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 THE FISCAL YEAR ENDED JULY 31, 1995

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 (State or other jurisdiction of incorporation or organization)	75-1056913 (I.R.S. Employer Identification No.)
100 CRESCENT COURT SUITE 1600 DALLAS, TEXAS (Address of principal executive offices)	75201-6927 (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 13, 1995, the aggregate market value of the Common Stock, par value $.01 per share, held by non-affiliates of the registrant was $98,000,000. (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 13, 1995.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the registrant's proxy statement for its annual meeting of stockholders in December 1995, which proxy statement will be filed with the Securities and Exchange Commission within 120 days after July 31, 1995, are incorporated by reference in Part III.

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ANNUAL REPORT ON FORM 10-K
OF HOLLY CORPORATION
FISCAL YEAR ENDED JULY 31, 1995

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTY

Holly Corporation, including its consolidated and wholly-owned subsidiaries, herein referred to as the "Company" unless the context otherwise indicates, is an independent refiner of petroleum and petroleum derivatives and produces high value light products such as gasoline, diesel fuel and jet fuel for sale primarily in the southwestern United States and northern Mexico. Navajo Refining Company ("Navajo"), one of the wholly-owned subsidiaries, owns a high-conversion petroleum refinery in Artesia, New Mexico, which it operates in conjunction with crude, vacuum distillation and other facilities situated 65 miles away in Lovington, New Mexico (collectively, the "Navajo Refinery"). The Navajo Refinery has a crude capacity of 60,000 barrels-per-day ("BPD") and can process a variety of high sulphur sour crude oils. The Company also owns Montana Refining Company, a Partnership ("MRC"), which owns a 7,000 BPD petroleum refinery near Great Falls, Montana ("Montana Refinery"), which can process a range of crude oils and which serves primarily the State of Montana.

In addition to its refining operations, the Company also conducts a small-scale oil and gas exploration and production program.

The Company was incorporated in Delaware in 1947.

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

	Years ended July 31,				
	1995	1994	1993	1992	1991
Refinery production (BPD)(1)	68,100	64,300(2)	65,300	55,200	44,800(2)
Crude charge (BPD) (3)	65,636	60,911(2)	62,115	51,723	43,838(2)
Refinery utilization(4)	98.0%	90.9%(2)	92.7%	88.2%	93.3%(2)
Average per barrel:					
Net sales	$24.02	$22.88	$25.43	$24.84	$29.79
Raw material costs(5)	19.02	16.99	20.10	20.41	24.61
Gross margin	$ 5.00	$ 5.89	$ 5.33	$ 4.43	$ 5.18
Product sales (percent of total sales volume)(6):					
Gasolines	55.5%	54.5%	52.0%	49.4%	46.6%
Diesel fuels	20.1	20.1	23.6	21.1	20.1
Jet fuels	11.3	11.7	10.4	13.2	18.2
Asphalt	8.4	9.4	9.8	10.8	8.9
LPG and other	4.7	4.3	4.2	5.5	6.2

Total	100.0%	100.0%	100.0%	100.0%	100.0%

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(1) Barrels per calendar day of refined products produced from crude oil and other raw materials.
(2) Refinery production, crude charge and utilization rates were reduced as a result of a scheduled turnaround for major maintenance at the Navajo Refinery.
(3) Barrels per day of crude oil processed.
(4) Crude charge divided by crude capacity.
(5) Includes cost of refined products purchased for resale.
(6) Includes refined products purchased for resale representing 2.3%, 3.9%, 3.2%, 0.7% and 0.7%, respectively, of total sales volume for the periods shown in the table above.

NAVAJO REFINING COMPANY

FACILITIES

With the completion of a major expansion in December 1991, Navajo's refinery capacity increased from 40,000 to 60,000 BPD. The Navajo Refinery has the ability to process a variety of sour crude oils and, as a result of the expansion, has increased the proportion of throughput that can be converted into high value light products (such as gasoline, diesel fuel and jet fuel). The expansion has also increased internal high octane capabilities and has augmented overall operating flexibility.

For the last three fiscal years, sour crude oils have represented approximately 85% of the crude oils processed by the Navajo Refinery. The Navajo Refinery's processing capabilities enable management to vary its crude supply mix to take advantage of changes in raw materials prices and to respond to fluctuations in the availability of crude oil supplies. The Navajo Refinery converts approximately 86% of its raw materials throughput into high value light products. For fiscal 1995, gasoline, diesel fuel and jet fuel (including volumes purchased for resale) represented 57.8%, 19.5%, and 11.0%, respectively, of Navajo's sales volume. For the last three fiscal years, excluding downtime for scheduled maintenance and turnarounds, the Navajo Refinery has operated at an average annual crude capacity utilization rate of approximately 97%.

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

	Years ended July 31,				
	1995	1994	1993	1992	1991
Refinery production (BPD)(1)	61,900	57,400(2)	58,600	48,900	38,800(2)
Crude charge (BPD) (3)	59,614	54,089(2)	55,488	45,363	37,663(2)
Refinery utilization(4)	99.4%	90.1%(2)	92.5%	87.8%	94.2%(2)
Average per barrel:					
Net sales	$23.90	$22.63	$25.39	$24.69	$29.89
Raw material costs(5)	19.13	17.20	20.26	20.53	24.67
Gross margins	$ 4.77	$ 5.43	$ 5.13	$ 4.16	$ 5.22

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(1) Barrels per calendar day of refined products produced from crude oil and other raw materials.
(2) Refinery production, crude charge and utilization rates were reduced as a result of a scheduled turnaround for major maintenance.

(3) Barrels per day of crude oil processed.
(4) Crude charge divided by crude capacity.
(5) Includes cost of refined products purchased for resale.

Navajo's Artesia facility is located on a 300-acre site and has fully integrated crude, FCC, vacuum distillation, alkylation, hydrodesulfurization and reforming units, and approximately 1.5 million barrels of feedstock and product tank storage, as well as other supporting units and office buildings at the site. The Artesia facilities are operated in conjunction with integrated refining facilities located in Lovington, New Mexico, approximately 65 miles east of Artesia. The principal equipment at Lovington consists of a crude unit and an associated vacuum unit. The Lovington facility processes crude oil into intermediate products, which are transported to Artesia through a Company-owned eight-inch pipeline or by tanker truck.

The Company's 500 miles of crude gathering pipelines lead to the Artesia and Lovington facilities from various points in southeastern New Mexico. The Company distributes refined products from the Navajo Refinery to its principal markets primarily through (i) a Company-owned pipeline which extends from Artesia to El Paso and (ii) a Company-owned pipeline extending from Artesia to Orla, Texas and from there west to El Paso. The Company has product storage at terminals in Tucson, Albuquerque, Artesia and El Paso in which the Company has 50% or greater interests. The Company also owns a segment of products pipeline running from Orla to Odessa, Texas, which is currently inactive.

MARKETS AND COMPETITION

The Navajo Refinery primarily serves the growing southwestern United States market, including El Paso, Albuquerque, Phoenix and Tucson, and the northern Mexico market. The Company's products are shipped by pipeline from El Paso to Albuquerque via a products pipeline system owned by Chevron Pipeline Company and to Tucson and Phoenix via a products pipeline system owned by Santa Fe Pacific Pipeline. Access to the Company's markets by Gulf Coast refiners is limited primarily by the lack of available product pipelines.

The petroleum refining business is highly competitive. Among the Company's competitors are some of the world's largest integrated petroleum companies, which have their own crude oil supplies, distribution and marketing systems. The Company competes with independent refiners as well. 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. Diamond Shamrock, Inc., an independent refiner and marketer, is building a 420-mile, ten-inch refined products pipeline from its McKee refinery near Dumas, Texas to El Paso, the Company's largest market. Diamond Shamrock has announced that it expects to complete that pipeline, which will have an initial capacity of 25,000 BPD, in the fourth quarter of calendar 1995, and that it intends to use its pipeline to supply fuel to the El Paso, Arizona and northern Mexico markets. The Diamond Shamrock pipeline could substantially increase the supply of refined products in the Company's principal markets. In addition, there is excess pipeline capacity from the West Coast into the Company's Arizona markets. There can be no assurance that West Coast refiners will not seek to increase shipments of refined products into the Company's markets through existing pipelines, new pipelines or otherwise. In addition, in June 1995, an investor group announced that it is negotiating to purchase an existing crude oil pipeline running from West Texas to a refinery near Houston as part of the investor group's plan to reverse the line and extend it for use in transporting refined products from the Gulf Coast to El Paso. An increased supply of products in the Company's markets could adversely affect its sales volume and/or the prices it can obtain for its products.

At times in the past, the common carrier pipelines used by the Company to serve the Arizona markets have been operated at or near their capacity and have been subject to periods of proration. In July 1993, the Company entered into a settlement agreement regarding that pipeline system. Under the agreement, the occurrence of certain 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 prolonged future constraints on the movement of the Company's products into Arizona. In addition, the common carrier pipeline used by the Company to serve the Albuquerque market currently is operating at or near capacity. As a result, the volume of refined products that the Company and other shippers have been able to deliver to this market at times has been limited. In general, no assurances can be given that the Company will not experience future constraints on its ability to deliver its products through common carrier pipelines or that any existing constraints will not worsen. In particular, the flow of additional product into El Paso for shipment to Arizona, either as a result of the new Diamond Shamrock pipeline or otherwise, could result in the reoccurrence of such constraints.

CRUDE OIL AND FEEDSTOCK SUPPLIES

The Navajo Refinery is 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, from major oil companies and on the spot market. Crude oil is gathered both through the Company's pipelines and tank trucks and through third party crude oil pipeline systems. Crude oil acquired in locations distant from the refinery is exchanged for crude oil that is transportable to the refinery. 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

The Navajo Refinery converts approximately 86% of its raw materials throughput into high value light products. Set forth below is certain information regarding the principal products of Navajo during the last five fiscal years:

	Years ended July 31,									
	1995		1994		1993		1992		1991	
	BPD	%	BPD	%	BPD	%	BPD	%	BPD	%
Product sales (percent of total sales volumes)(1)										
Gasolines	36,400	57.8%	33,200	56.5%	32,600	53.4%	24,800	50.3%	18,500	47.7%
Diesel fuels	12,300	19.5	11,600	19.7	14,500	23.7	10,300	20.9	7,600	19.6
Jet fuels	6,900	11.0	6,500	11.1	5,900	9.7	6,200	12.6	7,200	18.5
Asphalt	4,500	7.1	4,900	8.3	5,500	9.0	5,000	10.1	2,900	7.5
LPG and other	2,900	4.6	2,600	4.4	2,600	4.2	3,000	6.1	2,600	6.7
	63,000	100%	58,800	100%	61,100	100%	49,300	100%	38,800	100%

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(1) Includes refined products purchased for resale representing 1.9%, 4.0%, 3.2%, 0.4%, and 0.5%, respectively, of total sales volume for the periods shown in the table above.

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, which are the peak "driving" and road construction months, than during the rest of the year.

The Company's 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 El Paso, Phoenix, Albuquerque, and Tucson, and in portions of 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 a series of one-year contracts that can vary significantly from year to year. Navajo sold approximately 6,700 BPD of jet fuel to the DFSC in its 1995 fiscal year and has a contract to supply 8,500 BPD to the DFSC for the year ending September 30, 1996. 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 in refinery operations.

Approximately 12% of the Company's revenues for fiscal 1995 resulted from the sale of military jet fuel to the United States government. Although there can be no assurance that the Company will be awarded such contracts in the future, the Company has had a supply contract with the United States government for each of the last 26 years. Approximately 7% of the Company's revenues for fiscal 1995 resulted from the sale of gasoline to an affiliate of PEMEX. Those sales were made under a contract that expires in mid-1997. The loss of the Company's supply contract with the United States government or with PEMEX could have a material adverse effect on the Company's results of operations.

CAPITAL IMPROVEMENT PROJECTS

As part of its efforts to improve operating efficiencies, management currently intends to enhance the Navajo Refinery by constructing an isomerization unit and upgrading the fluid catalytic cracking unit (FCC).

The first of these projects is the conversion of an idled reformer to a UOP Isomerization unit. This unit, which is expected to be on-line during the fourth quarter of fiscal 1996, will increase the refinery's internal octane generating capabilities, thereby improving light product yield and increasing the refinery's ability to upgrade additional amounts of lower priced purchased natural gasoline into finished gasoline. The other significant project is a revamp of the refinery's FCC. This revamp, which will be implemented during its next scheduled turnaround in the fall of 1996, will improve the yield of high value products from the FCC by incorporating certain state-of-the-art upgrades. Engineering and equipment procurement will proceed during fiscal 1996, with completion of the revamp and realization of benefits occurring during fiscal 1997. The estimated costs of these two projects is $12.5 million.

The Company is pursuing a joint venture with Mapco and Amoco Pipeline to provide transportation of liquid petroleum gases from West Texas to Mexico. In connection with this project, a new 12-inch pipeline would be constructed from the Navajo Refinery to El Paso, Texas which would allow realization of reduced operating expenses at current throughputs and, position Navajo to transport higher volumes in the event of future refinery expansion. The new line would replace the currently used 8-inch pipeline which in turn would be transferred to the joint venture. The Company is to have a 25% interest in the joint venture. The net cash investment of the Company in the project, including the Company's interest in the joint venture, is estimated to be $22 million.

MONTANA REFINING COMPANY

MRC owns a 7,000 BPD petroleum refinery near Great Falls, Montana, which can process a range of crude oils and which serves primarily the State of Montana. For the last three fiscal years, excluding downtime for scheduled maintenance and turnarounds, the Montana Refinery has operated at an average annual crude capacity utilization rate of approximately 94%.

The following table sets forth certain information regarding the principal products of MRC during the last five years:

	Years ended July 31,									
	1995		1994		1993		1992		1991	
	BPD	%	BPD	%	BPD	%	BPD	%	BPD	%
Product sales (percent of total sales volumes)(1)										
Gasolines	2,400	35.3%	2,700	38.6%	2,700	39.1%	2,800	42.4%	2,400	40.0%
Diesel fuels	1,700	25.0	1,700	24.3	1,600	23.2	1,500	22.7	1,400	23.4
Jet fuels	1,100	16.2	1,100	15.7	1,200	17.4	1,100	16.7	900	15.0
Asphalt	1,300	19.1	1,300	18.6	1,200	17.4	1,100	16.7	1,100	18.3
LPG and other	300	4.4	200	2.8	200	2.9	100	1.5	200	3.3
	6,800	100%	7,000	100%	6,900	100%	6,600	100%	6,000	100%

(1) Includes refined products purchased for resale representing 6.5%, 3.4%, 3.2%, 2.6%, and 2.1%, respectively, of total sales volume for the periods shown in the table above.

The Montana Refinery obtains its supply of crude oils primarily from suppliers in Canada via a 93-mile, Company-owned pipeline, which runs from near the Canadian border. The Montana Refinery's principal markets include Great Falls, Helena, Bozeman and Billings, Montana. MRC competes principally with three other Montana refineries.

JET FUEL TERMINAL

The Company owns and operates a 120,000 barrel capacity jet fuel terminal near Mountain Home, Idaho, which serves as a terminalling facility for jet fuel sold by unaffiliated producers to the Mountain Home United States Air Force Base.

NAVAJO WESTERN ASPHALT COMPANY

Navajo Western Asphalt Company, a wholly-owned subsidiary of the Company, owns and operates an asphalt marketing facility near Phoenix. The Company has recently completed construction of asphalt processing and storage facilities that should allow it to expand this operation. In addition to serving as a marketing outlet for asphalt produced by Navajo at the Lovington facility, Navajo Western markets asphalt for third parties.

EXPLORATION AND PRODUCTION

The Company contracts with two independent oil and gas consulting groups that identify oil and gas exploration and production projects for the Company. The scope of this activity is presently modest relative to the Company's refining operations. For fiscal 1996, the Company has budgeted approximately $2 million for capital expenditures related to oil and gas exploration activities.

EMPLOYEES AND LABOR RELATIONS

The Company has approximately 543 employees. Of its employees, 211 are covered by collective bargaining agreement ("covered employees"). Contracts relating to the covered employees at all facilities were negotiated during 1993 and will expire in 1996. The Company considers its employee relations to be good.

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.

Effective January 1, 1995, certain cities in the country were required to use only reformulated gasoline ("RFG"), a cleaner burning fuel. While none of the Company's principal markets presently requires 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 amounts for compliance at its refineries. Expenditures in connection with the Clean Air Act at the Montana Refinery could be proportionally larger than similar expenditures at the Navajo Refinery. The specifics and extent of these requirements and their attendant costs are not presently determinable.

The Company is and has been the subject of various state, federal and private proceedings relating to environmental regulations, conditions and inquiries. The most significant of these is the enforcement action which has been brought by the United States Department of Justice ("DOJ"), on behalf of the EPA, and which is discussed 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 and future environmental regulations inevitably will require other expenditures, including remediation, 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, recently enacted comprehensive health and safety legislation require substantial expenditures and modifications of procedures.

Notwithstanding the Company's efforts, following an eight-month series of inspections at MRC, the Occupational Safety and Health Administration 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. While the parties have been engaged in substantive settlement discussions, no assurance can be given that a settlement will ultimately be reached.

INSURANCE

The Company's operations (including its limited exploration and production activities) are subject to normal hazards of 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 DOJ, acting on behalf of the EPA, filed a complaint in the United States District Court for the District of New Mexico alleging that Navajo, beginning in September 1990 and continuing until the present, had violated and continues to violate 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. The Company believes that the parties are in the final stages of negotiations that should resolve the litigation. Based on these negotiations, the Company would close the existing evaporation ponds of its wastewater management system and implement an alternative wastewater treatment system. Any settlement with DOJ and EPA also is expected to involve payment of a civil penalty. 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 1995 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 20, 1995 are as follows:

Name	Age	Position	Executive Officer Since
Lamar Norsworthy	49	Chairman of the Board, President and Chief Executive Officer	1971
Jack P. Reid	59	Executive Vice President, Refining and Director	1976
William J. Gray	54	Senior Vice President, Marketing and Supply	1976
Matthew P. Clifton	44	Senior Vice President and Director	1988

David G. Blair	37	Vice President, Marketing Asphalt and LPG	1994
Christopher L. Cella	38	Vice President, General Counsel and Secretary	1990
Karl N. Knapp	37	Vice President	1994
John A. Knorr	45	Vice President, Crude Oil Supply and Trading	1988
Virgil R. Langford	50	Vice President, Refining	1989
Mike Mirbagheri	56	Vice President, International Crude Oil and Refined Products	1982
Henry A. Teichholz	52	Vice President, Treasurer and Controller	1984
Gregory A. White	38	Vice President, Marketing Light Oils	1994

In addition to the persons listed above, Kathryn Walker, age 45, was appointed Controller of Navajo Refining Company in August 1993; prior thereto she served from 1985 as Assistant Controller of Navajo.

All officers of the Company are elected annually to serve until their successors have been elected. Mr. Cella has occupied the additional office of Secretary since December 1994. 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. 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 STOCKHOLDERS 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
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
1995				
First Quarter	$28 1/2	$23 3/4	$.10	230,200
Second Quarter	26 1/2	24	.10	184,100
Third Quarter	26 3/4	23	.10	252,500
Fourth Quarter	28 1/2	21 3/8	.10	1,218,600

As of July 31, 1995, the Company had approximately 2,000 stockholders of record.

On September 29, 1995, the Company's Board of Directors declared a regular quarterly dividend in the amount of $.10 per share payable on October 27, 1995. 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 upon 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,	1995	1994	1993	1992	1991

FINANCIAL DATA					
For the year					
Revenues	$614,830	$552,320	$630,621	$506,668	$489,333
Income before income taxes and cumulative effect of accounting change	$ 20,147	$ 35,002	$ 33,317	$ 662	$ 18,416
Income tax provision (benefit)	7,730	14,285	13,384	(2,097)	6,682
Income before cumulative effect of accounting change	12,417	20,717	19,933	2,759	11,734
Cumulative effect of accounting change	5,703	-	(958)	-	-
Net income	$ 18,120	$ 20,717	$ 18,975	$ 2,759	$ 11,734
Income per common share					
Income before cumulative effect of accounting change	$ 1.51	$ 2.51	$ 2.42	$ .33	$ 1.42
Cumulative effect of accounting change	.69	-	(.12)	-	-
Net income	$ 2.20	$ 2.51	$ 2.30	$ .33	$ 1.42
Cash dividends per common share	$ .40	$ .35	$ .30	$ .45	$ .48
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	$ 34,241	$ 27,684	$ 38,737	$ 961	$ 27,907
At end of year					
Working capital	$ 17,740	$ 18,236	$ 12,145	$ 5,031	$ 18,658
Total assets	$287,384	$281,814	$249,807	$245,462	$212,095
Long-term debt (including current portion)	$ 68,840	$ 74,448	$ 80,056	$ 80,164	$ 80,638
Stockholders' equity	$ 80,043	$ 64,772	$ 46,478	$ 29,505	$ 29,811

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

1995 Versus 1994

Net income for the 1995 fiscal year was $18.1 million, including a $5.7 million accounting change in the first quarter of fiscal 1995, compared to $20.7 million in the prior year.

Refining margins for the year were weak as crude oil costs increased at a greater rate than product prices. Margins at the Montana refinery were particularly poor in the first nine-month period of fiscal 1995 as compared to the prior year's period. The 11% increase in the Company's revenues for the year ended July 31, 1995 is attributable to a 6% increase in sales volume and higher selling prices. The prior year's sale volumes were reduced by a major maintenance turnaround at Navajo Refining Company's New Mexico facilities.

Effective August 1, 1994, the Company changed its method of accounting for turnaround costs. Turnarounds consist of preventive maintenance on major processing units, as well as the shutdown and restart of units, and generally are scheduled at two to three year intervals. Previously, the Company estimated the costs of the next scheduled turnaround and ratably accrued the related expenses prior to the actual turnaround. To provide for a better matching of turnaround costs with revenues, the Company changed its accounting method for turnaround costs to one that results in the amortization of costs incurred over the period until the next scheduled turnaround. The amortization of turnaround costs is recorded in depreciation, depletion and amortization expense, whereas previously the expenses accrued prior to the turnaround were recorded in cost of sales as an operating expense. The increase in the current year in depreciation expense is primarily the result of this change in accounting. See Note 2 to the Consolidated Financial Statements for the effect of the accounting change.

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 improved over the levels of the prior year, the margins were adversely impacted by poor refined product margins experienced by Navajo Refining Company in the year's fourth quarter, as product prices did not increase commensurately with a rise in crude oil costs. Montana Refining Company had a third consecutive record year in fiscal 1994, as favorable margins were sustained 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 in the second quarter of fiscal 1994. Further reducing income in fiscal 1994 were other operating expense increases and an increase in exploration expenses, including dry holes.

Income in fiscal 1993 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 discussed 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, depreciation, depletion and amortization, primarily attributable to the refinery expansion, and 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.

FINANCIAL CONDITION

Cash flows from operations during fiscal 1995 were greater than capital expenditures, debt payments and dividends paid, resulting in a net increase of cash and cash equivalents of $10.1 million. Working capital decreased during fiscal 1995 by $.5 million to $17.7 million at July 31, 1995. At July 31, 1995, 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 and a new private placement and extension of debt currently being completed as described below, 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 the foreseeable future.

Net cash provided by operating activities amounted to $34.2 million in fiscal 1995, compared to $27.7 million in fiscal 1994 and $38.7 million in fiscal 1993. The primary reason for the differences in cash provided from operations during the three years ended July 31, 1995 was changes in working capital accounts. Significant amounts of funds were required in fiscal 1994 to maintain working capital levels as compared to both the 1995 and 1993 fiscal year.

Cash flows used for investing activities totalled $57.8 million over the last three years, $15.2 million in 1995, $22.5 million in 1994 and $20.1 million in 1993, all for capital expenditures. 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 $44 million for fiscal 1996. The major components of this budget are projects at the Company's 60,000 barrel per day Navajo Refinery in Artesia, New Mexico. The projects entail both refinery upgrades to improve product yields and a joint venture to ship liquid petroleum gas (LPGs) to Mexico.

The Company believes its presently scheduled capital projects will improve product yields and enhance refining profitability. The first of these projects, a UOP Isomerization unit, will increase the refinery's internal octane generating capabilities and will result in improved light product yields. This unit is expected to be operational during the fourth quarter of fiscal 1996. In addition, the Company has determined to make certain state-of-the-art upgrades to its fluid catalytic cracking unit (FCC), which will improve FCC high value product yields. Engineering and equipment procurement for this project will proceed during fiscal 1996, with completion and realization of benefits occurring during fiscal 1997. The total estimated cost of these two projects is $12.5 million.

The Company's previously announced joint venture with Amoco and Mapco to transport LPGs to Mexico is in the final stages of negotiation with Pemex. Assuming successful completion of negotiations, a new 12" pipeline would be constructed from the Navajo refinery in Artesia, New Mexico to El Paso, Texas, thereby allowing Navajo to realize reduced operating expenses at current throughput rates and position it, to expand capacity and ship greater volumes to its El Paso-origin markets, if such steps later prove advantageous. The new line would replace an 8" pipeline currently used by Navajo which, in turn, would be transferred to the joint venture. The Company's total net cash investment in the project, including a 25% interest in the joint venture, is estimated to be $22 million.

The remainder of the approved budget will be for various refinery improvements, environmental and safety enhancements and approximately $2 million for exploration and production activities.

Cash flows used for financing activities amounted to $8.9 million in fiscal 1995, $8.5 million in fiscal 1994 and $13.4 million in fiscal 1993. Financing activities over the last three years included the renewals of the Company's Credit Agreement in July 1993 and July 1995 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 made principal payments of $5.6 million on the Senior Notes in June 1994 and 1995.

In October 1995, the Company negotiated with a group of insurance companies a new private placement of senior notes in the amount of $39 million and the extension of $21 million of existing Senior Notes for capital expenditures and for general corporate purposes. Closing of this transaction is expected in November 1995. The $39 million of new senior notes have a 10 year maturity, with equal annual principal payments of $5.6 million beginning at the end of the fourth year and will have an interest rate of 7.62%. The extension of $21 million of Series B Notes extends the final maturity from June 2001 to December 2005, with the first principal payment due changed from June 1996 to December 1999 and with an interest rate subsequent to the original maturity date of 7.82%. Both the new notes and the extension have terms and conditions similar to the existing Senior Notes. Maturities of long-term debt for the next five fiscal years upon closing of this transaction are as follows: 1996 -- $10,775,000; 1997 -- $10,775,000; 1998 -- $10,775,000; 1999 -- $5,175,000 and 2000 -- $13,746,000.

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

Diamond Shamrock, Inc., an independent refiner and marketer, is building a 420-mile, ten-inch refined products pipeline from its McKee refinery near Dumas, Texas to El Paso, the Company's largest market. Diamond Shamrock has announced that it expects to complete that pipeline, which will have an initial capacity of 25,000 BPD, in the fourth quarter of calendar 1995, and that it intends to use its pipeline to supply fuel to the El Paso, Arizona and northern Mexico markets. The Diamond Shamrock pipeline could substantially increase the supply of products in the Company's principal markets. In addition, in June 1995, an investor group announced that it is negotiating to purchase an existing crude oil pipeline running from West Texas to a refinery near Houston as part of the investor group's plan to reverse the line and extend it for use in transporting refined products from the Gulf Coast to El Paso.

At times in the past, the common carrier pipelines used by the Company to serve the Tucson and Phoenix markets have been operated at or near their capacity. In addition, the common carrier pipeline used by the Company to serve the Albuquerque market currently is operating at or near capacity. As a result, the volume of refined products that the Company and other shippers have been able to deliver to these markets at times has been limited. In general, there is no assurance that the Company will not experience future constraints on its ability to deliver its products through common carrier pipelines or that any existing constraints will not worsen. In particular, the flow of additional product into El Paso for shipment to Arizona, either as a result of the new Diamond Shamrock pipeline or otherwise, could result in the reoccurrence of such constraints.

In July 1993, the United States Department of Justice (DOJ), on behalf of the United States Environmental Protection Agency (EPA), filed a suit against the Company's subsidiary, Navajo Refining Company (Navajo) alleging that, beginning in September 1990 and continuing through the present, Navajo has 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 Company believes that the parties are in the final stages of negotiating a resolution of the litigation. If settled as anticipated, the Company would close the existing evaporation ponds of its wastewater management system at a cost believed to be substantially less than $1 million. The settlement also contemplates that the Company would implement one of several alternatives to the existing wastewater treatment system. Depending upon which approach were utilized, the Company could incur total costs of approximately $3 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. The settlement with the DOJ also is expected to involve the payment of a civil penalty of less than $2 million. In fiscal 1993, the Company recorded a $2 million reserve for the litigation.

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, 1995 and 1994, and the related consolidated statements of income, cash flows and stockholders' equity for each of the three years in the period ended July 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 1995, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Dallas, Texas
September 26, 1995

HOLLY CORPORATION

CONSOLIDATED BALANCE SHEET

($ in thousands, except per share amounts)	July 31, 1995	July 31, 1994
ASSETS		
Current assets		
Cash and cash equivalents (Note 6)	$ 13,432	$ 3,297
Accounts receivable (Notes 3 and 6)	85,825	94,280
Inventories (Notes 4 and 6)	42,181	43,995
Income taxes receivable	1,540	697
Prepayments and other	10,032	9,340
Total current assets	153,010	151,609
Properties, plants and equipment, net (Note 5)	131,185	128,962
Other assets	3,189	1,243

	$287,384	$281,814
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable (Note 3)	$106,817	$112,084
Accrued liabilities (Note 9)	13,702	14,945
Income taxes payable	476	736
Current maturities of long-term debt (Note 6)	14,275	5,608
Total current liabilities	135,270	133,373
Deferred income taxes (Note 7)	17,506	14,829
Long-term debt, less current maturities (Note 6)	54,565	68,840
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	74,803	59,942
	81,022	66,161
Common stock held in treasury, at cost - 396,768 shares	(569)	(569)
Deferred charge - amount due from ESOP	(410)	(820)
Total stockholders' equity	80,043	64,772
	$287,384	$281,814

See accompanying notes.

HOLLY CORPORATION

CONSOLIDATED STATEMENT OF INCOME

($ in thousands, except per share amounts)	Years ended July 31,		
	1995	1994	1993
REVENUES			
Net sales	$613,402	$550,903	$629,884
Miscellaneous	1,428	1,417	737
	614,830	552,320	630,621
COSTS AND EXPENSES			
Cost of sales	554,083	480,916	565,638
General and administrative	13,716	12,369	11,951
Depreciation, depletion and amortization	15,796	10,871	11,344
Exploration expenses, including dry holes	3,608	4,441	2,867
Miscellaneous	148	183	150
	587,351	508,780	591,950
Income from operations	27,479	43,540	38,671
OTHER INCOME (EXPENSE)			
Interest income	1,020	447	169
Interest expense (Note 6)	(8,352)	(8,985)	(9,523)
Other (Note 11)	-	-	4,000
	(7,332)	(8,538)	(5,354)
Income before income taxes and cumulative effect of accounting change	20,147	35,002	33,317
Income tax provision (Notes 2, 7 and 10)			
Current	6,042	11,785	12,647
Deferred	1,688	2,500	737
	7,730	14,285	13,384
Income before cumulative effect of accounting change	12,417	20,717	19,933
Cumulative effect of accounting change (Note 2)	5,703	-	(958)

Net income	$ 18,120	$ 20,717	$ 18,975
Income per common share			
Income before cumulative effect of accounting change	$ 1.51	$ 2.51	$ 2.42
Cumulative effect of accounting change	.69	-	(.12)
Net income	$ 2.20	$ 2.51	$ 2.30
Cash dividends paid per common share	$ .40	$ .35	$ .30
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,		
	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 18,120	$ 20,717	$ 18,975
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, depletion and amortization	15,796	10,871	11,344
Deferred income taxes	1,688	2,500	737
Dry hole costs and leasehold impairment	903	1,509	1,175
Cumulative effect of accounting change	(5,703)	-	958
(Increase) decrease in operating assets			
Accounts receivable	8,455	(17,413)	12,222
Inventories	1,814	(6,023)	(2,365)
Income taxes receivable	(843)	(697)	2,115
Prepayments and other	829	(2,403)	(197)
Increase (decrease) in operating liabilities			
Accounts payable	(5,267)	25,297	(19,964)
Accrued liabilities	1,298	(1,703)	6,419
Income taxes payable	(218)	(6,572)	7,427
Other, net	(2,631)	1,601	(109)
Net cash provided by operating activities	34,241	27,684	38,737
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in notes payable	-	-	(10,500)
Payment of long-term debt	(5,608)	(5,608)	(108)
Issuance costs of debt	-	-	(291)
Cash dividends	(3,301)	(2,889)	(2,476)
Net cash used for financing activities	(8,909)	(8,497)	(13,375)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to properties, plants and equipment	(15,197)	(22,521)	(20,120)
Net cash used for investing activities	(15,197)	(22,521)	(20,120)
CASH AND CASH EQUIVALENTS			
Increase (decrease) for the year	10,135	(3,334)	5,242
Beginning of year	3,297	6,631	1,389
End of year	$ 13,432	$ 3,297	$ 6,631

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, 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
Net income	-	-	18,120	-	-	18,120
Dividends paid	-	-	(3,301)	-	-	(3,301)
Reduction in amount due from ESOP	-	-	-	-	410	410
Tax benefit of dividends paid to ESOP on unallocated shares	-	-	42	-	-	42
BALANCE AT JULY 31, 1995	$ 87	$6,132	$74,803	$ (569)	$ (410)	$80,043

See accompanying notes.

HOLLY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 1995, 1994 and 1993

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 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. At July 31, 1995, the Company had not discovered a material amount of proven reserves.

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 commodity 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 1995, 1994 and 1993

Effective August 1, 1994, the Company changed its method of accounting for turnaround costs. Turnarounds consist of preventive maintenance on major processing units as well as the shutdown and restart of all units, and generally are scheduled at two to three year intervals. Previously, the Company estimated the costs of the next scheduled turnaround and ratably accrued the related expenses prior to the actual turnaround. To provide for a better matching of turnaround costs with revenues, the Company changed its accounting method for turnaround costs to one that results in the amortization of costs incurred over the period until the next scheduled turnaround. The cumulative effect of this accounting change through the 1994 fiscal year was an increase in net income in the first quarter of the 1995 fiscal year of $5,703,000 (net of deferred taxes of $3,865,000), or $.69 per common share. Excluding the cumulative effect, the change increased net income for fiscal 1995 by $886,000 or $.11 per common share. If the accounting change for turnaround costs had been retroactively applied, pro forma net income and net income per common share would have been as follows:

($ in thousands, except per share amounts)	1994	1993
As reported		
Net income	$ 20,717	$ 18,975
Net income per share	$ 2.51	$ 2.30
Pro forma amounts		
Net income	$ 21,983	$ 21,085
Net income per share	$ 2.66	$ 2.55

3. ACCOUNTS RECEIVABLE

($ in thousands)	1995	1994
Product	$ 37,733	$ 45,259
Crude oil resales	48,092	49,021
	$ 85,825	$ 94,280

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 1995, 1994 and 1993

4. INVENTORIES

($ in thousands)	1995	1994
Crude oil and refined products	$ 35,649	$ 37,949
Materials and supplies	6,532	6,046
	$ 42,181	$ 43,995

The excess of current cost over the LIFO value of inventory was $7,840,000 and $12,228,000 at July 31, 1995 and 1994, respectively.

5. PROPERTIES, PLANTS AND EQUIPMENT

($ in thousands)	1995	1994
Properties, plants and equipment, at cost		
Refining and pipeline facilities	$234,528	$224,540
Oil and gas exploration and development	14,222	10,607
Corporate and other	1,064	1,038
	249,814	236,185
Accumulated depreciation, depletion and . . . . . . amortization	118,629	107,223
	$131,185	$128,962

Refining and pipeline facilities at July 31, 1995 and 1994 include $1,578,000 and $4,452,000, respectively, of construction in progress which was not being depreciated at those dates, pending completion of the construction projects.

6. DEBT

($ in thousands)	1995	1994
Senior Notes	$ 68,800	$ 74,400
Other	40	48
	68,840	74,448
Less current maturities of long-term debt	14,275	5,608
	$ 54,565	$ 68,840

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 collectively are less restrictive than the terms of the bank Credit Agreement.

CREDIT AGREEMENT

In June 1995, the Company and certain of its subsidiaries amended its current bank Credit Agreement (Credit Agreement) extending the term for two additional years. The Credit Agreement 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, 1995, the Company had outstanding letters of credit totalling $24,776,000 and no borrowings. The unused commitment under the Credit Agreement at July 31, 1995 was $75,224,000, 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)	1995	1994	1993
Average amount outstanding	$ -	$ 39	$ 3,565
Maximum balance	$ -	$ 1,900	$22,330
Effective average interest rate	-	6.6%	6.6%

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, 1995 approximately $26.6 million was available for the payment of dividends.

Maturities of long-term debt for the next five fiscal years are as follows: 1996 -- $14,275,000; 1997 -- $14,275,000; 1998 -- $14,275,000; 1999 - -- $8,675,000 and 2000 -- $8,675,000.

The Company made interest payments of $8,183,000 in 1995, $8,744,000 in 1994 and $9,058,000 in 1993.

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 $73.2 million at July 31, 1995.

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)	1995	1994	1993
Tax computed at statutory rate	$ 7,051	$12,251	$11,521(1)
State income taxes, net of federal tax benefit	982	1,888	1,744
Other	(303)	146	119
	$ 7,730	$14,285	$13,384

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

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, 1995, 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, 1995 and 1994 are as follows:

($ in thousands)

	1995		
	Assets	Liabilities	Total
Deferred taxes			
Accrued employee benefits	$1,336	$ -	$ 1,336
Deferred turnaround costs	-	(1,532)	(1,532)
Prepayments and other	1,425	(1,783)	(358)
Total current	2,761	(3,315)	(554)
Properties, plants and equipment (primarily tax in excess of book depreciation)	-	(17,923)	(17,923)
Intangible drilling costs	-	(1,020)	(1,020)
Nondeductible oil and gas costs	2,233	-	2,233
Deferred turnaround costs	-	(887)	(887)
Other	150	(59)	91
Total noncurrent	2,383	(19,889)	(17,506)
	5,144	(23,204)	(18,060)
Valuation allowance	-	-	-
Total	$5,144	$(23,204)	$(18,060)

HOLLY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 1995, 1994 and 1993

($ in thousands)

	1994		
	Assets	Liabilities	Total
Deferred taxes			
Accrued 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)

	======	=========	========

The Company made income tax payments of $7,144,000 in 1995, $18,893,000 in 1994 and $5,138,000 in 1993.

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

8. STOCKHOLDERS' EQUITY

At July 31, 1995 and 1994, 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 a non-contributory defined benefit retirement plan that covers 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)	1995	1994	1993
Service cost - benefits earned during the year	$1,131	$ 1,014	$1,124
Interest cost on projected benefit obligations	1,830	1,603	1,711
Actual return on plan assets	(3,421)	(841)	(1,802)
Net amortization and deferral	1,296	(1,252)	(379)
Pension expense	$ 836	$ 524	$ 654

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

($ in thousands)	1995	1994
Plan assets at fair value	$ 25,985	$ 23,256
Actuarial present value of projected benefit obligations		
Accumulated benefit obligations		
Vested	19,717	17,733
Unvested	259	222
Provision for future salary increases	7,189	6,171
Projected benefit obligations	27,165	24,126

Plan assets less than projected benefit obligations	(1,180)	(870)
Unrecognized net (gain) loss	(197)	248
Unrecognized prior service cost	72	108
Unrecognized transition net asset	(1,222)	(1,435)
Accrued pension liability recognized in the consolidated balance sheet	$ (2,527)	$ (1,949)

The principal actuarial assumptions were:

	1995	1994	1993
Discount rate	7.5%	7.5%	7.5%
Rate of future compensation increases	5%	5%	5%
Expected long-term rate of return on assets	8.5%	8.5%	8.5%

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 57% of plan assets is invested in equity securities and 43% is invested in fixed income securities and other instruments at July 31, 1995.

The Company has adopted a retirement restoration plan that provides for additional payments from the Company so that total retirement plan benefits for executives will be maintained at the levels provided in the Retirement Plan before the application of Internal Revenue Code limitations. During 1995, the Company accrued $237,000 in connection with this plan.

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.

11. OTHER INCOME

The 1993 fiscal year included income of $4,000,000 relating to a settlement with a common carrier pipeline concerning product pipeline distribution constraints.

12. CONTINGENCIES

In July 1993, the United States Department of Justice (DOJ), on behalf of the United States Environmental Protection Agency (EPA), filed a suit against the Company's subsidiary, Navajo Refining Company (Navajo) alleging that, beginning in September 1990 and continuing through the present, Navajo has 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 Company believes that the parties are in the final stage of negotiating a resolution of the litigation. If settled as anticipated, the Company would close the existing evaporation ponds of its wastewater management system at a cost believed to be substantially less than $1 million. The settlement also contemplates that the Company would implement one of several alternatives to the existing wastewater treatment system. Depending upon which approach is utilized, the Company could incur total costs of approximately $3 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. The settlement with the DOJ also is expected to involve the payment of civil penalty of less than $2 million. In fiscal 1993, the Company recorded a $2 million reserve for the litigation.

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 $74,000,000 (12%) of the Company's revenues for fiscal 1995, $67,000,000 (12%) of revenues for fiscal 1994 and $65,000,000 (10%) for fiscal 1993 were from the sale of military jet fuel to the United States Government. Approximately $41,000,000 (7%) of the Company's revenues for fiscal 1995 and $58,000,000 (11%) of 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. 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, 1995, 1994 and 1993

14. QUARTERLY INFORMATION (UNAUDITED)

Financial Data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	($ in thousands, except per share amounts)				
1995					
Revenues	$ 160,724	$146,962	$ 147,047	$160,097	$ 614,830
Operating margin (net sales less cost of sales)	$ 21,353	$ 10,860	$ 9,251	$ 17,855	$ 59,319
Income (loss) before income taxes and cumulative effect of accounting change	$ 12,166	$ 1,649	$ (931)	$ 7,263	$ 20,147
Income (loss) before cumulative effect of accounting change	$ 7,252	$ 983	$ (376)	$ 4,558	$ 12,417
Cumulative effect of accounting change	5,703	-	-	-	5,703
Net income (loss)	$ 12,955	$ 983	$ (376)	$ 4,558	$ 18,120
Income per common share					
Income (loss) before cumulative effect of accounting change . . .	$ .88	$ .12	$ (.05)	$ .56	$ 1.51
Cumulative effect of accounting change	.69	-	-	-	.69
Net income (loss)	$ 1.57	$ .12	$ (.05)	$ .56	$ 2.20
Dividends per common share	$ .10	$ .10	$ .10	$ .10	$ .40
Average number of shares of common stock outstanding (in thousands)	8,254	8,254	8,254	8,254	8,254

HOLLY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
July 31, 1995, 1994 and 1993

Financial Data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
(continued)	($ 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 common 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

Operating Data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
			(barrels-per-day)		
1995					
Sales of refined products	71,200	67,900	69,500	70,700	69,800
Refinery production	67,000	68,200	68,600	68,400	68,100
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

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 1995 which will be filed within 120 days of July 31, 1995 (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 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 44 to 48.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the Company's fourth quarter that ended July 31, 1995.

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 26, 1995

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 26, 1995
/s/ Jack P. Reid Jack P. Reid	Executive Vice President, Refining and Director	October 26, 1995
/s/ Matthew P. Clifton Matthew P. Clifton	Senior Vice President and Director	October 26, 1995
/s/ Henry A. Teichholz Henry A. Teichholz	Vice President, Treasurer and Controller (Principal Financial and Accounting Officer)	October 26, 1995

Signature	Capacity	Date
/s/ W. John Glancy W. John Glancy	Director	October 26, 1995
/s/ Marcus R. Hickerson Marcus R. Hickerson	Director	October 26, 1995
/s/ A. J. Losee A. J. Losee	Director	October 26, 1995
/s/ Robert G. McKenzie Robert G. McKenzie	Director	October 26, 1995
/s/ Thomas K. Matthews, II Thomas K. Matthews, II	Director	October 26, 1995

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 (incorporated by reference to Exhibit 4(f) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1994, File No. 1-3876).
4(g)	- Second Amendment to First Amended and Restated Credit Agreement, dated as of June 13, 1995, 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(h)	- 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).

Exhibit Number		Description
4(i)	-	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).
4(j)	-	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(k)	-	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(i) of this Form 10-K) and First Supplement to the Guaranty (Exhibit 4(j) 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(l)	-	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 (incorporated by reference to Exhibit 4(k) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1994, File No. 1-3876).
4(m)	-	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(n)	-	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(o)	-	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(m) of this Form 10-K) and First Supplement to the Security Agreement (Exhibit 4(n) 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(p)	-	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(q)	-	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 (incorporated by reference to Exhibit 4(p) of Registrant's Annual Report on Form 10-K for its fiscal year ended July 31, 1994, File No. 1-3876).
4(r)	-	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(g)

SECOND AMENDMENT TO
FIRST AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (herein called the "Amendment") made as of the 13th day of June, 1995, 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"), Montana Refining Company, A Partnership ("Montana") and Navajo Crude Oil Marketing Company ("Navajo Crude"), (Navajo, Holly Petroleum, Navajo Pipeline, Navajo Holdings, Lea, Navajo Western and Navajo Crude collectively referred to herein as "Guarantors"), 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, as amended by that certain First Amendment to First Amended and Restated Credit Agreement dated as of April 7, 1994 (as so amended, 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 Second Amendment to First Amended 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 "Maturity Date" in

Section 1.1 of the Original Agreement is hereby amended in its entirety to read as follows:

"Maturity Date. August 1, 1997."

The definition of "Guaranty" in Section 1.1. of the original Agreement is hereby amended in its entirety to read as follows:

"Guaranty. The Guaranty dated as of July 30, 1991, made by the Guarantors for the benefit of the Lenders and Agent, as supplemented by the First Supplement to Guaranty dated as of February 20, 1992, and the Second Supplement to Guaranty dated as of April 7, 1994, and as may be further amended, renewed, confirmed, ratified or supplemented from time to time."

The following definition of "LIFO Ratio" is hereby added to Section 1.1 of the Original Agreement immediately following the definition of "LIFO."

"LIFO Ratio. As of the last day of any Fiscal Quarter, the ratio of Consolidated LIFO Earnings before Interest and Taxes for the four complete Fiscal Quarters then ending to Interest Charges for such period."

The following definition of "Minimum Working Capital Requirements" is hereby added to Section 1.1 of the Original Agreement immediately following the definition of "Maximum Rate."

"Minimum Working Capital Requirements. The Minimum Working Capital Requirements shall be satisfied at any time when Consolidated Current Assets, minus Consolidated Current Liabilities equals or exceeds Fifteen Million Dollars ($15,000,000), except that (i) the minimum working capital Requirements shall be satisfied in each of year 1994 and year 1995, during the period from and including April 30

until but excluding the Private Placement Date, only if Consolidated Current Assets minus Consolidated Current Liabilities equals or exceed Twenty-One Million Dollars ($21,000,000) and (ii) the Minimum Working Capital Requirements shall be satisfied in each year commencing 1996, during that period from and including April 30 until but excluding the Private Placement Date, only if Consolidated Current Assets minus Consolidated Current Liabilities equals or exceeds Thirty Million Dollars ($30,000,000). For purposes of this paragraph, 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 2.2. Investments. Section 7.3(j) of the original Agreement is hereby amended in its entirety to read as follows:

"(j) Investments other than Investments described in subsections 7.3(a)-(i) at any time outstanding in an amount not to exceed in the aggregate at any time the sum of Five Million Dollars ($5,000,000) plus the amount of Distributions which could then be made pursuant to Section 7.4(b)(iii), without giving effect to clauses (b)(i) and (ii) of Section 7.4; provided that no such Investment shall be made unless at the time such Investment is made the Continuing Performance Level for the immediately preceding Fiscal Quarter has been achieved."

Section 2.3. Distributions. Section 7.4 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 7.4. Distributions. Borrower shall make no Distribution unless (i) at the time such Distribution is made, the LIFO Ratio (calculated as of the last day of the Fiscal Quarter immediately preceding the Fiscal Quarter in which such Distribution is made) is equal to or greater than 2.0 to 1.0 and (ii) immediately after giving effect to any such Distribution, each of the Related Persons and Montana shall be in compliance with all of its covenants hereunder and no Default or Event of Default shall have occurred and be continuing (collectively, the "Distribution Conditions"). If all of the Distribution Conditions are satisfied, Borrower may make Distributions as follows:

(a) Borrower may make Distributions in an amount not to exceed $5,000,000 in the aggregate during any Fiscal Year; and

(b) Borrower may make Distributions in excess of $5,000,000 during any Fiscal Year so long as (i) the LIFO Ratio (calculated as of the last day of the Fiscal Quarter immediately preceding the Fiscal Quarter in which such Distribution is made) is equal to or greater than 3.5 to 1.0, and (ii) the Minimum Working Capital Requirements are

satisfied, and (iii) during any period in which Consolidated FIFO Net Worth does not equal or exceed Fifty Million Dollars ($50,000,000), the amount of all Distributions made prior to and on the date of distribution, when added to the aggregate amount of Investments made prior to the date of distribution under Section 7.3(j) in excess of $5,000,000, shall not exceed the sum of 60% of Cumulative Consolidated Net Income; and during any period in which Consolidated FIFO Net Worth equals or exceeds Fifty Million Dollars ($50,000,000), the amount of all Distributions made prior to and on the date of distribution when added to the aggregate amount of Investments made prior to the date of distribution under Section 7.3(j) in excess of $5,000,000, shall not exceed the sum of 75% of Cumulative Consolidated Net Income; provided that in calculating the amount of Investments under Section 7.3(j) in excess of $5,000,000 and Distributions for purposes of this subsection (b) only, the Quarterly Dividend shall be excluded and Distributions made prior to February 1, 1992 shall be excluded. Nothing herein contained shall be deemed in any way to restrict or prohibit Borrower's (x) retirement of any shares of its capital stock in exchange for, or upon conversion of, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary) of, other shares of its capital stock, or (y) purchase of its common stock where (1) the aggregate number of shares purchased from any one Person at any one time is less than 100 shares, (2) after giving effect to such purchase, such Person does not own any common stock of Borrower, and (3) the aggregate payment for all such common stock does not exceed $300,000 in any fiscal year."

Section 2.4. 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 (i) in each of year 1994 and year 1995, 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) and (ii) in each year commencing 1996, during that 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 Twenty Five Million Dollars ($25,000,000). 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 2.5. 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 (i) 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) and (ii) in each year commencing 1996, 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 Twenty Million Six Hundred Thousand Dollars ($20,600,000). 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, 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) Secretary's Certificates. Agent shall have received, in form and substance satisfactory to Agent, certificates of the Secretary of Borrower and each Guarantor dated the date of this Amendment certifying that (i) the persons named as authorized signatories in prior Secretary's Certificates delivered to Agent (the "Prior Certificates") are authorized to sign this Amendment, (ii) the resolutions authorizing the execution of the Loan Documents that were attached to the Prior Certificates have not been amended, modified or revoked in any respect and are in full force and effect on the date hereof and (iii) that the charter documents of Borrower or such Guarantor attached to the

> Prior Certificates have not been amended, modified or revoked in any respect and are in full force and effect on the date hereof.

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 and Montana is duly authorized to execute and deliver this Amendment, 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 and Montana 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.

(c) The execution and delivery by each of Borrower, each Guarantor and Montana of this Amendment, the performance by such Person of its obligations hereunder and the consummation of the transactions contemplated hereby 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 or Montana of this Amendment or to consummate the transactions contemplated hereby.

(d) When duly executed and delivered, this Amendment will be a legal and binding obligation of Borrower, Guarantors and Montana 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. Each Guarantor hereby consents to the provisions of this Amendment and the transactions contemplated herein, and hereby ratifies and confirms the Guaranty, and agrees that its obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

Section 5.2. Survival of Agreements. All representations, warranties, covenants and agreements of each of Borrower, Guarantors and Montana 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 or Montana 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.

THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OR PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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/ E. MURPHY MARKHAM, IV

E. Murphy Markham, IV
Senior Vice President

NATIONSBANK OF TEXAS, N.A.

By: /s/ E. MURPHY MARKHAM, IV

E. Murphy Markham, IV
Senior Vice President

BANQUE PARIBAS

By: /s/ BARTON D. SCHOUEST

Barton D. Schouest
Group Vice President

By: /s/ MARK GREEN

Mark Green
Vice President

THE FIRST NATIONAL BANK OF BOSTON

By: /s/ H. LOUIS BAILEY

H. Louis Bailey
Director

THE BANK OF NOVA SCOTIA

By: /s/ A.S. NORSWORTHY

A.S. Norsworthy
Assistant Agent

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 26, 1995 with respect to the consolidated financial statements of Holly Corporation included in the Annual Report (Form 10-K) for the year ended July 31, 1995.

ERNST & YOUNG LLP

Dallas, Texas
October 26, 1995

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