Holly Energy Partners Conference Call

HEP financing plan for HOC intermediate pipelines
Earnings outlook for 2nd Quarter 2005 and full year
Estimated EBITDA from transaction 2005/2006
Planned expansion of capacity of intermediate pipelines

June 21, 2005

Agenda

- ♦ HEP financing plans for HOC's intermediate pipelines
- ♦ Earnings for 2nd quarter 2005 and full year 2005
- ♦ Estimated EBITDA from intermediate pipeline transaction 2005/2006
- ♦ Planned expansion of capacity of intermediate pipelines
- ♦ Questions & Answers

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Consideration paid to Holly

Purchase price for intermediate pipelines: $81.5 million

- ♦ At least 90% ($73.35 million) in cash
- ♦ Up to 10% ($8.15 million) in HEP common units
  - *At closing, HEP plans to issue 70,000 common units to Holly*
  - *After closing, HEP plans to purchase and deliver to Holly between 100,000 and 110,000 common units*
  - *Additional purchases of units to deliver to Holly will be made in the open market or in privately negotiated transactions*

Transaction financing detail

- ♦ Issue up to 1.2 million units in a private sale to institutional investors
- ♦ Issue $35 million in notes in Rule 144A offering

HEP debt financing for HOC's intermediate pipelines

Sale of additional notes to finance acquisition:

- On June 14, HEP priced $35 million add-on for its February notes issuance
- Additional notes will carry same 6.25% coupon
- Pricing at 98 results in 6.53% yield
- Closing will be on June 28, 2005
- Proceeds approximately $33.8 million

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Earnings update for 2nd quarter 2005 and full year 2005

Estimated EBITDA for 2nd quarter 2005:

- Based on volumes shipped and other known information, our current estimate of 2nd quarter EBITDA is $12.5 million

- Expected results affected by:
  - *Higher volumes from the Navajo refinery shipped south and lower volumes shipped north as compared to plan--tariffs shipped north carry a higher tariff than volumes shipped south*
  - *Lower volumes at Rio Grande pipeline, partially due to seasonality and some terminal repair in Mexico*
  - *Alon assets are performing very well*
  - *Costs remain under control*

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Estimated EBITDA from intermediate pipeline transaction 2005/2006

- As announced, expected incremental EBITDA to HEP resulting from transaction is approximately $10 million annually after one-year ramp-up period in which incremental EBITDA is expected to be approximately $9 million.
- Expected revenues are derived from 72,000 bpd take-or-pay commitment by Holly at tariff of $0.45 per barrel.
- During first year, until refinery expansion complete, volumes are expected to average approximately 67,000 BPD.
- Tariff on the extra 5,000 (to meet volume commitment) will be recorded as unearned revenue.
- Benefit of unearned revenue can be clawed back (for up to four quarters) and applied by Holly anytime in the next four quarters that shipments exceed 72,000 BPD.
- To the extent such unearned revenue is not clawed back, that amount would be recorded as revenue in the quarter it becomes no longer available for claw back.

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Planned expansion of intermediate pipelines

- As announced, after the acquisition HEP plans to expend $3.5 million to expand the capacity of the intermediate pipelines
- Effective pipeline capacity will expand by approximately 10,000 BPD to accommodate expansion at Navajo Refinery
- After the expansion of the Navajo refinery from 75,000 BPD to 85,000 BPD in 2006, volumes shipped are not expected to substantially exceed the 72,000 BPD level

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Notes

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is calculated as net income plus (i) interest expense net of interest income and (ii) depreciation and amortization. EBITDA is not a calculation based upon U.S. generally accepted accounting principles (“U.S. GAAP”). EBITDA should not be considered as an alternative to net income or operating income, as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. EBITDA is not necessarily comparable to similarly titled measures of other companies. EBITDA is presented here because it enhances an investor’s understanding of our ability to satisfy principal and interest obligations with respect to our indebtedness and for the use of cash for other purposes, including capital expenditures. EBITDA is also used by our management for internal analysis and as a basis for compliance with financial covenants. For additional information on HEP’s historical EBITDA, see the information contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations in HEP’s most recent annual and quarterly reports filed with the Securities and Exchange Commission.