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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 1997

OR

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

For the transition period from _______________ to _______________

Commission File Number 1-3876

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

Delaware	75-1056913
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Crescent Court, Suite 1600 Dallas, Texas	75201-6927
(Address of principal executive offices)	(Zip Code)

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

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

8,253,514 shares of Common Stock, par value $.01 per share, were outstanding on June 4, 1997.

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PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HOLLY CORPORATION
CONSOLIDATED BALANCE SHEET
(Dollars in Thousands Except Per Share Amounts)

	Unaudited April 30, 1997	July 31, 1996
ASSETS		
Current assets		
Cash and cash equivalents	$ 49,207	$ 63,959
Accounts receivable: Product	37,980	43,642
Crude oil resales	56,111	54,456
Note receivable	-	6,288
	94,091	104,386
Inventories: Crude oil and refined products	44,101	32,090
Materials and supplies	7,516	6,583
	51,617	38,673
Prepayments and other	8,264	10,008
Total current assets	203,179	217,026

Properties, plants and equipment, at cost	271,363	261,621
Less accumulated depreciation, depletion and amortization	131,244	130,177
	140,119	131,444
Equity interest in joint venture	4,992	734
Other assets	6,735	2,067
	$ 355,025	$ 351,271

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	$ 118,390	$ 122,421
Accrued liabilities	15,440	12,453
Income taxes payable	1,732	4,728
Current maturities of long-term debt	10,775	10,775
Total current liabilities	146,337	150,377
Deferred income taxes	19,585	18,361
Long-term debt, less current maturities	86,282	86,290
Commitments and contingencies		
Stockholders' equity		
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	97,171	90,593
	103,390	96,812
Common stock held in treasury, at cost - 396,768 shares	(569)	(569)
Total stockholders' equity	102,821	96,243
	$ 355,025	$ 351,271

See accompanying notes.

HOLLY CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Dollars in Thousands Except Per Share Amounts)

	Unaudited Three Months Ended April 30,		Unaudited Nine Months Ended April 30,	
	1997	1996	1997	1996
Revenues				
Refined products	$ 178,826	$ 166,318	$ 546,225	$ 481,020
Oil and gas	1,020	1,938	4,067	3,465
Miscellaneous	235	216	636	603
	180,081	168,472	550,928	485,088
Costs and expenses				
Cost of refined products	156,877	151,309	503,962	435,071
General and administrative	3,362	3,581	10,307	10,552
Depreciation, depletion and amortization	4,595	4,898	14,535	13,364
Exploration expenses, including dry holes	689	1,016	1,914	2,661
	165,523	160,804	530,718	461,648

Income from operations	14,558	7,668	20,210	23,440
Other				
Equity in earnings of joint venture	171	-	171	-
Interest income	740	844	2,672	2,034
Interest expense	(2,347)	(2,682)	(7,103)	(7,131)
	(1,436)	(1,838)	(4,260)	(5,097)
Income before income taxes	13,122	5,830	15,950	18,343
Income tax provision (benefit)				
Current	5,522	1,996	4,989	7,149
Deferred	(255)	331	1,412	212
	5,267	2,327	6,401	7,361
Net income	$ 7,855	$ 3,503	$ 9,549	$ 10,982
Income per common share	$ .95	$ .42	$ 1.16	$ 1.33
Cash dividends paid per share	$ .12	$ .10	$ .36	$ .30
Average number of shares of common stock outstanding (in thousands)	8,254	8,254	8,254	8,254

See accompanying notes.

HOLLY CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in Thousands)

	Unaudited Nine Months Ended April 30,	
	1997	1996
Cash flows from operating activities		
Net income	$ 9,549	$ 10,982
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	14,535	13,364
Deferred income taxes	1,412	212
Equity in earnings of joint venture	(171)	-
Dry hole costs and leasehold impairment	394	1,045
(Increase) decrease in operating assets		
Accounts receivable	10,295	(22,481)
Inventories	(12,944)	2,077
Income taxes receivable	-	804
Prepayments and other	(210)	1,350
Increase (decrease) in operating liabilities		
Accounts payable	(4,031)	21,407
Accrued liabilities	2,987	3,262
Income taxes payable	(2,996)	140
Turnaround expenditures	(5,365)	(1,561)
Other, net	110	564
Net cash provided by operating activities	13,565	31,165
Cash flows from financing activities		
Increase in notes payable	-	39,000
Payment of long-term debt	(8)	(8)
Debt issuance costs	-	(403)
Cash dividends	(2,971)	(2,476)
Net cash provided by (used for) financing activities	(2,979)	36,113

Cash flows from investing activities		
Additions to properties, plants and equipment	(21,251)	(10,920)
Investment in joint venture	(4,087)	-
Net cash used for investing activities	(25,338)	(10,920)
Cash and cash equivalents		
Increase (decrease) for the period	(14,752)	56,358
Beginning of year	63,959	13,432
End of period	$ 49,207	$ 69,790
Supplemental disclosure of cash flow information		
Cash paid during period for		
Interest	$ 4,407	$ 3,782
Income taxes	$ 7,505	$ 5,874

See accompanying notes.

HOLLY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note A - Presentation of Financial Statements

In the opinion of the Company, the accompanying consolidated financial statements, which have not been audited by independent accountants (except for the consolidated balance sheet as of July 31, 1996), reflect all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's consolidated financial position as of April 30, 1997, the consolidated results of operations for the three months and nine months ended April 30, 1997 and 1996, and consolidated cash flows for the nine months ended April 30, 1997 and 1996.

Certain notes and other information have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1996. Certain previously reported amounts have been reclassified to conform to current classifications.

References herein to the "Company" are for convenience of presentation and may include obligations, commitments or contingencies that pertain solely to one or more affiliates of the Company. Results of operations for the first nine months of fiscal 1997 are not necessarily indicative of the results to be expected for the full year.

Note B - Accounting Pronouncement

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share, which is effective for periods ending after December 15, 1997. The statement simplifies the standards for computing earnings per share and makes them comparable to international standards. The impact of Statement No. 128 on the calculation of income per common share of the Company is not expected to be material.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Factors Affecting Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1993, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements included in this Form 10-Q, including without limitation statements in this Item 2 under the headings "Results of Operations," "Liquidity and Capital Resources" and "Recent Developments That May Affect Future Results," other than statements of historical facts, are forward-looking statements. Such statements are subject to certain risks and uncertainties, including risks and uncertainties with respect to the actions of actual or potential competitive suppliers of refined petroleum products in the Company's markets, demand and supply for crude oil and for refined products, the spread between market prices for refined products and crude oil, the possibility of constraints on the

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

transportation of refined products, the possibility of inefficiencies or shutdowns in refinery operations, governmental regulations and policies, the availability of financing to the Company on favorable terms, the effectiveness of Company capital investments and marketing strategies, and completion of the recently announced alliance with FINA, Inc. and such alliance producing desired results. Because of these and other risks and uncertainties, actual results may vary materially from those estimated, anticipated or projected. Although the Company believes that the expectations reflected by the forward-looking statements contained in this Report are reasonable based on information currently available to the Company, no assurances can be given that such expectations will prove to be correct. This summary discussion of risks and uncertainties that may cause actual results to differ from those indicated in forward-looking statements should be read in conjunction with the discussion under the heading "Additional Factors That May Affect Future Results" included in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1996 and in conjunction with the discussion below under the heading "Recent Developments That May Affect Future Results." All forward-looking statements included in this Form 10-Q and all subsequent oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements set forth above.

Results of Operations

Net income for the third quarter ended April 30, 1997 was $7.9 million as compared to $3.5 million, for the third quarter of the prior year. For the nine months ended April 30, 1997, net income was $9.5 million as compared to $11.0 million, for the first nine months in the same period of fiscal 1996.

The increase in earnings in the third quarter of fiscal 1997 was due principally to improved refinery margins, and a small increase in volumes sold, as compared to the third quarter of the prior year. For the nine months ended April 30, 1997 as compared to the same period in fiscal 1996, the decrease in earnings was caused by small reductions in refinery margins and volumes sold. Refinery margins recovered in the current year's third quarter from the very depressed levels in the immediately preceding quarter, as crude oil prices fell at a greater rate than product prices. The latter part of the quarter experienced particularly strong margins. Recently refining margins have fallen off somewhat from those high levels of the latter part of the third quarter. Revenues increased in both the third quarter and nine months ended April 30, 1997 from the prior year's comparable periods principally as the result of higher sales prices.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The increase in depreciation, depletion and amortization in the nine month comparable periods related primarily to increased production from oil and gas properties, as most of last year's oil and gas depreciation, depletion and amortization did not commence until the second quarter of fiscal 1996. Although oil and gas revenues have increased slightly for the nine months ended April 30, 1997 as compared to the same period of the prior year, production and revenues for the third quarter of fiscal 1997 are lower than the third quarter of the prior year, due to deferred production, resulting from production facility completions.

Liquidity and Capital Resources

Cash flows from operations during the nine months ended April 30, 1997 were less than capital expenditures and dividends paid, resulting in a net decrease of cash and cash equivalents of $14.8 million. Working capital decreased during the nine months ended April 30, 1997 by $9.8 million to $56.8 million. The Company's long-term debt now represents 48.6% of total capitalization as compared to 50.2% at July 31, 1996. At April 30, 1997, the Company had $25 million of borrowing capacity under the Credit Agreement which can be used for short term working capital needs. The Company believes that these sources of funds, together with future cash flows from operations should provide sufficient resources, financial strength and flexibility for the Company to satisfy its liquidity needs, capital requirements, and debt service obligations and to permit the payment of dividends for the foreseeable future.

Net cash provided by operating activities amounted to $13.6 million in the first nine months of fiscal 1997, as compared to $31.2 million in the same period of the prior year. The primary reason for the decrease in net cash flows from operating activities was changes in working capital accounts.

Cash flows used for financing activities amounted to $3.0 million in the first nine months of fiscal 1997, as compared to cash flows provided by financing activities of $36.1 million in the same period of the prior year. In the second quarter of fiscal 1996, the Company completed the funding from a group of insurance companies of a new private placement of Senior Notes in the amount of $39 million. The next principal payment of $10.8 million on the Company's Senior Notes is due June 1997. The maturity date of the Company's Credit Agreement has been extended to November 1, 1997. The Company is in the process of renewing, and expects to renew, the Credit Agreement beyond that date on terms similar to those presently in effect.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Cash flows used for investing activities were $25.3 million in the first nine months of fiscal 1997, as compared to $10.9 million in the same period of the prior year. The Company has a capital budget totalling $32 million for fiscal 1997. The major components of this budget are $13 million for the construction of a pipeline connection from the Navajo Refinery to an 8" pipeline that has been leased by the Company for products transport (the "Lease Agreement") and related product terminals, $12 million for various refinery improvements and environmental and safety enhancements and $7 million for exploration and production activities. In addition to these projects, the Company is in the process of completing the major items approved in the 1996 capital budget, including a joint venture to ship liquid petroleum gases (LPGs) to Mexico and two projects at the Navajo Refinery which entail upgrades to improve product yields.

The Lease Agreement is with Mid-America Pipeline Company and involves more than 300 miles of 8" pipeline running from Chavez County to San Juan County, New Mexico. The Company is preparing to construct a 60 mile pipeline, from the Navajo Refinery to the leased pipeline, and related terminalling facilities. These facilities will allow the Company to use the pipeline to transport refined products from its Navajo Refinery to markets in Albuquerque and northwest New Mexico. The pipeline and related facilities are expected to be operational near the end of calendar 1997.

The Company is in a joint venture with Mid-America Pipeline Company and Amoco Pipeline Company to transport liquid petroleum gases (LPGs) to Mexico, which deliveries began in April 1997. The Company has a 25% interest in the joint venture. For the Company, the project involved the construction of a 12" pipeline from Orla to El Paso, Texas, which replaced a portion of 8" pipeline previously used by Navajo that was transferred to the joint venture. The 12" pipeline was completed in October 1996. The Company's total net cash investment in the projects (in addition to the contribution of a portion of the existing 8" pipeline to the joint venture) was $8 million, of which $7 million was spent in fiscal 1997, including contributions to the joint venture.

The additional pipeline capacity associated with the new pipeline constructed in conjunction with the joint venture and with the Lease Agreement and the construction of the related pipeline and terminalling facilities should reduce pipeline operating expenses at current throughputs and allow the Company to expand volumes, through refinery expansion or otherwise, shipped into existing and new markets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The Company announced in February 1997, the formation of an alliance with FINA, Inc. to create a comprehensive supply network which should provide sufficient gasoline and diesel supply to satisfy the demand growth in the West Texas, New Mexico, and Arizona markets for at least the next five years. When fully operational, the system will have the capacity to provide up to 155,000 barrels of refined products per day to these Southwest markets. The project will utilize existing assets. FINA's bi-directional Amdel Pipeline could be converted, when needed, from crude oil to refined products and transport up to 50,000 barrels per day from FINA's Port Arthur Refinery on the Gulf Coast, while 45,000 barrels per day will be shipped from FINA's Big Spring Refinery. In addition, the Navajo Refinery will continue to provide 60,000 barrels per day of refined products. FINA will construct a 50 mile extension of its Amdel Pipeline from Wink, Texas to the Company's pipeline station at Orla, Texas, where a long-term agreement with FINA will enable FINA to transport up to 20,000 barrels per day on the Company's recently completed 12" pipeline to El Paso. In New Mexico, the completion by the Company of the 8" inch pipeline from the Navajo Refinery to the pipeline recently leased from Mid-America Pipeline Company (the Lease Agreement) will then provide direct service to Albuquerque and northwest New Mexico. The alliance will provide product supply along the full extent of this system, from Bloomfield in northwest New Mexico, east to Duncan, Oklahoma, and south to El Paso. This pipeline system, along with other recently announced El Paso area pipeline expansions, will provide sufficient supply to fully utilize all existing common carrier pipelines which ship product from El Paso to New Mexico, Arizona and Mexico. It is anticipated that this pipeline network should be fully operational by August 1998 at which time the Company will begin to realize certain pipeline and terminalling revenues from Fina.

The Company believes the scheduled capital projects to upgrade the

Navajo Refinery will improve product yields and enhance refining profitability. The UOP Isomerization unit, which will increase the refinery's internal octane generating capabilities and improve light product yields, was completed in February 1997. In addition, the planned state-of-the-art upgrades to the Navajo Refinery's fluid catalytic cracking unit (FCC), which will improve FCC high value product yields, are now expected to be completed by fall 1997. The total estimated cost of these two projects is $15 million, of which $9 million is to be spent in fiscal 1997 and early fiscal 1998.

Recent Developments That May Affect Future Results

Ultramar Diamond Shamrock Corporation, an independent refiner and marketer, completed in November 1995 the construction of a 409-mile, ten-inch refined products pipeline from its McKee refinery near Dumas, Texas to El Paso. Ultramar Diamond Shamrock has announced that this pipeline currently has a capacity of 30,000 BPD, and that, with the addition of two pumping stations to be built in the first half of 1997, it will have a 45,000 BPD capacity. Ultramar Diamond Shamrock has stated its intention to use its pipeline to supply fuels to the El Paso, New Mexico, Arizona and northern Mexico markets. This pipeline has increased and could further increase the supply of products in the Company's principal markets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Phillips Petroleum Company recently announced that it plans to construct a new pipeline and modify an existing pipeline to carry petroleum products from its Borger, Texas refinery to markets in El Paso, Texas and Arizona. The project involves reversing and converting an existing eight-inch natural gas liquids pipeline that extends from Borger to Gaines, Texas, constructing a new 220-mile, ten-inch pipeline from Gaines to El Paso and building a new terminal at El Paso. Phillips announced that it expects to complete the project in late 1998. This project could also increase the supply of products in the Company's principal markets.

Recently there have been several refining and marketing consolidations or acquisitions between entities competing in the Company's geographic market. While this could increase the competitive pressures on the Company, the specific ramifications of these or other potential consolidations cannot presently be determined. Tosco Corporation has recently purchased from Unocal all of the operating assets of 76 Products Company, Unocal's West Coast refining and marketing division. The total combined sales by the Company to Tosco Corporation and its affiliates now amount to approximately 20%.

Effective January 1, 1995, certain cities in the United States were required to use only reformulated gasoline ("RFG"), a cleaner burning fuel. While none of the Company's principal markets presently requires RFG, Arizona will require RFG by late June 1997, with more stringent fuel specifications to be mandated in 1999. The Company believes it is in position, with the recent completion of its isomerization unit, to be able to meet these specifications, as they are presently formulated. Other requirements of the Clean Air Act, or other presently existing or future environmental regulations, could cause the Company to expend substantial amounts at its refineries. The specifics and extent of these or other regulations and their attendant costs are not presently determinable.

This discussion should be read in conjunction with the discussion under the heading "Additional Factors That May Affect Future Results" included in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1996.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: See Index to Exhibits on page 13.

(b) Reports on Form 8-K: None.

SIGNATURE

Pursuant to the requirements of the Securities and 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)

Date: June 6, 1997

By /s/ Henry A. Teichholz
Henry A. Teichholz
Vice President, Treasurer and Controller
(Duly Authorized Principal Financial and Accounting Officer)

HOLLY CORPORATION
INDEX TO EXHIBITS

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

Exhibit Number		Description
27	-	Financial Data Schedule

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