regulatory standards and civil penalties for the alleged non-compliance.

Net income in the fourth quarter of fiscal 1992 was improved by the elimination, as a consequence of the Company's acquisition of the remaining interest in Montana Refining Company, of a $2.6 million liability for deferred taxes that had been reflected on the Company's financial statements.

1992 Versus 1991

For the fiscal year ended July 31, 1992, net income was $2.8 million, compared to $11.7 million in the prior year. The decrease in net income in the 1992 fiscal year as compared to the 1991 fiscal year was principally the result of poor refining margins, particularly in the second quarter of the 1992 fiscal year. Refinery margins were poor for the industry as a whole, and particularly so for refiners such as the Company which are influenced by West Coast product price movements. The substantial improvement in net income in the fourth quarter of the fiscal year ended July 31, 1992 to $9.6 million, as compared to the $2.6 million in the prior year's comparable period, was primarily due to increased volumes sold. Refinery margins, except for the greatly improved margins at the Montana refinery, were essentially the same in the fourth quarters of fiscal 1991 and 1992. The increase in volumes sold, resulting from the expansion completed near the end of the second quarter of fiscal 1992, could have

been even greater but for pipeline constraints which prevented the Company from producing and selling additional product into the Phoenix, Arizona market. An additional important contribution to net income for the fourth quarter was the elimination, as a consequence of the Company's acquisition of the remaining interest in Montana Refining Company, of certain deferred taxes, resulting in a decrease of $2.6 million in the provision for income taxes.

In addition to generally poor market conditions in the first nine months of the 1992 fiscal year, the Company's margins were also adversely affected in the first six months by the delayed start-up of the New Mexico refinery expansion, which resulted in losses associated with inventory buildup during a period of market declines and unanticipated start-up costs. Interest expense and depreciation in the 1992 fiscal year increased over the prior year due to the expansion; such increase was partially offset by lower oil and gas exploration expenses, including dry holes. Other income (expense) for the 1992 and 1991 fiscal years relates principally to settlements. The 1992 fiscal year included a charge of $.7 million relating to a settlement of a lawsuit with the former limited partner of Montana Refining Company. The amount of $1.5 million in other income in the 1991 fiscal year represents the settlement of a business interruption insurance claim resulting from a mechanical failure at the Company's Artesia, New Mexico refinery in April 1990.

Revenues for the years ended July 31, 1992 and July 31, 1991 were essentially the same, as the 22% increase in volumes sold in the year ended July 31, 1992 resulting from the completion of the expansion was offset by the higher selling prices of refined products in the prior year. Higher selling prices in the 1991 fiscal year were due in large part to the sharp increases in crude oil costs in the first six months of the 1991 fiscal year, and the concomitant increase in product prices, resulting from the Middle East Crisis.

FINANCIAL CONDITION

Cash flows from operations during fiscal 1994 were slightly less than capital expenditures, debt payments and dividends paid, resulting in a net decrease of cash and cash equivalents of $3.3 million. Working capital increased during fiscal 1994 by $6.1 million to $18.2 million at July 31, 1994. The Company's long-term debt now represents 53.5% of total capitalization as compared to 63.3% at July 31, 1993. At July 31, 1994, the Company had $25 million of borrowing capacity under the Credit Agreement which can be used for short-term working capital needs. The Company believes that these sources of funds, together with future cash flows from operations, should provide sufficient resources, financial strength and flexibility for the Company to satisfy its liquidity needs, capital requirements, and debt service obligations and to permit the payment of dividends for at least the next few years.

Net cash provided by operating activities amounted to $27.7 million in fiscal 1994, compared to $38.7 million in fiscal 1993 and $1.0 million in fiscal 1992. The primary reason for the differences in cash provided from operations during the three years ended July 31, 1994 was differences in earnings, which were $20.7 million in fiscal 1994, $19.0 million in fiscal 1993 and $2.8 million in fiscal 1992. Additionally, significant amounts of funds were required in both fiscal 1994 and fiscal 1992 to maintain working capital accounts as compared to the 1993 fiscal year.

Cash flows used for investing activities totalled $65.7 million over the last three years, $22.5 million in 1994, $20.1 million in 1993 and $23.1 million in 1992, principally for capital expenditures. The expenditures in 1992 were primarily for the final phases of the expansion of the Company's New Mexico refining capacity from 40,000 to 60,000 BPD. This expansion included the installation of a new 12,000 BPD continuous catalytic regeneration reformer, the modification of the fluid catalytic cracker, the expansion of the naphtha desulfurizer and the installation of a new sulphur plant and alkylation unit. In fiscal 1993 and 1994, most of the funds expended were for refinery projects including diesel desulfurization units at the Artesia, New Mexico facility and the Montana refinery in order to meet the October 1993 requirements for lower sulphur content in diesel fuel. The New Mexico unit was completed in August 1993 and the Montana unit was completed in December 1993. The Company has adopted capital budgets totalling $17 million for fiscal 1995, of which $13 million is principally for refinery projects and $4 million is for oil and gas exploration. The majority of the oil and gas budget relates to anticipated costs of completion and of production facilities for two offshore properties. While it is inherently difficult to anticipate what future regulatory requirements may necessitate, the Company believes that capital expenditures in the near future should not substantially exceed the level of capital expenditures that has been required in the past few years.

Cash flows used for financing activities amounted to $8.5 million and $13.4 million in fiscal 1994 and 1993, respectively, as compared to cash flows provided by financing activities of $6.3 million in fiscal 1992. Financing activities over the last three years included the renewal of the Company's Credit Agreement in July 1993 with a group of banks, which provides for a total facility of $100 million, the full amount of which may be used to support letters of credit and $25 million of which may be used for direct borrowings for short-term working capital needs. The Company had $10.5 million of borrowings outstanding under its Credit Agreement as of July 31, 1992, the full amount of which was paid off during fiscal 1993. The Company's first principal payment of $5.6 million on the Senior Notes was made in June 1994.

See Note 6 to the Consolidated Financial Statements for a summary of the Senior Notes and Credit Agreement.

While the Company believes it is well positioned to meet present and future competitive pressures, certain recent developments should be noted. In December 1993, Diamond Shamrock, Inc., an independent refiner and retailer, announced its intention to build a 400-mile 10-inch pipeline, with initial capacity of 32,000 BPD of refined products, from its McKee refinery near Dumas, Texas to El Paso, Texas. Such a pipeline, which Diamond Shamrock has stated it anticipates to complete in the spring of 1995, could substantially increase the supply of product in the Company's markets. In addition, Williams Energy Ventures, a unit of the Williams Companies, Inc., has announced the possibility of its involvement in the construction of a sophisticated 50,000 BPD refinery near Phoenix, Arizona. While Williams has made it clear that the project is only tentative, its consummation could cause more product to be present in several of the Company's markets, particularly Tucson and Phoenix, Arizona. Williams has stated that, if the project were undertaken, it would take approximately 30 months to complete construction.

In July 1993, the United States Department of Justice, acting on behalf of the EPA, filed a complaint in the United States District Court for the District of New Mexico alleging that the Company's subsidiary, Navajo Refining Company, beginning in September 1990 and continuing until the present, had violated and continues to violate the RCRA and implementing regulations of the EPA by treating, storing and of disposing certain hazardous wastes without compliance with regulatory requirements. The complaint seeks a court order directing Navajo to comply with these regulatory standards and civil penalties for the alleged non-compliance.

Navajo has answered the complaint, denying all the allegations of legal liability and asserting affirmative defenses. Since near the outset of this matter, the Company and the plaintiff have been pursuing settlement discussions. It now appears that the parties have reached a tentative resolution that would resolve some if not all of the litigation. Under this resolution, the Company would close the existing evaporation ponds of its wastewater management system, at an approximate cost of $1 to $2 million, to be expended over a several year period. A reserve of $2 million was recorded in fiscal 1993, principally to provide for the cost of closing existing ponds. In such event, the Company would implement one of several alternatives to the existing wastewater treatment system. Depending upon which approach is utilized, the Company could incur costs of an additional $5 to $10 million over the next several years. The costs to implement an alternative wastewater treatment system would be capitalized and amortized over the future useful life of the resulting asset in accordance with generally accepted accounting principles.

Assuming the Company consummates the settlement discussed above, the remaining aspect of the litigation would be the civil penalty which the Government seeks. While the amount of any such civil penalty cannot presently be ascertained, based upon the advice of counsel, it is not believed that any such penalty would have a materially adverse impact on the Company's financial position or operations.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

REPORT OF ERNST & YOUNG LLP,
INDEPENDENT AUDITORS

The Board of Directors
and Stockholders of Holly Corporation

We have audited the accompanying consolidated balance sheet of Holly Corporation at July 31, 1994 and 1993, and the related consolidated statements of income, cash flows and stockholders' equity for each of the three years in the period ended July 31, 1994. Our audits also included the financial statement schedules listed in the Index at Item 14(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Holly Corporation at July 31, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 1994, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Dallas, Texas
September 20, 1994

HOLLY CORPORATION

CONSOLIDATED BALANCE SHEET

($ in thousands, except per share amounts)	July 31,	
	1994	1993

ASSETS		
Current assets		
Cash and cash equivalents (Note 6)	$ 3,297	$ 6,631
Accounts receivable (Notes 3 and 6)	94,280	76,867
Inventories (Notes 4 and 6)	43,995	37,972
Income taxes receivable	697	-
Prepayments and other	9,340	7,082
Total current assets	151,609	128,552
Properties, plants and equipment, net (Note 5)	128,962	118,821
Other assets	1,243	2,434
	$281,814	$249,807
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$112,084	$ 86,787
Accrued liabilities	14,945	16,648
Income taxes payable	736	7,364
Current maturities of long-term debt (Note 6)	5,608	5,608
Total current liabilities	133,373	116,407
Deferred income taxes (Note 7)	14,829	12,474
Long-term debt, less current maturities (Note 6)	68,840	74,448
Contingencies (Notes 10 and 12)		
Stockholders' equity (Notes 6, 8 and 9)		
Preferred stock, $1.00 par value - 1,000,000 shares authorized; none issued	-	-
Common stock, $.01 par value - 20,000,000 shares authorized; 8,650,282 shares issued	87	87
Additional capital	6,132	6,132
Retained earnings	59,942	42,058
	66,161	48,277
Common stock held in treasury, at cost - 396,768 shares	(569)	(569)
Deferred charge - amount due from ESOP	(820)	(1,230)
Total stockholders' equity	64,772	46,478
	$281,814	$249,807

See accompanying notes.

HOLLY CORPORATION

CONSOLIDATED STATEMENT OF INCOME

($ in thousands, except per share amounts)	Years ended July 31,		
	1994	1993	1992
REVENUES			
Net sales	$550,903	$629,884	$506,185
Miscellaneous	1,417	737	483
	552,320	630,621	506,668
COSTS AND EXPENSES			
Cost of sales	480,916	565,638	474,151
General and administrative	12,369	11,951	9,263
Depreciation, depletion and amortization	10,871	11,344	10,085
Exploration expenses, including dry holes	4,441	2,867	2,005
Miscellaneous	183	150	148
	508,780	591,950	495,652
Income from operations	43,540	38,671	11,016
OTHER INCOME (EXPENSE)			
Interest income	447	169	432
Interest expense (Note 6)	(8,985)	(9,523)	(10,086)
Other (Note 11)	-	4,000	(700)
	(8,538)	(5,354)	(10,354)
Income before income taxes and cumulative effect			

of change in accounting for income taxes	35,002	33,317	662
Income tax provision (benefit) (Notes 2, 7 and 10)			
Current	11,785	12,647	(966)
Deferred	2,500	737	(1,131)
	14,285	13,384	(2,097)
Income before cumulative effect of change in accounting principle	20,717	19,933	2,759
Cumulative effect to August 1, 1992 of change in accounting for income taxes (Note 2)	-	(958)	-
Net income	$ 20,717	$ 18,975	$ 2,759
Income per common share			
Income before cumulative effect of change in accounting principle	$ 2.51	$ 2.42	$ .33
Cumulative effect to August 1, 1992 of change in accounting for income taxes	-	(.12)	-
Net income	$ 2.51	$ 2.30	$ .33
Cash dividends paid per share	$ .35	$ .30	$ .45
Average number of shares of common stock outstanding (in thousands)	8,254	8,254	8,254

See accompanying notes.

HOLLY CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

($ in thousands)	Years ended July 31,		
	1994	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 20,717	$ 18,975	$ 2,759
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, depletion and amortization	10,871	11,344	10,085
Deferred income taxes	2,500	737	(1,131)
Dry hole costs and leasehold impairment	1,509	1,175	369
Cumulative effect to August 1, 1992 of change in accounting for income taxes	-	958	-
Changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	(17,413)	12,222	(27,388)
Increase in inventories	(6,023)	(2,365)	(5,984)
(Increase) decrease in income taxes receivable	(697)	2,115	(1,876)
Increase in prepayments and other	(2,403)	(197)	(1,581)
Increase (decrease) in accounts payable	25,297	(19,964)	26,005
Increase (decrease) in accrued liabilities	(1,703)	6,419	858
Increase (decrease) in income taxes payable	(6,572)	7,427	(1,970)
Other, net	1,601	(109)	815
Net cash provided by operating activities	27,684	38,737	961
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in notes payable	-	(10,500)	10,500
Reduction of long-term debt	(5,608)	(108)	(474)
Issuance costs of debt	-	(291)	-
Cash dividends	(2,889)	(2,476)	(3,714)
Net cash provided by (used for) financing activities	(8,497)	(13,375)	6,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to properties, plants and equipment	(22,521)	(20,120)	(22,317)
Additional cost of partnership	-	-	(739)
Net cash used for investing activities	(22,521)	(20,120)	(23,056)
CASH AND CASH EQUIVALENTS			
Increase (decrease) for the year	(3,334)	5,242	(15,783)
Beginning of year	6,631	1,389	17,172
End of year	$ 3,297	$ 6,631	$ 1,389

See accompanying notes.

HOLLY CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

($ in thousands)

	Common stock	Additional capital	Retained earnings	Treasury stock	Amount due from ESOP	Total stock-holders' equity
BALANCE AT JULY 31, 1991	$ 87	$6,132	$26,212	$(569)	$(2,051)	$29,811
Net income	-	-	2,759	-	-	2,759
Dividends paid	-	-	(3,714)	-	-	(3,714)
Reduction in amount due from ESOP	-	-	-	-	410	410
Tax benefit of dividends paid to ESOP	-	-	239	-	-	239
BALANCE AT JULY 31, 1992	87	6,132	25,496	(569)	(1,641)	29,505
Net income	-	-	18,975	-	-	18,975
Dividends paid	-	-	(2,476)	-	-	(2,476)
Reduction in amount due from ESOP	-	-	-	-	411	411
Tax benefit of dividends paid to ESOP on unallocated shares	-	-	63	-	-	63
BALANCE AT JULY 31, 1993	87	6,132	42,058	(569)	(1,230)	46,478
Net income	-	-	20,717	-	-	20,717
Dividends paid	-	-	(2,889)	-	-	(2,889)
Reduction in amount due from ESOP	-	-	-	-	410	410
Tax benefit of dividends paid to ESOP on unallocated shares	-	-	56	-	-	56
BALANCE AT JULY 31, 1994	$ 87	$6,132	$59,942	$ (569)	$ (820)	$64,772

See accompanying notes.

HOLLY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 1994, 1993 and 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The Company is principally engaged in the refining of petroleum products. Although the Company is also engaged in certain oil and gas exploration and production activities, such activities do not represent a significant segment of the Company's assets or operations.

The consolidated financial statements include the accounts of the Company, its subsidiaries and Montana Refining Company, a Partnership (MRC).

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

INVENTORIES

Inventories are stated at the lower of cost, using the last-in, first-out (LIFO) method for crude oil and refined products and the average cost method for materials and supplies, or market.

REVENUE RECOGNITION

Sales and related cost of sales are recognized when products are shipped to customers and title passes. Sales are reported exclusive of excise taxes.

DEPRECIATION

Depreciation is provided by the straight-line method over the estimated useful lives of the assets, primarily 10 to 30 years for refining and pipeline facilities and 3 to 10 years for corporate and other assets.

OIL AND GAS EXPLORATION AND DEVELOPMENT

The Company accounts for the acquisition, exploration, development and production costs of its oil and gas activities using the successful efforts method of accounting. Lease acquisition costs are capitalized; undeveloped leases are written down when determined to be impaired and written off upon expiration or surrender. Geological and geophysical costs and delay rentals are expensed as incurred. Exploratory well costs are initially capitalized, but if the effort is unsuccessful, the costs are charged against earnings. Development costs, whether or not successful, are capitalized. Productive properties are stated at the lower of amortized cost or estimated realizable value of underlying proved oil and gas reserves. Depreciation, depletion and amortization of such properties is computed by the unit-of-production method.

EARNINGS PER SHARE

Earnings per share amounts are based upon the weighted average number of common shares outstanding during each period.

FUTURES CONTRACTS

The Company enters into futures contracts to hedge a portion of the price risk associated with crude oil and refined products. Gains or losses on contracts are recognized when the related inventory is sold or the hedged transaction is consummated.

2. ACCOUNTING CHANGE

Effective August 1, 1992, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", which amends the accounting for income taxes from the deferral method to the liability method. Under the liability method, deferred taxes are stated at the income tax rates currently in effect or scheduled to be implemented rather than at the tax rate in effect when the taxes were provided. The cumulative effect of this accounting change through the 1992 fiscal year was a $958,000 increase in the Company's deferred tax liability at August 1, 1992. This additional income tax expense was reflected as a reduction of $958,000 in net income in the first quarter of the 1993 fiscal year or $.12 per share. Excluding the provision for the cumulative effect upon adoption of the new standard, the effect of the change on net income was not material.

3. ACCOUNTS RECEIVABLE

($ in thousands)	1994	1993
Product	$ 45,259	$ 40,412
Crude oil resales	49,021	36,455
	$ 94,280	$ 76,867

Crude oil resales accounts receivable principally represent the sell side of reciprocal crude oil buy/sell exchange arrangements involved in supplying crude oil to the refineries, with an approximate like amount reflected in accounts payable. The net differential of these crude oil buy/sell exchanges is reflected in cost of sales. The exchange differentials result principally from crude oil type and location differences.

Credit losses are provided for in the financial statements and consistently have been minimal.

4. INVENTORIES

($ in thousands)	1994	1993
Crude oil and refined products	$ 37,949	$ 32,625
Materials and supplies	6,046	5,347
	$ 43,995	$ 37,972

The excess of current cost over the LIFO value of inventory was $12,228,000 and $5,990,000 at July 31, 1994 and 1993, respectively.

5. PROPERTIES, PLANTS AND EQUIPMENT

($ in thousands)	1994	1993
Properties, plants and equipment, at cost		
Refining and pipeline facilities	$224,540	$207,935
Oil and gas exploration and development	10,607	6,651
Corporate and other	1,038	1,017
	236,185	215,603
Accumulated depreciation, depletion and amortization	107,223	96,782
	$128,962	$118,821

Refining and pipeline facilities at July 31, 1994 and 1993 include $4,452,000 and $12,002,000, respectively, of construction in progress which was not being depreciated at those dates, pending completion of the construction projects.

HOLLY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 1994, 1993 and 1992

6. DEBT

($ in thousands)	1994	1993
Senior Notes	$ 74,400	$ 80,000
Other	48	56
	74,448	80,056
Less current maturities of long-term debt	5,608	5,608
	$ 68,840	$ 74,448

SENIOR NOTES

In June 1991, the Company sold $80 million of Senior Notes to a group of insurance companies. The Senior Notes were issued in two Series and are unsecured. The Series A Notes are in the principal amount of $28 million, have a 7-year life, require equal annual principal payments of $5,600,000 beginning June 15, 1994 and bear interest at 9.72%. The Series B Notes are in the principal amount of $52 million, have a 10-year life, require equal annual principal payments of $8,667,000 beginning June 15, 1996 and bear interest at 10.16%. The note agreement imposes certain restrictive covenants, including limitations on liens, additional indebtedness, sale of assets, investments, business combinations and dividends, which limitations collectively are less restrictive than the terms of the bank Credit Agreement.

CREDIT AGREEMENT

In July 1993, the Company and certain of its subsidiaries entered into a new two-year bank Credit Agreement (Credit Agreement), which provides a $100 million facility for letters of credit or for direct borrowings of up to $25 million, with such borrowings being subject to an annual 20-day cleanup period. Interest on borrowings is based upon, at the Company's option, (i) the agent bank's prime rate plus 1/2% per annum; (ii) various Eurodollar related rates; and (iii) various certificate of deposit related rates. A fee of 1% per annum is payable quarterly on the outstanding balance of all letters of credit, and a commitment fee of 3/8 of 1% per annum is payable on the unused portion of the facility. The borrowing base for the facility consists of cash, cash equivalents, accounts receivable and inventory, all of which secure the facility. The Credit Agreement imposes certain restrictions, including: (i) a prohibition of other indebtedness in excess of $3 million with exceptions for, among other things, indebtedness under the Company's Senior Notes and certain nonrecourse debt; (ii) maintenance of certain levels of net worth, working capital and interest coverage; (iii) limitations on investments and dividends; and (iv) a prohibition of incursions on controlling ownership, material changes in senior management and business combinations with unaffiliated entities.

At July 31, 1994, the Company had outstanding letters of credit totalling $51,376,000 and no borrowings. The unused commitment under the Credit Agreement at July 31, 1994 was $48,624,000, of which up to $25,000,000 may be used for additional direct borrowings.

The average and maximum amounts outstanding and the effective average interest rate for borrowings under the Company's current and prior credit agreements were as follows:

($ in thousands)	1994	1993	1992
Average amount outstanding	$ 39	$ 3,565	$ 7,558
Maximum balance	$ 1,900	$22,330	$23,100
Effective average interest rate	6.6%	6.6%	7.7%

The Senior Notes and Credit Agreement restrict investments and distributions, including dividends, to an amount in the aggregate not to exceed 75% of cumulative consolidated net income (as defined). Under the most restrictive of these covenants, at July 31, 1994 approximately $20.7 million was available for the payment of dividends.

Maturities of long-term debt for the next five fiscal years are as follows: 1995 -- $5,608,000; 1996 -- $14,275,000; 1997 -- $14,275,000; 1998 -- $14,275,000 and 1999 -- $8,675,000.

The Company made interest payments of $8,744,000 in 1994, $9,058,000 in 1993 and $9,361,000 in 1992.

Based on the borrowing rates that the Company believes would be available for replacement loans with similar terms and maturities of the debt of the Company now outstanding, the fair value of long-term debt including current maturities would be $79.3 million at July 31, 1994.

7. INCOME TAXES

Effective August 1, 1992, the Company adopted SFAS No. 109 to account for income taxes (see Note 2).

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

($ in thousands)	1994	1993	1992
Tax computed at statutory rate	$12,251	$11,521 (1)	$ 225
State income taxes, net of federal tax benefit	1,888	1,744	35
Adjustment of deferred tax provision relating to MRC (see Note 10)	-	-	(2,579)
Other	146	119	222

-------	-------	-------
$14,285	$13,384	$(2,097)
=======	=======	=======

(1) Blended rate, as federal income tax rate changed effective January 1, 1993.

Additionally, a tax benefit of $56,000, $63,000 and $239,000 for dividends paid in fiscal 1994, 1993 and 1992, respectively, to the Company's Employee Stock Ownership Plan was directly credited to retained earnings.

Operations of the corporation that was the sole limited partner of MRC prior to the acquisition of such corporation by the Company (see Note 10) resulted in unused net operating loss carryforwards of approximately $7,000,000, which are expected to be available to the Company to a limited extent each year through 2006 based on the income of such corporation. As of July 31, 1994, approximately $6,000,000 of these net operating loss carryforwards remain available to offset future income. For financial reporting purposes, any benefit of these net operating loss carryforwards is being offset against any contingent future payments relating to the acquisition of such corporation.

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 amount used for income tax purposes.

The Company's deferred income tax assets and liabilities as of July 31, 1994 and 1993 are as follows:

($ in thousands)

	1994		
	Assets	Liabilities	Total
Deferred taxes			
Nondeductible employee benefits	$1,376	$ -	$ 1,376
Provision for future maintenance . . .	1,353	-	1,353
Prepayments and other	1,339	(1,747)	(408)
Total current	4,068	(1,747)	2,321
Properties, plants and equipment (primarily tax in excess of book depreciation)	-	(16,038)	(16,038)
Intangible drilling costs	-	(704)	(704)
Nondeductible oil and gas costs	1,813	-	1,813
Other	152	(52)	100
Total noncurrent	1,965	(16,794)	(14,829)
	6,033	(18,541)	(12,508)
Valuation allowance	-	-	-
Total	$6,033	$(18,541)	$(12,508)

($ in thousands)

	1993		
	Assets	Liabilities	Total
Deferred taxes			
Nondeductible employee benefits	$1,107	$ -	$ 1,107
Provision for future maintenance . . .	2,477	-	2,477
Prepayments and other	521	(1,639)	(1,118)
Total current	4,105	(1,639)	2,466
Properties, plants and equipment (primarily tax in excess of book depreciation)	-	(13,423)	(13,423)
Intangible drilling costs	-	(375)	(375)
Nondeductible oil and gas costs	1,173	-	1,173
Other	151	-	151
Total noncurrent	1,324	(13,798)	(12,474)
	5,429	(15,437)	(10,008)
Valuation allowance	-	-	-
Total	$5,429	$(15,437)	$(10,008)

The deferred income tax benefits for the 1992 fiscal year (prior to the adoption of SFAS No. 109) are as follows:

($ in thousands)	1992
Excess tax (book) depreciation	$ 1,361
Provision for future maintenance	(423)
Adjustment of prior years'deferred tax provision relating to MRC (see Note 10)	(1,483)
Other	(586)
	$(1,131)

The Company made income tax payments of $18,893,000 in 1994, $5,138,000 in 1993 and $2,503,000 in 1992.

The Company's federal income tax returns have been examined by the Internal Revenue Service through 1990.

8. STOCKHOLDERS' EQUITY

STOCK OPTIONS

At July 31, 1994 and 1993, no stock options were outstanding and 751,500 shares of common stock were reserved for issuance under the Company's stock option plan.

9. EMPLOYEE BENEFIT PLANS

PENSION PLANS

The Company has non-contributory defined benefit retirement plans that cover substantially all employees. The Company's policy is to make contributions annually of not less than the minimum funding requirements of the Employee Retirement Income Security Act of 1974. Benefits are based on the employee's years of service and compensation.

Pension expense includes the following components:

($ in thousands)	1994	1993	1992
Service cost - benefits earned during the year	$ 1,014	$ 1,124	$ 908
Interest cost on projected benefit obligations	1,603	1,711	1,557
Actual return on plan assets	(841)	(1,802)	(2,110)
Net amortization and deferral	(1,252)	(379)	35
Pension expense	$ 524	$ 654	$ 390

The following table sets forth the funded status of the plans and amounts recognized in the consolidated balance sheet:

($ in thousands)	1994	1993
Plan assets at fair value	$ 23,256	$ 23,478
Actuarial present value of projected benefit obligations		
Accumulated benefit obligations		
Vested	17,733	17,034
Unvested	222	303
Provision for future salary increases	6,171	6,289
Projected benefit obligations	24,126	23,626
Plan assets less than projected benefit obligations	(870)	(148)
Unrecognized net loss	248	227
Unrecognized prior service cost	108	144
Unrecognized transition net asset	(1,435)	(1,648)
Accrued pension liability recognized in the consolidated balance sheet	$ (1,949)	$ (1,425)

The principal actuarial assumptions were:

	1994	1993	1992
Discount rate	7.5%	7.5%	7.5%
Rate of future compensation increases	5%	5%	6%
Expected long-term rate of return on assets	8.5%	8.5%	9%

Pension costs are determined using the assumptions as of the beginning of the year. The funded status is determined using the assumptions as of the end of the year.

Approximately 52% of plan assets is invested in equity securities and 48% is invested in fixed income securities and other instruments at July 31, 1994.

EMPLOYEE STOCK OWNERSHIP PLAN

In December 1985, the Company established an Employee Stock Ownership Plan (ESOP). The ESOP is non-contributory and includes substantially all employees of the Company and its subsidiaries who meet certain length of service requirements and are not covered by a collective bargaining agreement.

In 1985, the ESOP borrowed from the Company the $4,102,000 needed to purchase 1,500,000 shares of the Company's common stock. The loan is repayable in ten annual installments of $410,000 (subject to certain adjustments) commencing August 1, 1986 and bears interest at 12% per annum. The Company is obligated to make annual contributions sufficient to enable the ESOP to repay the loan with interest. The unearned compensation of $4,102,000 was recorded as a reduction of stockholders' equity and is being reduced as payments are made. Interest income earned on the note due from the ESOP is offset against an equal amount contributed to the ESOP by the Company.

10. MONTANA REFINING COMPANY, A PARTNERSHIP

The Company acquired on July 31, 1992, the corporation that was the limited partner in MRC in connection with a settlement of litigation. The acquisition involved among other items contingent future payments of up to $189,000 per year over the period 1993 through 2005.

As a consequence of the acquisition of the limited partner in MRC, certain deferred taxes have been eliminated, resulting in a decrease for fiscal 1992 of $2,579,000 in the provision for income taxes, of which $1,483,000 relates to income taxes provided in prior years.

11. OTHER INCOME (EXPENSE)

The amounts in other income (expense) relate principally to settlements. The 1993 fiscal year included income of $4,000,000 relating to a settlement with a common carrier pipeline concerning product pipeline distribution constraints. The 1992 fiscal year included a charge of $700,000 relating to a settlement of a lawsuit with the limited partner of MRC (see Note 10).

12. CONTINGENCIES

In July 1993, the United States Department of Justice, acting on behalf of the United States Environmental Protection Agency (EPA), filed a complaint in the United States District Court for the District of New Mexico alleging that the Company's subsidiary, Navajo Refining Company, beginning in September 1990 and continuing until the present, had violated and continues to violate the Resource Conservation and Recovery Act (RCRA) and implementing regulations of the EPA by treating, storing and disposing of certain hazardous wastes without compliance with regulatory requirements. The complaint seeks a court order directing Navajo to comply with these regulatory standards and civil penalties for the alleged non-compliance.

Navajo has answered the complaint, denying all the allegations of legal liability and asserting affirmative defenses. Only limited discovery has been conducted. The Company and Navajo have been contesting the Government's case as necessary and appropriate, while contemporaneously exploring the prospects for negotiated settlement.

In this regard, a tentative resolution of a substantial portion of the litigation has been reached. Under this approach, the Company would close the existing evaporation ponds of its wastewater management system, at an approximate cost of $1 to $2 million, to be expended over a several year period. A reserve of $2 million was recorded in fiscal 1993, principally to provide for the cost of closing existing ponds. In such event, the Company would implement one of several alternatives to the existing wastewater treatment system. Depending upon which approach is utilized, the Company could incur capitalizable costs of an additional $5 to $10 million over the next several years.

Assuming the Company consummates the settlement discussed above, the remaining aspect of the litigation would be the civil penalty which the Government seeks. While the amount of any such civil penalty cannot presently be ascertained, based upon the advice of counsel, it is not believed that any such penalty would have a materially adverse impact on the Company's financial position.

The Company is a party to various other litigation and proceedings which it believes, based on advice of counsel, will not have a materially adverse impact on its financial condition or operations.

13. SIGNIFICANT CUSTOMERS

Virtually all revenues were domestic revenues (including domestic sales for export to Mexico). Approximately $67,000,000 (12%) of the Company's revenues for fiscal 1994, $65,000,000 (10%) of revenues for fiscal 1993 and $67,000,000 (13%) for fiscal 1992 were from the sale of military jet fuel to the United States Government. Approximately $58,000,000 (11%) of the Company's revenues for fiscal 1994 were from the sale of gasoline to an affiliate of PEMEX (the government-owned energy company of Mexico). In addition to the United States Government and PEMEX, another refiner, which is a purchaser of gasoline and diesel for resale to retail customers, accounted for approximately $75,000,000 (12%) of the Company's revenues in fiscal 1993 and $96,000,000 (19%) in fiscal 1992. While a loss of, or reduction in amounts purchased by, major purchasers that resell to retail customers could have an adverse effect on the Company, the Company believes that the impact of such a loss on the Company's results of operations should be limited because the Company's sales volume with respect to products whose end-users are retail customers is more dependent on the general retail demand in the Company's primary markets than on sales to any specific customer.

HOLLY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
July 31, 1994, 1993 and 1992

14. QUARTERLY INFORMATION (UNAUDITED)

Financial Data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	($ in thousands, except per share amounts)				
1994					
Revenues	$135,518	$120,689	$143,934	$152,179	$552,320
Operating margin (net sales less cost of sales)	$ 22,570	$ 15,790	$ 23,420	$ 8,207	$ 69,987
Income (loss) before income taxes	$ 13,835	$ 7,134	$ 14,635	$ (602)	$ 35,002
Net income (loss)	$ 8,273	$ 4,266	$ 8,730	$ (552)	$ 20,717
Income (loss) per common share	$ 1.00	$ .52	$ 1.06	$ (.07)	$ 2.51
Dividends per share	$ .075	$ .075	$ .10	$ .10	$ .35
Average number of shares of common stock outstanding (in thousands)	8,254	8,254	8,254	8,254	8,254
1993					
Revenues	$151,910	$149,871	$161,695	$167,145	$630,621
Operating margin (net sales less cost of sales)	$ 12,296	$ 11,683	$ 16,783	$ 23,484	$ 64,246
Income before income taxes and cumulative effect of change in accounting for income taxes	$ 4,209	$ 2,830	$ 7,729	$ 18,549	$ 33,317
Income before cumulative effect of change in accounting principle	$ 2,556	$ 2,052	$ 4,693	$ 10,632	$ 19,933
Cumulative effect to August 1, 1992 of change in accounting for income taxes	(958)	-	-	-	(958)
Net income	$ 1,598	$ 2,052	$ 4,693	$ 10,632(1)	$ 18,975

(1) Includes pre-tax income of $4 million relating to a settlement and a pre-tax reserve of $2 million relating to EPA litigation (see Notes 11 and 12).

HOLLY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
July 31, 1994, 1993 and 1992

Financial Data (continued)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	($ in thousands, except per share amounts)				
Income per common share					
Income before cumulative effect of change in accounting principle	$ .31	$ .25	$ .57	$ 1.29	$ 2.42
Cumulative effect to August 1, 1992 of change in accounting for income taxes	(.12)	-	-	-	(.12)
Net income	$ .19	$ .25	$ .57	$ 1.29	$ 2.30
Dividends per share	$ .075	$ .075	$ .075	$ .075	$ .30
Average number of shares of common stock outstanding (in thousands)	8,254	8,254	8,254	8,254	8,254

Operating Data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
		(barrels per day)			
1994					
Sales of refined products	58,500	62,300	73,100	69,600	65,800
Refinery production	54,100	66,000	69,900	67,500	64,300
1993					
Sales of refined products	63,400	66,100	70,700	70,900	67,800
Refinery production	60,600	69,000	66,500	65,200	65,300

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

None.

Part III

Item 10. Directors and Executive Officers of the Registrant

The required information regarding the directors of the Company is incorporated herein by this reference to information set forth under the caption "Election of Directors" in the Company's Proxy Statement for its Annual Meeting of Stockholders to be held in December 1994 which will be filed within 120 days of July 31, 1994 (the "Proxy Statement").

The required information regarding the executive officers of the Company is included herein in Part I, Item 4.

Required information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by this reference to information set forth under the caption "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Proxy Statement.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated herein by this reference to information set forth under the captions "Executive Compensation and Other Information" and "Compensation Committee Report on Executive Compensation" in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information regarding security ownership of certain beneficial owners and management is incorporated herein by this reference to information set forth under the captions "Principal Stockholders" and "Election of Directors" in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

Information regarding certain relationships and related transactions is incorporated herein by this reference to information set forth under the caption "Election of Directors" in the Proxy Statement.

Part IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Documents filed as part of this report

(1) Index to Consolidated Financial Statements

(2) Index to Consolidated Financial Statement Schedules

All other 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

See Index to Exhibits on pages 45 to 49.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the Company's fourth quarter that ended July 31, 1994.

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.

HOLLY CORPORATION
(Registrant)

/s/ Lamar Norsworthy
Lamar Norsworthy
Chairman of the Board,
President and Chief Executive
Officer

Date: October 27, 1994

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

Signature	Capacity	Date
/s/ Lamar Norsworthy Lamar Norsworthy	Chairman of Board of Directors, President and Chief Executive Officer of the Company	October 27, 1994
/s/ Jack P. Reid Jack P. Reid	Executive Vice President, Refining and Director	October 27, 1994
/s/ Henry A. Teichholz Henry A. Teichholz	Vice President, Treasurer and Controller (Principal Financial and Accounting Officer)	October 27, 1994

Signature	Capacity	Date
/s/ W. John Glancy W. John Glancy	Director	October 27, 1994
/s/ Marcus R. Hickerson Marcus R. Hickerson	Director	October 27, 1994
/s/ A. J. Losee A. J. Losee	Director	October 27, 1994

/s/ Robert G. McKenzie Robert G. McKenzie	Director	October 27, 1994
/s/ Thomas K. Matthews, II Thomas K. Matthews, II	Director	October 27, 1994
/s/ E. I. Parsons E. I. Parsons	Director	October 27, 1994
/s/ Henry L. Stern Henry L. Stern	Director	October 27, 1994

SCHEDULE V

HOLLY CORPORATION

PROPERTIES, PLANTS AND EQUIPMENT

Years Ended July 31,
(000's)

Classifications	Balance at beginning of period	Additions at cost	Retire-ments or sales	Other	Balance at end of period
1992					
Refinery and pipeline facilities	$170,098	$19,865	$(294)	$ 624 (1)	$190,293
Oil and gas exploration and development	3,518	2,394	-	(369)(2)	5,543
Corporate and other	940	58	-	-	998
	$174,556	$22,317	$(294)	$ 255	$196,834
1993					
Refinery and pipeline facilities	$190,293	$17,816	$(174)	$ -	$207,935
Oil and gas exploration and development	5,543	2,283	-	(1,175)(2)	6,651
Corporate and other	998	21	(2)	-	1,017
	$196,834	$20,120	$(176)	$(1,175)	$215,603
1994					
Refinery and pipeline facilities	$207,935	$16,953	$(348)	$ -	$224,540
Oil and gas exploration and development	6,651	5,547	(82)	(1,509)(2)	10,607
Corporate and other	1,017	21	-	-	1,038
	$215,603	$22,521	$(430)	$(1,509)	$236,185

(1) Additional cost of Montana Refining Company, a Partnership of $624,000 for the year ended July 31, 1992. See Note 10 to Consolidated Financial Statements.

(2) Dry hole costs and leasehold impairment.

SCHEDULE VI

HOLLY CORPORATION

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION
OF PROPERTIES, PLANTS AND EQUIPMENT

Years Ended July 31,
(000's)

Classifications	Balance at beginning of period	Additions charged to costs & expenses	Retire-ments or sales	Other	Balance at end of period
1992					
Refinery and pipeline facilities	$75,059	$ 9,745	$ (294)	$ -	$ 84,510
Oil and gas exploration and development	184	296	-	-	480
Corporate and other	580	44	-	-	624
	$75,823	$10,085	$ (294)	$ -	$ 85,614
1993					
Refinery and pipeline facilities	$84,510	$10,250	$ (174)	$ -	$ 94,586
Oil and gas exploration and development	480	1,046	-	-	1,526
Corporate and other	624	48	(2)	-	670
	$85,614	$11,344	$ (176)	$ -	$ 96,782
1994					
Refinery and pipeline facilities	$94,586	$10,155	$ (348)	$ -	$104,393
Oil and gas exploration and development	1,526	666	(82)	-	2,110
Corporate and other	670	50	-	-	720
	$96,782	$10,871	$ (430)	$ -	$107,223

SCHEDULE X

HOLLY CORPORATION

SUPPLEMENTARY INCOME STATEMENT INFORMATION
Years Ended July 31,
(000's)

Item	Charged to costs and expenses (1)
1994	
Maintenance and repairs	$14,664
1993	
Maintenance and repairs	$12,063
1992	
Maintenance and repairs	$11,229

(1) Includes normal recurring maintenance and repairs and turnaround (major maintenance) expense.

HOLLY CORPORATION

INDEX TO EXHIBITS

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

Exhibit Number		Description
3(a)	-	Restated Certificate of Incorporation of the Registrant, as amended (incorporated by reference to Exhibit 3(a), of Amendment No. 1 dated December 13, 1988 to Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1988, File No. 1-3876).
3(b)	-	Bylaws of the Registrant, as amended (incorporated by reference to Exhibit 3(b) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876).
4(a)	-	9.72% Series A Senior Note of Holly Corporation, dated as of June 26, 1991, to Hartnat & Co. with schedule attached thereto of four other substantially identical Notes which differ only in the respects set forth in such schedule (incorporated by reference to Exhibit 4.1 of Registrant's Form 8-K dated June 26, 1991, File No. 1-3876).
4(b)	-	10.16% Series B Senior Note of Holly Corporation, dated as of June 26, 1991, to New York Life Insurance Company with schedule attached thereto of seven other substantially identical Notes which differ only in the respects set forth in such schedule (incorporated by reference to Exhibit 4.2 of Registrant's Form 8-K dated June 26, 1991, File No. 1-3876).
4(c)	-	Guaranty, dated as of June 15, 1991, of Navajo Refining Company, Navajo Pipeline Co., Midland-Lea, Inc., and Lea Refining Company in favor of Kentucky Central Life Insurance Company, Pan-American Life Insurance Company, American International Life Assurance Company of New York, Safeco Life Insurance Company, The Manhattan Life Insurance Company, The Union Central Life Insurance Company, The Penn Insurance and Annuity Company, The Penn Mutual Life Insurance Company, Confederation Life Insurance Company, John Hancock Mutual Life Insurance Company, John Hancock Variable Life Insurance Company, and New York Life Insurance Company (incorporated by reference to Exhibit 4.3 of Registrant's Form 8-K dated June 26, 1991, File No. 1-3876).

Exhibit Number	Description
4(d)	- Note Agreement of Holly Corporation, dated as of June 15, 1991, to John Hancock Mutual Life Insurance Company, with schedule attached thereto of eleven other substantially identical Note Agreements which differ only in the respects set forth in such schedule (incorporated by reference to Exhibit 4.8 of Registrant's Form 8-K dated June 26, 1991, File No. 1-3876).
4(e)	- First Amended and Restated Credit Agreement, dated as of July 23, 1993, among Holly Corporation, Navajo Refining Company, Navajo Holdings, Inc., Holly Petroleum, Inc., Navajo Pipeline Co., Lea Refining Company, Navajo Western Asphalt Company, Montana Refining Company, A Partnership and NationsBank of Texas, N.A., Banque Paribas, The First National Bank of Boston, The Bank of Nova Scotia and NationsBank of Texas, N.A. as the agent (incorporated by reference to Exhibit 4(e) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876).
4(f)	- First Amendment to First Amended and Restated Credit Agreement, dated as of April 7, 1994, among Holly Corporation, Navajo Refining Company, Holly Petroleum, Inc., Navajo Pipeline Co., Navajo Holdings, Inc., Lea Refining Company, Navajo Western Asphalt Company, Montana Refining Company, A Partnership and Navajo Crude Oil Marketing Company, and NationsBank of Texas, N.A., as Agent, and NationsBank of Texas, N.A., Banque Paribas, The First National Bank of Boston, and The Bank of Nova Scotia.
4(g)	- Promissory Note of Holly Corporation, dated as of July 23, 1993, to NationsBank of Texas, N.A. with schedule attached thereto of three other substantially identical Notes which differ only in the respects set forth in such schedule (incorporated by reference to Exhibit 4(f) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876).
4(h)	- Guaranty, dated as of July 30, 1991, of Navajo Refining Company, Holly Petroleum, Inc., Navajo Pipeline Co., and Midland-Lea, Inc. in favor of NCNB Texas National Bank, Banque Paribas, The First National Bank of Boston, The Bank of Nova Scotia and NCNB Texas National Bank as agent for itself and the other banks (incorporated by reference to Exhibit 4.2 of Registrant's Form 8-K dated July 30, 1991, File No. 1-3876).

Exhibit Number	Description
4(i)	- First Supplement, executed as of February 20, 1992, to Guaranty, dated as of July 30, 1991, among Navajo Refining Company, Holly Petroleum, Inc., Navajo Holdings, Inc., Navajo Pipeline Co., Lea Refining Company and Navajo Western Asphalt Company in favor of NCNB Texas National Bank, Banque Paribas, The First National Bank of Boston, and The Bank of Nova Scotia and NCNB Texas National Bank as agent for the banks (incorporated by reference to Exhibit 4.4 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ending January 31, 1992, File No. 1-3876).
4(j)	- Confirmation of Guaranty, executed as of July 23, 1993 by Navajo Refining Company, Holly Petroleum, Inc., Navajo Pipeline Co., Navajo Holdings, Inc., Navajo Western Asphalt Company and Lea Refining Company which confirms the Guaranty (Exhibit 4(h) of this Form 10-K) and First Supplement to the Guaranty (Exhibit 4(i) of this Form 10-K) (incorporated by reference to Exhibit 4(i) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876)
4(k)	- Second Supplement to Guaranty, executed as of April 7, 1994, by Navajo Refining Company, Holly Petroleum, Inc., Navajo Holdings, Inc., Navajo Pipeline Co., Lea Refining Company, Navajo Western Asphalt Company and Navajo Crude Oil Marketing Company, in favor of NationsBank of Texas, N.A., Banque Paribas, The First National Bank of Boston, The Bank of Nova Scotia, and NationsBank of Texas, N.A., as agent for the banks.
4(l)	- Security Agreement, dated as of July 30, 1991, among Holly Corporation, Navajo Refining Company, Holly Petroleum, Inc., Navajo Pipeline Co., Midland-Lea, Inc., Lea Refining Company, Navajo Western Asphalt Company and NCNB Texas National Bank as agent for itself, Banque Paribas, The First National Bank of Boston and The Bank of Nova Scotia (incorporated by reference to Exhibit 4.3 of Registrant's Form 8-K dated July 30, 1991, File No. 1-3876).

Exhibit Number	Description
4(m)	- First Supplement, executed as of February 20, 1992, to the Security Agreement, dated as of July 30, 1991, among Holly Corporation, Navajo Refining Company, Holly Petroleum, Inc., Navajo Holdings, Inc., Navajo Pipeline Co., Lea Refining Company, Navajo Western Asphalt Company and NCNB Texas National Bank as agent for itself, Banque Paribas, The First National Bank of Boston and The Bank of Nova

Scotia (incorporated by reference to Exhibit 4.3 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ending January 31, 1992, File No. 1-3876).

4(n) - Confirmation of Security Agreement, executed as of July 23, 1993 by Holly Corporation, Navajo Pipeline Co., Navajo Refining Company, Holly Petroleum, Inc., Navajo Holdings, Inc., Lea Refining Company and Navajo Western Asphalt Company which confirms the Security Agreement (Exhibit 4(l) of this Form 10-K) and First Supplement to the Security Agreement (Exhibit 4(m) of this Form 10-K) (incorporated by reference to Exhibit 4(l) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876).

4(o) - Security Agreement, dated as of July 23, 1993, between Montana Refining Company, A Partnership, and NationsBank of Texas, N.A. as agent for itself, Banque Paribas, The First National Bank of Boston and The Bank of Nova Scotia (incorporated by reference to Exhibit 4(m) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876).

4(p) - Second Supplement to Security Agreement, executed as of April 7, 1994, by and among Holly Corporation, Navajo Refining Company, Holly Petroleum, Inc., Navajo Holdings, Inc., Navajo Pipeline Co., Lea Refining Company, Navajo Western Asphalt Company and Navajo Crude Oil Marketing Company, and NationsBank of Texas, N.A., as agent, Banque Paribas, The First National Bank of Boston and The Bank of Nova Scotia.

4(q) - Holly Corporation Stock Option Plan - As adopted at the Annual Meeting of Stockholders of Holly Corporation on December 13, 1990 (incorporated by reference to Exhibit 4(i) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1991, File No. 1-3876).

Exhibit Number		Description
10(a)	-	Supplemental Payment Agreement, dated as of July 8, 1993, between Lamar Norsworthy and Holly Corporation (incorporated by reference to Exhibit 10(a) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876).
10(b)	-	Supplemental Payment Agreement, dated as of July 8, 1993, between Jack P. Reid and Holly Corporation (incorporated by reference to Exhibit 10(b) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1993, File No. 1-3876).
(21)	-	Subsidiaries of Registrant
(23)	-	Consent of Independent Auditors
(27)	-	Financial Data Schedule
(99)	-	Copy of civil action against the Company's subsidiary, Navajo Refining Company, filed on July 16, 1993 by the United States, in the United States District Court for the District of New Mexico, seeking civil penalties and other compliance measures under the Resource Conservation and Recovery Act and implementing regulations of the Environmental Protection Agency (incorporated by reference to Exhibit 28 of Registrant's Form 8-K dated July 16, 1993, File No. 1-3876).

EXHIBIT 4(f)

FIRST AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (herein called the "Amendment") made as of the 7th day of April, 1994, by and among Holly Corporation ("Borrower"), Navajo Refining Company ("Navajo"), Holly Petroleum, Inc. ("Holly Petroleum"), Navajo Pipeline Co. ("Navajo Pipeline"), Navajo Holdings, Inc. ("Navajo Holdings"), Lea Refining Company ("Lea"), Navajo Western Asphalt Company ("Navajo Western"), (Navajo, Holly Petroleum, Navajo Pipeline, Navajo Holdings, Lea and Navajo Western collectively referred to herein as "Guarantors"), Montana Refining Company, A Partnership ("Montana") and Navajo Crude Oil Marketing Company ("Navajo Crude"), NationsBank of Texas, N.A., as Agent ("Agent"), and NationsBank of Texas, N.A., Banque Paribas, The First National Bank of Boston, and The Bank of Nova Scotia (collectively, "Lenders"),

W I T N E S S E T H:

WHEREAS, Borrower, Guarantors, Montana, Agent and Lenders have entered into that certain First Amended and Restated Credit Agreement dated as of July 23, 1993 (the "Original Agreement") for the purpose and consideration therein expressed, whereby Lenders became obligated to make loans to Borrower as therein provided; and

WHEREAS, Borrower, Guarantors, Montana, Navajo Crude, Agent and Lenders desire to amend the Original Agreement for the purposes expressed herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement and in consideration of the loans which may hereafter be made by Lenders to Borrower and of the letters of credit which may hereafter be issued, extended and renewed by Lenders for the account of Borrower and for the account of Montana, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I.

Definitions and References

Section 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2.

"Amendment" shall mean this First Amendment to First Restated and Restated Credit Agreement.

"Credit Agreement" shall mean the Original Agreement as amended hereby.

ARTICLE II.

Amendments to Original Agreement

Section 2.1. Defined Terms. The definition of "Guarantors" in Section 1.1 of the Original Agreement is hereby amended in its entirety to read as follows:

"Guarantors. Navajo, Holly Petroleum, Navajo Pipeline, Navajo Holdings, Lea, Navajo Western and Navajo Crude."

The following definition of "Navajo Crude" is hereby added to Section 1.1

of the Original Agreement immediately following the definition of "Navajo":

"Navajo Crude. Navajo Crude Oil Marketing Company, a Texas corporation."

Section 2.2. Working Capital. Section 7.8 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 7.8. Working Capital. The Related Persons shall not permit Consolidated Current Assets, minus Consolidated Current Liabilities to be less than Ten Million Dollars ($10,000,000) at any time except that in each year commencing 1994, during the period from and including April 30 until but excluding the Private Placement Date, Consolidated Current Assets minus Consolidated Current Liabilities shall not be less than Sixteen Million Dollars ($16,000,000). For purposes of this Section 7.8, Consolidated Current Liabilities will be calculated without including any payments of principal on the notes issued under the Private Placement Agreement which are required to be repaid within one year from the time of calculation."

Section 2.3. Borrower's Working Capital. Section 7.9 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 7.9. Borrower's Working Capital. The Related Persons shall not, at any time, permit Consolidated Current Assets, minus Consolidated Current Liabilities to be less

than Five Million Six Hundred Thousand Dollars ($5,600,000) except that in each year commencing 1994, during the period from and including April 30 until but excluding the Private Placement Date, Consolidated Current Assets minus Consolidated Current Liabilities shall not be less than Eleven Million Six Hundred Thousand Dollars ($11,600,000). For purposes of this section only, the current assets and current liabilities of Montana and the Montana General Partners shall be excluded from the calculation of Consolidated Current Liabilities and Consolidated Current Assets. For purposes of this Section 7.9, Consolidated Current Liabilities will be calculated without including any payments of principal on the notes issued under the Private Placement Agreement which are required to be repaid within one year from the time of calculation."

ARTICLE III.

Conditions of Effectiveness

Section 3.1. Effective Date. This Amendment shall become effective as of the date first above written when, and only when, (i) Agent shall have received, at Agent's office, a counterpart of this Amendment executed and delivered by Borrower, each Guarantor, Montana, Navajo Crude and each Lender, and (ii) Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Agent:

(a) First Supplement to Guaranty. A Second Supplement to Guaranty executed by Borrower, Guarantors and Navajo Crude ("Guaranty Supplement"), dated of even date herewith, substantially in the form of Exhibit A attached hereto.

(b) Second Supplement to Security Agreement. A Second Supplement to Security Agreement executed by Borrower, Navajo Crude and Guarantors ("Security Agreement Supplement"), dated of even date herewith, substantially in the form of Exhibit B attached hereto, pursuant to which Navajo Crude will grant to the Lenders a security interest in all property of Navajo Crude of the type presently covered by the Security Agreement.

(c) Financing Statements. Financing statements naming

Navajo Crude as debtor and Agent as secured party as agent for the Lenders, for filing in the State of Texas ("Financing Statements") (the Guaranty Supplement, the Security Agreement Supplement and the Financing Statements collectively, the "Supplemental Security Documents").

(d) Supporting Documents. Agent shall have received, in form and substance satisfactory to Agent, (i) a

certificate of the Secretary of Navajo Crude dated the date of this Amendment certifying that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors of Navajo Crude authorizing the execution, delivery and performance of this Amendment and certifying the names and true signatures of the officers of Navajo Crude authorized to sign this Amendment and (ii) such supporting documents as Agent may reasonably request.

ARTICLE IV.

Representations and Warranties

Section 4.1. Representations and Warranties of Related Persons. In order to induce each Lender to enter into this Amendment, Borrower represents and warrants as to itself and each other Related Person, and each other Related Person represents and warrants as to itself, to each Lender that:

(a) The representations and warranties contained in Section 5.1 of the Original Agreement are true and correct at and as of the time of the effectiveness hereof.

(b) Each of Borrower, each Guarantor, Montana and Navajo Crude is duly authorized to execute and deliver this Amendment and the Supplemental Security Documents to which it is a party, and Borrower is and will continue to be duly authorized to borrow monies and to perform its obligations under the Credit Agreement. Each of Borrower, each Guarantor, Montana and Navajo Crude has duly taken all corporate or partnership action necessary to authorize the execution and delivery of this Amendment and to authorize the performance of its obligations hereunder and thereunder.

(c) The execution and delivery by each of Borrower, each Guarantor, Montana and Navajo Crude of this Amendment and the Supplemental Security Documents to which it is a party, the performance by such Person of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby do not and will not conflict with any provision of law, statute, rule or regulation or of any of its organizational documents, or of any material agreement, judgment, license, order or permit applicable to or binding upon it, or result in the creation of any lien, charge or encumbrance upon any assets or properties or any of its assets. Except for those which have been obtained, no consent, approval, authorization or order of any court or governmental authority or third party is required in connection with the execution and delivery by any of Borrower, any Guarantor, Montana or Navajo Crude of this Amendment or the Supplemental Security Documents or to consummate the transactions contemplated hereby and thereby.

(d) When duly executed and delivered, each of this Amendment and the Supplemental Security Documents to which

it is a party will be a legal and binding obligation of Borrower, Guarantors, Montana and Navajo Crude enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights and by equitable principles of general application.

ARTICLE V.

Miscellaneous

Section 5.1. Ratification of Agreements. The Original Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby amended. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Lenders under the Credit Agreement, the Notes, or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement, the Notes or any other Loan Document.

Section 5.2. Survival of Agreements. All representations, warranties, covenants and agreements of each of Borrower, Guarantors, Montana and Navajo Crude herein shall survive the execution and delivery of this Amendment and the performance hereof, including without limitation the making or granting of the Loans, and shall further survive until all of the Obligations are paid in full. All statements and agreements contained in any certificate or instrument delivered by Borrower, any Guarantor, Montana or Navajo Crude hereunder or under the Credit Agreement to any Lender shall be deemed to constitute representations and warranties by, and/or agreements and covenants of, such Person under this Amendment and under the Credit Agreement.

Section 5.3. Loan Documents. This Amendment is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto.

Section 5.4. Governing Law. This Amendment shall be governed by and construed in accordance the laws of the State of Texas and any applicable laws of the United States of America in all respects, including construction, validity and performance.

Section 5.5. Counterparts. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment.

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

HOLLY CORPORATION, a Delaware corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President, Treasurer and Controller

NAVAJO REFINING COMPANY, a Delaware corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO PIPELINE CO., a New Mexico corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO HOLDINGS INC., a New Mexico
corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

HOLLY PETROLEUM, INC., a Delaware
corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

LEA REFINING COMPANY, a Delaware
corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO WESTERN ASPHALT COMPANY, a
New Mexico corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

MONTANA REFINING COMPANY, A
PARTNERSHIP, a Montana general
partnership

By: Navajo Northern, Inc., its
General Partner and a Nevada
corporation

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO CRUDE OIL MARKETING COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NATIONSBANK OF TEXAS, N.A.,
as Agent

By: /s/ RANDALL L. OSTERBERG
Randall L. Osterberg
Vice President

NATIONSBANK OF TEXAS, N.A.

By: /s/ RANDALL L. OSTERBERG
Randall L. Osterberg
Vice President

BANQUE PARIBAS

By: /s/ JEAN WEHNER

Name: Jean Wehner
Title: Senior Vice President

By: /s/ MARIAN LIVINGSTON
Name: Marian Livingston
Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON

By: /s/ H. LOUIS BAILEY
H. Louis Bailey
Director

THE BANK OF NOVA SCOTIA

By: /s/ CLAUDE ASHBY
Claude Ashby
Senior Assistant Agent

EXHIBIT 4(k)

SECOND SUPPLEMENT TO GUARANTY

THIS SECOND SUPPLEMENT TO GUARANTY (herein called this "Supplement") executed as of the 7th day of April, 1994, by NAVAJO REFINING COMPANY, a Delaware corporation ("Navajo"), HOLLY PETROLEUM, INC., a Delaware corporation ("Holly Petroleum"), NAVAJO HOLDINGS, INC., a New Mexico corporation ("Navajo Holdings"), NAVAJO PIPELINE CO., a Delaware corporation ("Navajo Pipeline"), LEA REFINING COMPANY, a Delaware corporation ("Lea"), NAVAJO WESTERN ASPHALT COMPANY, a New Mexico corporation ("Navajo Western") and NAVAJO CRUDE OIL MARKETING COMPANY, a Texas corporation ("Navajo Crude") (each individually a "Guarantor" and collectively, the "Guarantors") in favor of NATIONSBANK OF TEXAS, N.A. ("NationsBank") BANQUE PARIBAS ("Banque Paribas"), THE FIRST NATIONAL BANK OF BOSTON ("Bank of Boston"), THE BANK OF NOVA SCOTIA ("Bank of Nova Scotia"; NationsBank, Banque Paribas, Bank of Boston and Bank of Nova Scotia individually, a "Bank" and collectively, the "Banks"), and NATIONSBANK OF TEXAS, N.A., as agent (in its capacity as agent, "Agent") for the Banks under that certain First Amended and Restated Credit Agreement (as heretofore, now or hereafter amended, modified or supplemented, the "Credit Agreement") dated July 23, 1993, by and among Holly Corporation, a Delaware corporation ("Debtor"), each Guarantor (other than Navajo Crude), Montana Refining Company, A Partnership, a Montana partnership ("Montana"), Agent and Banks.

W I T N E S S E T H:

WHEREAS, each Guarantor (other than Navajo Crude) has entered into that certain Guaranty dated as of July 30, 1991 as supplemented by that certain First Supplement to Guaranty executed as of February 20, 1992, to be effective as of December 27, 1991 (as so supplemented the "Original Guaranty") for the purpose and consideration therein expressed, whereby each such Guarantor guaranteed the obligations (as defined in the Original Guaranty); and

WHEREAS, Debtor, Guarantors, Montana, Agent and Banks have entered into that certain First Amendment to First Restated and Amended Credit Agreement (the "Credit Agreement Amendment") dated of even date herewith, pursuant to which Navajo Crude became a "Related Person" for purposes of the Credit Agreement; and

WHEREAS, it is a condition precedent to the Banks' obligations to enter into the Amendment to Credit Agreement that Navajo Crude shall guaranty the Obligations; and

WHEREAS, the board of directors of each Guarantor has determined that such Guarantor's execution, delivery and

performance of this Supplement may reasonably be expected to be of material benefit, direct and indirect, to such Guarantor and that the consummation of the transactions contemplated by the Loan Documents is in the best interests of such Guarantor;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Guaranty, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Banks to advance funds and issue letters of credit under the Credit Agreement, each Guarantor hereby agrees with the Banks as follows:

ARTICLE I.

Definitions and References

Section 1.1. Terms Defined in the Original Guaranty. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Guaranty shall have the same meanings whenever used in this Supplement.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Supplement shall have the meanings assigned to them in this Section 1.2.

"Supplement" shall mean this Second Supplement to Guaranty.

"Guaranty" shall mean the Original Guaranty as supplemented hereby.

ARTICLE II.

Supplement to Original Guaranty

Section 2.1. Each reference to the term "Guarantor" or "Guarantors" in the Original Guaranty shall be deemed to collectively and individually refer to each of Navajo, Holly Petroleum, Navajo Holdings, Navajo Pipeline, Lea, Navajo Western and Navajo Crude.

Section 2.2. The second sentence of Section 2(c) of the Original Guaranty is hereby amended in its entirety to read as follows:

"If Debtor or Montana shall for any reason fail to perform promptly any Obligation, each Guarantor will, forthwith upon demand by Agent, cause such Obligation to be performed or, if specified by Agent, provide sufficient funds, in such amount and manner as Agent shall in good faith determine, for the prompt, full and

faithful performance of such Obigation by Agent or such other Person as Agent shall designate."

Section 2.3. (a) Navajo Crude hereby irrevocably, absolutely, and unconditionally guarantees to Banks the prompt, complete, and full payment when due, and no matter how the same shall become due, of:

(i) The Notes, including all principal, all interest thereon and all other sums payable thereunder; and

(ii) The Reimbursement Obligations; and

(iii) All other sums payable by Debtor and/or Montana under the other Obligation Documents, whether for principal, interest, fees, delivery of cash collateral, costs, expenses or otherwise.

(b) Navajo Crude hereby irrevocably, absolutely, and unconditionally guarantees to Banks the prompt, complete and full performance, when due, and no matter how the same shall become due, of all obligations and undertakings of Debtor and Montana to Banks under, by reason of, or pursuant to any of the Obligation Documents.

(c) If Debtor or Montana shall for any reason fail to pay any Obligation, as and when such Obligations shall become due and payable, whether at its stated maturity, as a result of the exercise of any power to accelerate, or otherwise, Navaho Crude will, forthwith upon demand by Agent, pay such Obligation in full to Agent for the account of Banks. If Debtor or Montana shall for any reason fail to perform promptly any Obligation, Navajo Crude will, forthwith upon demand by Agent, cause such Obligation to be performed or, if specified by Agent, provide sufficient funds, in such amount and manner as Agent shall in good faith determine, for the prompt, full and faithful performance of such Obligation by Agent or such other Person as Agent shall designate.

(d) If either Debtor, Montana or any Guarantor fails to pay or perform upon demand any Obligation as described in the immediately preceding subsections (a), (b), or (c) Navajo Crude will incur the additional obligation to pay to Agent for the account of Banks, and will forthwith upon demand by Agent pay to Banks, the amount of any and all expenses, including fees and disbursements of Banks' counsel and of any experts or agents retained by Banks, which Banks may incur as a result of such failure.

(e) Navajo Crude shall be primarily liable hereunder for the payment and performance of the Obligations.

ARTICLE III.

Representations, Warranties and Covenants

Section 3.1. Representations and Warranties of Guarantors. Each Guarantor represents and warrants that the representations and warranties contained in Section 8 of the Original Guaranty are true and correct at and as of the execution date hereof and that the recitals at the beginning of this Supplement are true and correct in all respects.

ARTICLE IV.

Miscellaneous

Section 4.1. Ratification of Guaranty. The Original Guaranty as hereby supplemented is hereby ratified and confirmed in all respects and the obligations and covenants of each Guarantor thereunder are unimpaired hereby and shall remain in full force and effect. Any reference to the Original Guaranty in any Loan Document shall be deemed to be a reference to the Original Guaranty as hereby supplemented. The execution, delivery and effectiveness of this Supplement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Banks under the Guaranty or any other Loan Document nor constitute a waiver of any provision of the Guaranty or any other Loan Document.

Section 4.2. Survival of Agreements. All representations, warranties, covenants and agreements of each Guarantor herein shall survive the execution and delivery of this Supplement and the performance hereof, and the making or granting of the Loans, and shall further survive until all of the Obligations are paid in full.

Section 4.3. Loan Documents. This Supplement is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents shall apply hereto.

Section 4.4. Governing Law. This Supplement shall be governed by and construed in accordance with the laws of the State of Texas and any applicable laws of the United States of America in all respects, including construction, validity and performance.

Section 4.5. Counterparts. This Supplement may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Supplement.

IN WITNESS WHEREOF, this Supplement is executed as of the date first above written.

NAVAJO REFINING COMPANY

By: /s/ HENRY A. TEICHHOLZ

Henry A. Teichholz
Vice President and Treasurer

NAVAJO HOLDINGS, INC.

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO PIPELINE CO.

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO PETROLEUM, INC.

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

HOLLY PETROLEUM, INC.

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

LEA REFINING COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO WESTERN ASPHALT COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO CRUDE OIL MARKETING COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

EXHIBIT 4(p)

SECOND SUPPLEMENT TO SECURITY AGREEMENT

THIS SECOND SUPPLEMENT TO SECURITY AGREEMENT (herein called this "Supplement") executed as of the 7th of April, 1994, by and among HOLLY CORPORATION, a Delaware corporation ("Borrower"), NAVAJO REFINING COMPANY, a Delaware corporation ("Navajo"), HOLLY PETROLEUM, INC., a Delaware corporation ("Holly Petroleum"), NAVAJO HOLDINGS, INC., a New Mexico corporation ("Navajo Holdings"), NAVAJO PIPELINE CO., a Delaware corporation ("Navajo Pipeline"), LEA REFINING COMPANY, a Delaware corporation ("Lea"), NAVAJO WESTERN ASPHALT COMPANY, a New Mexico corporation ("Navajo Western") and NAVAJO CRUDE OIL MARKETING COMPANY, a Texas corporation ("Navajo Crude") (Borrower, Navajo, Holly Petroleum, Navajo Holdings, Navajo Pipeline, Lea, Navajo Western and Navajo Crude individually, a "Debtor" and collectively, the "Debtors") and NATIONSBANK OF TEXAS, N.A., as agent (in its capacity as agent, the "Secured Party"), BANQUE PARIBAS ("Banque Paribas"), THE FIRST NATIONAL BANK OF BOSTON ("Bank of Boston") and THE BANK OF NOVA SCOTIA ("Bank of Nova Scotia"; NationsBank, Banque Paribas, Bank of Boston and Bank of Nova Scotia collectively, the "Banks") under that certain First Amended and Restated Credit Agreement (as heretofore, now or hereafter amended, modified or supplemented, the "Credit Agreement") dated July 23, 1993, by and among Borrower, each Debtor (other than Navajo Crude), Montana Refining Company, A Partnership, a Montana partnership ("Montana"), Agent and Banks.

W I T N E S S E T H:

WHEREAS, each Debtor (other than Navajo Crude), and the Secured Party have entered into that certain Security Agreement dated as of July 30, 1991, as supplemented by that certain First Supplement to Security Agreement dated as of February 20, 1992, effective as of December 27, 1991, (as so supplemented, the "Original Agreement") for the purpose and consideration therein expressed, whereby each such Debtor granted to the Secured Party for the benefit of the Banks a continuing security interest in certain properties, assets and rights securing the Obligations (as defined in the Original Agreement); and

WHEREAS, Borrower, Debtors, Montana, Agent and the Banks have entered into that certain First Amendment to First Amended and Restated Credit Agreement dated of even date herewith (the "Credit Agreement Amendment") pursuant to which Navajo Crude became a "Related Person" for purposes of the Credit Agreement;

WHEREAS, it is a condition precedent to the Banks' obligations to enter into the Amendment to Credit Agreement that Navajo Crude shall grant to the Secured Party for the benefit of the Banks a security interest in all property of Navajo Crude of the type covered by the Original Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement and in consideration of the making of the Loans to Borrower and the issuing, extending and renewing of Letters of Credit for the account of Borrower and for the account of Montana, upon the terms and conditions of the Credit Agreement, and of other good and valuable consideration, the Debtors hereby agree with the Secured Party as follows:

ARTICLE I.

Definitions and References

Section 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Supplement.

Section 1.2 Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Supplement shall have the meanings assigned to them in this Section 1.2.

"Supplement" shall mean this Second Supplement to Security Agreement.

"Security Agreement" shall mean the Original Agreement as supplemented hereby.

ARTICLE II.

Supplement to Original Agreement

Section 2.1. Global Supplement. Each reference to the terms "Debtor" and "Debtors" shall be deemed to refer collectively and individually to each of Borrower, Navajo, Holly Petroleum, Navajo Holdings, Navajo Pipeline, Lea, Navajo Western and Navajo Crude.

Section 2.2. Specific Amendment. Section 3.1 of the Original Agreement is hereby amended by adding the following sentence immediately following the fourth sentence thereof:

"The Collateral owned by Navajo Crude Oil Marketing Company will be kept in Texas."

Section 2.3. Grant of Security Interest. Navajo Crude does hereby grant to the Secured Party, for the benefit of the Banks, to secure the payment and performance of the Obligations, a continuing security interest in the following properties, assets and rights owned by Navajo Crude or in which Navajo Crude

otherwise has rights, whether now owned or hereafter acquired or existing (collectively, the "Navajo Crude Collateral"):

(i) All Parts and Accessories.

(ii) All Inventory.

(iii) All Receivables.

(iv) All Pledged Debt.

(V) All General Intangibles.

(vi) All Cash Collateral and Cash Collateral Investments.

(vii) All proceeds of any and all of the foregoing Navajo Crude Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof) or under any indemnity, warranty or guaranty by reason of loss to or otherwise with respect to any of the foregoing Navajo Crude Collateral.

ARTICLE III.

Representations, Warranties and Covenants

Section 3.1. Representations, Warranties and Covenants of Debtors. In order to induce Secured Party to enter into this Supplement, each Debtor represents, warrants, covenants and agrees with the Secured Party that the representations, warranties and covenants contained in Sections 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6 of the Original Agreement are true and correct at and as of the execution date hereof.

ARTICLE IV.

Miscellaneous

Section 4.1. Ratification of Agreements. The Original Agreement as hereby supplemented is hereby ratified and confirmed in all respects and the obligations and covenants of each Debtor thereunder are unimpaired hereby and shall remain in full force and effect. Any reference to the Original Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby supplemented. The execution, delivery and effectiveness of this Supplement shall not, except as expressly provided, herein, operate as a waiver of any right, power or remedy of the Banks under the Security Agreement or any other

Loan Document nor constitute a waiver of any provision of the Security Agreement or any other Loan Document.

Section 4.2. Survival of Agreements. All representations, warranties, covenants and agreements of each Debtor herein shall survive the execution and delivery of this Supplement and the performance hereof, and the making or granting of the Loans, and shall further survive until all of the Obligations are paid in full.

Section 4.3. Loan Documents. This Supplement is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents shall apply hereto.

Section 4.4. Governing Law. This Supplement shall be governed by and construed in accordance with the laws of the State of Texas and any applicable laws of the United States of America in all respects, including construction, validity and performance.

Section 4.5. Counterparts. This Supplement may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Supplement.

IN WITNESS WHEREOF, this Supplement is executed as of the Date first above written.

HOLLY CORPORATION

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President, Treasurer and
Controller

NAVAJO REFINING COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO HOLDINGS, INC.

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO PIPELINE CO.

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

HOLLY PETROLEUM, INC.

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

LEA REFINING COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO WESTERN ASPHALT COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

NAVAJO CRUDE OIL MARKETING
COMPANY

By: /s/ HENRY A. TEICHHOLZ
Henry A. Teichholz
Vice President and Treasurer

Accepted:

NATIONSBANK OF TEXAS, N.A.,
as Agent

By: /s/ RANDALL L. OSTERBERG
Randall L. Osterberg
Vice President

EXHIBIT 21

HOLLY CORPORATION

SUBSIDIARIES OF REGISTRANT

Holly Corporation owns 100% of the capital stock of the following subsidiaries (state of respective incorporation shown in parentheses):

Navajo Corp.	(Del.)
Navajo Holdings, Inc.	(N.M.)
Holly Petroleum, Inc.	(Del.)
Black Eagle, Inc.	(Del.)
Navajo Crude Oil Marketing Company	(Texas)

Holly Corporation owns 57.5% and Navajo Corp. owns 42.5% of the capital stock of Navajo Refining Company (Del.).

Navajo Refining Company owns 100% of the stock of Navajo Northern, Inc. (Nev.), Lorefco, Inc. (Del.), and Navajo Western Asphalt Company (N.M.).

Navajo Holdings, Inc. owns 100% of the stock of Navajo Pipeline Co. (Del.).

Lorefco, Inc. owns 100% of the stock of Lea Refining Company (Del.).

Black Eagle, Inc. and Navajo Northern, Inc. are the general partners of Montana Refining Company, a Partnership.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 2-74856) pertaining to the Holly Corporation Incentive Stock Option Plan, Holly Corporation Stock Option Plan, and Holly Corporation Stock Appreciation Rights Plan and in the related Prospectus of our report dated September 20, 1994 with respect to the consolidated financial statements and schedules of Holly Corporation included in the Annual Report (Form 10-K) for the year ended July 31, 1994.

/s/ ERSNT & YOUNG LLP

Dallas, Texas
October 27, 1994

<ARTICLE> 5
<MULTIPLIER> 1,000

<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	JUL-31-1994
<PERIOD-END>	JUL-31-1994
<CASH>	3,297
<SECURITIES>	0
<RECEIVABLES>	94,280
<ALLOWANCES>	0
<INVENTORY>	43,995
<CURRENT-ASSETS>	151,609
<PP&E>	236,185
<DEPRECIATION>	107,223
<TOTAL-ASSETS>	281,814
<CURRENT-LIABILITIES>	133,373
<BONDS>	68,840
<COMMON>	87
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	64,685
<TOTAL-LIABILITY-AND-EQUITY>	281,814
<SALES>	550,903
<TOTAL-REVENUES>	552,320
<CGS>	480,916
<TOTAL-COSTS>	508,780
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	8,985
<INCOME-PRETAX>	35,002
<INCOME-TAX>	14,285
<INCOME-CONTINUING>	20,717
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	20,717
<EPS-PRIMARY>	2.51
<EPS-DILUTED>	2.51