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

(Mark One)

FORM 10-K ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

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 1-32225

HOLLY ENERGY PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware	**20-0833098**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2828 N. Harwood, Suite 1300	
Dallas	
Texas	**75201-1507**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Limited Partner Units	HEP	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer. a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On June 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the common limited partner units held by non-affiliates of the registrant was approximately $1.1 billion, based upon the closing price on the New York Stock Exchange on such date. (This is not 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.)

126,440,201 shares of common limited partner units were outstanding on February 15, 2023.

DOCUMENTS INCORPORATED BY REFERENCE: None

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain “forward-looking statements” within the meaning of the federal securities laws. All statements, other than statements of historical fact included in this Form 10-K, including, but not limited to, statements regarding future operating results, our capital allocation strategy, funding of capital expenditures and distributions, distributable cash flow coverage and leverage targets, and statements under Items 1 and 2. “Business and Properties,” Item 1A. “Risk Factors,” and Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are forward-looking statements. Forward-looking statements use words such as “anticipate,” “project,” "will," “expect,” “plan,” “goal,” “forecast,” “strategy,” “intend,” “should,” “would,” “could,” “believe,” “may,” and similar expressions and statements regarding our plans and objectives for future operations are intended to identify forward-looking statements. These statements are based on our beliefs and assumptions and those of our general partner using currently available information and expectations as of the date hereof, are not guarantees of future performance and involve certain risks and uncertainties. Although we and our general partner believe that such expectations reflected in such forward-looking statements are reasonable, neither we nor our general partner can give assurance that our expectations will prove to be correct. All statements concerning our expectations for future results of operations are based on forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected or expected. Certain factors could cause actual results to differ materially from results anticipated in the forward-looking statements. These factors include, but are not limited to:

- the demand for and supply of crude oil and refined products, including uncertainty regarding the effects of the continuing COVID-19 pandemic on future demand and increasing societal expectations that companies address climate change;
- risks and uncertainties with respect to the actual quantities of petroleum products and crude oil shipped on our pipelines and/or terminalled, stored or throughput in our terminals and refinery processing units;
- the economic viability of HF Sinclair Corporation, our other customers and our joint ventures’ other customers, including any refusal or inability of our or our joint ventures’ customers or counterparties to perform their obligations under their contracts;
- the demand for refined petroleum products in the markets we serve;
- our ability to purchase operations and integrate the operations we have acquired or may acquire, including the recently acquired Sinclair Transportation Company LLC business;
- our ability to complete previously announced or contemplated acquisitions;
- the availability and cost of additional debt and equity financing;
- the possibility of temporary or permanent reductions in production or shutdowns at refineries utilizing our pipelines, terminal facilities and refinery processing units, due to reductions in demand, accidents, unexpected leaks or spills, unscheduled shutdowns, infection in the workforce, weather events, civil unrest, expropriation of assets, and other economic, diplomatic, legislative, or political events or developments, terrorism, cyberattacks, or other catastrophes or disruptions affecting our operations, terminal facilities, machinery, pipelines and other logistics assets, equipment, or information systems, or any of the foregoing of our suppliers, customers, or third-party providers or lower gross margins due to the economic impact of the COVID-19 pandemic, inflation and labor costs, and any potential asset impairments resulting from, or the failure to have adequate insurance coverage for or receive insurance recoveries from, such actions;
- the effects of current and future government regulations and policies, including the effects of current and future restrictions on various commercial and economic activities in response to the COVID-19 pandemic and increases in interest rates;
- delay by government authorities in issuing permits necessary for our business or our capital projects;
- our and our joint venture partners’ ability to complete and maintain operational efficiency in carrying out routine operations and capital construction projects;
- the possibility of terrorist or cyberattacks and the consequences of any such attacks;
- uncertainty regarding the effects and duration of global hostilities, including the Russia-Ukraine war, and any associated military campaigns which may disrupt crude oil supplies and markets for refined products and create instability in the financial markets that could restrict our ability to raise capital;

- general economic conditions, including economic slowdowns caused by a local or national recession or other adverse economic condition, such as periods of increased or prolonged inflation;
- the impact of recent or proposed changes in the tax laws and regulations that affect master limited partnerships; and
- other financial, operational and legal risks and uncertainties detailed from time to time in our Securities and Exchange Commission (the “SEC”) filings.

Cautionary statements identifying important factors that could cause actual results to differ materially from our expectations are set forth in this Form 10-K, including, without limitation, the forward-looking statements that are referred to above. You should not put any undue reliance on any forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth in this Form 10-K under “Business and Properties” in Items 1 and 2,“Risk Factors” in Item 1A and in conjunction with the discussion in this Form 10-K in “Management's Discussion and Analysis of Financial Condition and Results of Operations” under the heading “Liquidity and Capital Resources.” All forward-looking statements included in this Form 10-K and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date made and, other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

INDEX TO DEFINED TERMS AND NAMES

The following terms and names that appear in this form 10-K are defined on the following pages:

Items 1 and 2. Business and Properties

OVERVIEW

Holly Energy Partners, L.P. (“HEP”) is a Delaware limited partnership engaged principally in the business of operating a system of petroleum product and crude pipelines, storage tanks, distribution terminals and loading rack facilities in Colorado, Idaho, Iowa, Kansas, Missouri, Nevada, New Mexico, Oklahoma, Texas, Utah, Washington and Wyoming and refinery processing units in Utah and Kansas. We were formed in Delaware in 2004 and maintain our principal corporate offices at 2828 N. Harwood, Suite 1300, Dallas, Texas 75201-1507. Our telephone number is 214-871-3555 and our internet website address is www.hollyenergy.com. The information contained on our website does not constitute part of this Annual Report on Form 10-K. A copy of this Annual Report on Form 10-K will be provided without charge upon written request to the Vice President, Investor Relations at the above address. A direct link to our filings at the SEC website is available on our website on the Investors page. Also available on our website are copies of our Governance Guidelines, Audit Committee Charter, Compensation Committee Charter, and Code of Business Conduct and Ethics, all of which will be provided without charge upon written request to the Vice President, Investor Relations at the above address. In this document, the words “we,” “our,” “ours” and “us” refer to HEP and its consolidated subsidiaries or to HEP or an individual subsidiary and not to any other person. “HF Sinclair” refers to HF Sinclair Corporation and its subsidiaries, excluding HEP and its subsidiaries and Holly Logistic Services, L.L.C. (“HLS”), a subsidiary of HF Sinclair that is the ultimate general partner of HEP and manages HEP.

On March 14, 2022 (the “Closing Date”), HollyFrontier Corporation (“HFC”) and HEP announced the establishment of HF Sinclair Corporation, a Delaware corporation (“HF Sinclair”), as the new parent holding company of HFC and HEP and their subsidiaries, and the completion of their respective acquisitions of Sinclair Oil Corporation (now known as Sinclair Oil LLC (“Sinclair Oil”)) and Sinclair Transportation Company LLC (“Sinclair Transportation”) from The Sinclair Companies (now known as REH Company and referred to herein as “REH Company”). On the Closing Date, pursuant to that certain Business Combination Agreement, dated as of August 2, 2021 (as amended on March 14, 2022, the “Business Combination Agreement”), by and among HFC, HF Sinclair, Hippo Merger Sub, Inc., a wholly owned subsidiary of HF Sinclair (“Parent Merger Sub”), REH Company, and Hippo Holding LLC (now known as Sinclair Holding LLC), a wholly owned subsidiary of REH Company (the “Target Company”), HF Sinclair completed its acquisition of the Target Company by effecting (a) a holding company merger in accordance with Section 251(g) of the Delaware General Corporation Law whereby HFC merged with and into Parent Merger Sub, with HFC surviving such merger as a direct wholly owned subsidiary of HF Sinclair (the “HFC Merger”), and (b) immediately following the HFC Merger, a contribution whereby REH Company contributed all of the equity interests of the Target Company to HF Sinclair in exchange for shares of HF Sinclair, resulting in the Target Company becoming a direct wholly owned subsidiary of HF Sinclair (together with the HFC Merger, the “HFC Transactions”).

Additionally, on the Closing Date and immediately prior to consummation of the HFC Transactions, HEP acquired all of the outstanding equity interests of Sinclair Transportation from REH Company in exchange for 21 million newly issued common limited partner units of HEP (the “HEP Units”), representing 16.6% of the pro forma outstanding HEP Units with a value of approximately $349 million based on HEP’s fully diluted common limited partner units outstanding and closing unit price on March 11, 2022, and cash consideration equal to $329.0 million, inclusive of final working capital adjustments for an aggregate transaction value of $678.0 million (the “HEP Transaction” and together with the HFC Transactions, the “Sinclair Transactions”). The cash consideration was funded through a draw under HEP’s senior secured revolving credit facility. The HEP Transaction was conditioned on the closing of the HFC Transactions, which occurred immediately following the HEP Transaction.

Sinclair Transportation, together with its subsidiaries, owned REH Company’s integrated crude and refined products pipelines and terminal assets, including approximately 1,200 miles of integrated crude and refined product pipeline supporting the REH Company refineries and other third-party refineries, eight product terminals and two crude terminals with approximately 4.5 million barrels of operated storage. In addition, HEP acquired Sinclair Transportation’s interests in three pipeline joint ventures for crude gathering and product offtake including: Saddle Butte Pipeline III, LLC (25.06% non-operated interest); Pioneer Investments Corp. (49.995% non-operated interest); and UNEV Pipeline, LLC ("UNEV") (the 25% non-operated interest not already owned by HEP, resulting in UNEV becoming a wholly owned subsidiary of HEP).

References herein to HEP with respect to time periods prior to March 14, 2022, include HEP and its consolidated subsidiaries and do not include Sinclair Transportation and its consolidated subsidiaries (collectively, the “HEP Acquired Sinclair Businesses”). References herein to HEP with respect to time periods from and after March 14, 2022 include the operations of the HEP Acquired Sinclair Businesses.

References herein to HF Sinclair Corporation (“HF Sinclair”) with respect to time periods prior to March 14, 2022 refer to HFC and its consolidated subsidiaries and do not include the Target Company, Sinclair Transportation or their respective consolidated subsidiaries (collectively, the “HFS Acquired Sinclair Businesses”). References herein to HF Sinclair with respect to time periods from and after March 14, 2022 refer to HF Sinclair and its consolidated subsidiaries, which include the operations of the combined business operations of HFC and the HFS Acquired Sinclair Businesses.

Through our subsidiaries and joint ventures we own and/or operate petroleum product and crude pipelines, terminal, tankage and loading rack facilities, and refinery processing units that support the refining and marketing operations of HF Sinclair and other refineries in the Mid-Continent, Southwest and Northwest regions of the United States. At December 31, 2022, HF Sinclair owned approximately 47% of our outstanding common units as well as a non-economic general partner interest. Our assets are categorized into a Pipelines and Terminals segment and a Refinery Processing Unit segment. Segment disclosures are discussed in Note 16 to our consolidated financial statements in Part II, Item 8.

We generate revenues by charging tariffs for transporting petroleum products and crude oil through our pipelines, by charging fees for terminalling and storing refined products and other hydrocarbons, providing other services at our storage tanks and terminals and charging a tolling fee per barrel or thousand standard cubic feet of feedstock throughput in our refinery processing units. We do not take ownership of products that we transport, terminal, store or process, and therefore, we are not directly exposed to changes in commodity prices.

We have a long-term strategic relationship with HF Sinclair that has historically facilitated our growth. Our future growth plans include organic projects around our existing assets and select investments or acquisitions that enhance our service platform while creating accretion for our unitholders. While in the near term, any acquisitions would be subject to the economic conditions discussed in “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview”, we also expect over the longer term to continue to work with HF Sinclair on logistic asset acquisitions in conjunction with HF Sinclair’s refinery acquisition strategies.

PIPELINES AND TERMINALS

Pipelines

Our refined product pipelines transport light refined products from HF Sinclair’s Navajo refinery in New Mexico and a third party's refinery in Texas to their customers in the metropolitan and rural areas of Texas, New Mexico, and Arizona, and from various refineries in Utah, Wyoming, and Montana (including HF Sinclair's Woods Cross refinery in Utah, Parco refinery in Sinclair, Wyoming, and Casper refinery in Casper, Wyoming) to Nevada, Utah and Colorado. We also have a product pipeline that transports light refined products from Olathe, Kansas to Carrollton, Missouri and Montrose, Iowa. The refined products transported in these pipelines include conventional gasolines, federal, state and local specification reformulated gasoline, low-octane gasoline for oxygenate blending, distillates that include high- and low-sulfur diesel and jet fuel and liquefied petroleum gases (“LPGs”) (such as propane, butane and isobutane).

Our intermediate product pipelines consist principally of three parallel pipelines that connect the Navajo refinery, Lovington and Artesia facilities. These pipelines primarily transport intermediate feedstocks and crude oil for HF Sinclair’s refining operations in New Mexico. We also own pipelines that transport intermediate product and gas between HF Sinclair's Tulsa East and West refinery facilities, and between HF Sinclair's Casper and Parco refineries.

Our crude pipelines consist of crude oil trunk, gathering and connection pipelines located in West Texas, New Mexico, Kansas, Oklahoma, Utah and Wyoming that deliver crude oil to HF Sinclair's Navajo, El Dorado, Tulsa, Woods Cross, Parco and Casper refineries as well as other unaffiliated refineries.

Our pipelines are regularly inspected. Generally, other than as may be provided in certain pipelines and terminal agreements, substantially all of our pipelines are unrestricted as to the direction in which product flows and the types of crude and refined products that we can transport on them. The Federal Energy Regulatory Commission (“FERC”) regulates the transportation tariffs for interstate shipments on our refined product and crude oil pipelines and state regulatory agencies regulate the transportation tariffs for intrastate shipments on our pipelines.

HF Sinclair shipped an aggregate of 79% of the petroleum products transported on our refined product pipelines, 100% of the throughput volumes transported on our intermediate pipelines, and 76% of the throughput on our crude pipelines in 2022.

The following table details the average aggregate daily number of barrels of petroleum products transported on our pipelines in each of the periods set forth below for HF Sinclair and for third parties.

	Years Ended December 31,				
	2022	2021	2020	2019	2018
Volumes transported for barrels per day ("bpd"):					
HF Sinclair	729,395	513,506	529,905	633,270	622,088
Third parties	182,478	178,440	156,376	204,052	187,717
Total	911,873	691,946	686,281	837,322	809,805
Total barrels in thousands ("mbbls")	334,581	252,560	251,178	305,623	295,579

Our pipeline assets are managed by geographic region; significant pipeline assets are grouped accordingly, and our major systems are described below.

Mid-Continent Region

Tulsa, Oklahoma Interconnect Pipelines
Five pipelines, totaling seven miles, move intermediate product and gas between HF Sinclair's Tulsa East and West refinery facilities.

El Dorado Crude Delivery Pipelines
These two 2-mile pipelines supply HF Sinclair's El Dorado Refinery facility with crude oil from HEP's El Dorado crude tankage. HF Sinclair is the only shipper on this line.

Osage Pipe Line Company, LLC
This 135-mile pipeline, which FERC regulates, supplies HF Sinclair's El Dorado Refinery with crude oil from Cushing, Oklahoma and also has a connection to the Jayhawk pipeline that services the CHS refinery in McPherson, Kansas. HEP has a 50% interest in this entity and is the operator of the pipeline.

Cushing Connect Pipeline Holdings LLC
This 50-mile crude oil pipeline, which is regulated by the Oklahoma Corporation Commission, runs from Cushing, Oklahoma to HF Sinclair's Tulsa East and West refinery facilities. HEP owns a 50% interest in this entity and is the operator of the pipeline. The Cushing Connect Pipeline was placed into service at the end of the third quarter of 2021.

Midcon Products System
This 220-mile refined products pipeline, which is regulated by PHMSA, runs from Olathe, Kansas (Magellan Midstream Partners, LLC Olathe Terminal) and terminates at HEP's Montrose, Iowa Products Terminal. It operates in two distinct segments, supplying refined petroleum products to two HEP terminal and tank farm facilities located near Carrollton, Missouri and Montrose, Iowa.

Southwest Region

Artesia, New Mexico to El Paso, Texas
These 221 miles of pipeline are comprised of four main segments which are regulated by FERC. The segments primarily ship refined product produced at the Navajo refinery to El Paso terminals: (1) 82 miles of 12-inch pipeline from HF Sinclair's Navajo refinery to our Orla tank farm, (2) 126 miles from our Orla tank farm to outside El Paso, (3) seven miles from outside El Paso to HFC's El Paso terminal and (4) six miles of 12-inch pipeline from outside El Paso to Magellan's El Paso terminal.

Refined products destined to HF Sinclair's El Paso terminal and Magellan's El Paso terminal are delivered to common carrier pipelines for transportation to Arizona, northern New Mexico and northern Mexico and to the terminal's truck rack for local and export delivery by tanker truck.

Artesia, New Mexico to Moriarty, New Mexico
The Artesia to Moriarty refined product pipeline consists of a 60-mile segment that extends from HF Sinclair's Navajo refinery Artesia facility to White Lakes Junction, New Mexico, and another 155-mile segment that extends from White Lakes Junction to our Moriarty terminal, where it also connects to our Moriarty to Bloomfield pipeline. HEP owns the segment from Artesia to White Lakes Junction and leases the segment from White Lakes Junction to Moriarty from Mid-America Pipeline Company, LLC ("Mid-America") under a long-term lease agreement which expires in 2027 with an option to renew for an additional 10 years. The current monthly lease payment is $604,000 (subject to adjustments for changes in Producer Price Index ("PPI")) to the owner/operator, Mid-America. HF Sinclair is the only shipper on this pipeline.

Moriarty, New Mexico to Bloomfield, New Mexico
This 191-mile pipeline is leased from Mid-America and ships refined product from Moriarty to Marathon Petroleum Corporation's terminal in Bloomfield and our Bloomfield terminal, which is currently idled. This pipeline is operated by Mid-America (or its designee), and HF Sinclair is the only shipper on this pipeline.

Big Spring, Texas to Abilene and Wichita Falls, Texas
These two pipelines carry refined product produced at Delek's Big Spring refinery to the Abilene and Wichita Falls terminals and span 100 miles from Big Spring to Abilene and 227 miles from Big Spring to Wichita Falls.

Wichita Falls, Texas to Duncan, Oklahoma
This 47-mile, common carrier pipeline is regulated by FERC and transports refined product from the Wichita Falls terminal to Delek's Duncan terminal. This pipeline is currently idle.

Midland, Texas to Orla, Texas
This 135-mile pipeline is used for the shipment of refined product from Midland to our tank farm at Orla (refined product produced at Delek's Big Spring refinery).

Intermediate pipelines between Lovington, New Mexico and Artesia, New Mexico
Two of the three 65-mile pipelines are used for the shipment of intermediate feedstocks, crude oil and LPGs from HF Sinclair's Navajo refinery Lovington facility to its Artesia facility. The third pipeline is used to supply both HF Sinclair's Navajo refinery Artesia and Lovington facilities with crude oil from the Barnsdall and Beeson gathering systems. This third pipeline can also connect to the Roadrunner pipeline (described below). HF Sinclair is the primary shipper on these pipelines.

Roadrunner pipeline
The 69-mile Roadrunner crude oil pipeline connects the Navajo refinery Lovington facility to a terminal on the Centurion Pipeline in Slaughter, Texas that extends to Cushing, Oklahoma. This pipeline is currently used to deliver crude oil from Lovington to Slaughter, but has been reversed in prior years for the shipment of crude oil from Cushing, Oklahoma to the Navajo refinery Lovington facility.

New Mexico and Texas crude oil pipelines
The 802-mile network of crude oil gathering and trunk pipelines deliver crude oil to HF Sinclair’s Navajo refinery from New Mexico and Texas. The crude oil trunk pipelines consist of nine pipeline segments that deliver crude oil to the Navajo refinery Lovington facility and fourteen pipeline segments that deliver crude oil to the Navajo refinery Artesia facility. The crude oil gathering pipelines connect crude leases and crude gathering hubs to the crude oil trunk pipeline system.

New Mexico crude expansion pipelines
Three pipelines expand on the existing network of New Mexico crude oil pipelines discussed above. They include (1) the 46-mile Beeson pipeline which delivers crude oil from the crude oil gathering system to the Navajo refinery Lovington facility and the Roadrunner Pipeline, (2) the 61-mile Whites City crude pipeline which delivers crude oil from HEP's Whites City Road crude truck off-loading Station to Artesia Station, and (3) the 13-mile Bisti connector pipeline which delivers crude oil from HEP's Beeson Crude Station to the Plains Bisti Pipeline.

Northwest Region

Utah refined product pipelines
The Utah refined product pipelines consist of four pipeline segments: (1) a 2-mile segment from Woods Cross, UT to Pioneer Investment Corp.'s terminal is used for product shipments to and through the Pioneer terminal, (2) another 4-mile segment is used to ship refined product from HF Sinclair's Woods Cross refinery to the UNEV origin pump station, (3) a 4-mile segment from HF Sinclair's Woods Cross refinery to MPLX LP’s Salt Lake City products pipeline is used for product shipments from HF Sinclair’s Woods Cross refinery to MPLX LP's Northwest Pipeline origin station, and (4) a 1-mile segment is used to move refined product from Chevron's Salt Lake City refining facility into the UNEV pipeline origin pump station. HF Sinclair is the only shipper on the first three pipeline segments and a third party is the only shipper on the fourth, common carrier pipeline segment.

UNEV refined product pipeline
The 427-mile UNEV products pipeline, which FERC regulates, is a common carrier pipeline used for the shipment of refined products from Woods Cross, Utah to terminals in Las Vegas, Nevada and Cedar City, Utah.

Cheyenne Pipeline LLC
This 87-mile crude oil pipeline, which FERC regulates, runs from Fort Laramie, Wyoming to Cheyenne, Wyoming. HEP owns a 50% interest in this entity; the pipeline is operated by an affiliate of Plains All American Pipeline, L.P. (“Plains”).

SLC Pipeline
This 95-mile crude oil pipeline (the "SLC Pipeline"), which FERC regulates, is used to transport crude into the Salt Lake City, Utah area from the Utah terminus of the Frontier Pipeline (described below) as well as crude flowing from Wyoming and Colorado via the Marathon Wamsutter system.

Frontier Aspen Pipeline
This 289-mile crude oil pipeline (the "Frontier Pipeline"), which FERC regulates, spans from Casper, Wyoming to Frontier Station, Utah through a connection to the SLC Pipeline.

Cheyenne Pipeline
This 94-mile crude oil pipeline, which FERC regulates, spans from Cheyenne, Wyoming to Guernsey, Wyoming and previously transported trucked crude gathered in Cheyenne to Guernsey. This pipeline is currently idle.

Guernsey Pipeline
This 115-mile crude oil pipeline spans from Guernsey, Wyoming to the Pathfinder station in Casper, Wyoming. There is a connection at Natural Bridge that allows injection from Saddle Butte who operates a gathering network out of the Powder River Basin. There is also a connection into the HF Sinclair refinery in Casper where crude oil is delivered.

Salvation Pipeline
This 114-mile bi-directional products pipeline spans between the HF Sinclair Casper and Parco refineries. It is a combination of three pipeline segments – 11.3 miles of 12" and two different segments of 8". It is used to transport finished product as well as intermediates back and forth between the two refineries.

Casper 10" Pipeline
This 102-mile crude oil pipeline spans between Pathfinder station in Casper and the Parco refinery. It delivers a variety of blended sweet crude oils.

Pathfinder Pipeline
This 103-mile crude oil pipeline spans between Pathfinder station in Casper and the Parco refinery. It delivers a variety of blended sour crude oils.

Sand Draw Pipeline
This 61-mile crude oil pipeline spans from Sand Draw station near Riverton, Wyoming to Bairoil station in Bairoil, Wyoming. It delivers crude oil from the Beaver Creek and Big Sand Draw facilities to Bairoil station. There is an injection point three miles upstream of Bairoil station from the Bairoil oil field operated by Amplifier Energy.

Bairoil Pipeline
This 41-mile crude oil pipeline spans from Bairoil station in Bairoil, Wyoming to the Parco refinery in Sinclair, Wyoming. It delivers crude oil from the Beaver Creek, Big Sand Draw and Bairoil fields.

Medicine Bow Pipeline
This 205-mile refined product pipeline spans between the Parco refinery in Sinclair, Wyoming to the Denver Products Terminal in Henderson, Colorado. It is a combination of 166 miles of 6" and 39 miles of 10" pipe. It delivers finished products to the truck terminal.

Pioneer Pipeline
This 252-mile refined product pipeline, which FERC regulates, runs from Sinclair Station in Wyoming to the terminal in North Salt Lake City, Utah also owned by Pioneer Investments Corp. Through connections, this pipeline is also able to deliver refined products to our UNEV refined products pipeline. HEP owns a 49.995% interest in Pioneer Investments Corp. The pipeline and terminal are operated by an affiliate of Phillips 66 Company.

Saddle Butte Pipeline III, LLC
This crude oil pipeline gathering system collects crude oil from the Powder River Basin in Wyoming and primarily delivers into our Guernsey pipeline. HEP owns a 25.06% interest in this entity.

The following table sets forth certain operating data for each of our majority-owned refined product, intermediate and crude pipelines, most of which are described above. We calculate the capacity of our pipelines based on the throughput capacity for barrels of refined product, intermediate or crude that may be transported in the existing configuration; in some cases, this includes the use of drag reducing agents.

Origin and Destination	Diameter (inches)	Length (miles)	Capacity (bpd)
Refined Product Pipelines:			
Artesia, NM to Orla, TX to El Paso, TX	8/12	221	95,000
Artesia, NM to Moriarty, NM(1)	12/8	215	27,000
Moriarty, NM to Bloomfield, NM(1)(2)	8	191	14,400
Big Spring, TX to Abilene, TX	6/8	100	20,000
Big Spring, TX to Wichita Falls, TX	6/8	227	23,000
Wichita Falls, TX to Duncan, OK(6)	6	47	21,000
Midland, TX to Orla, TX	8/10	135	25,000
Artesia, NM to Roswell, NM(6)	4	35	5,300
Mountain Home, ID	4	13	6,000
Woods Cross, UT	10/12/8	10	70,000
Woods Cross, UT to Las Vegas, NV	12	427	62,000
Salt Lake City, UT to UNEV Pipeline, UT	10	1	60,000
Tulsa, OK(3)			
Olathe, KS to Carrollton, MO	8	81	15,000
Carrollton, MO to Montrose, IA	8	139	10,000
Medicine Bow Pipeline	6/10	205	30,000
Aurora (Chase connection) Pipeline	10	15	30,000
Dupont (Kaneb connection) Pipeline	8	3	24,000
Intermediate Product Pipelines:			
Lovington, NM to Artesia, NM	8	65	48,000
Lovington, NM to Artesia, NM	10	65	72,000
Lovington, NM to Artesia, NM	16	65	98,400
Tulsa, OK(4)	8/10/12	7	
Evans Junction to Artesia, NM(5)	8	12	107
Salvation Pipeline	8/12/8	114	18,000
Crude Pipelines:			
Artesia Region Gathering	Various	497	70,000
West Texas Gathering	Various	305	35,000
Roadrunner Pipeline	16	69	80,000
Beeson Pipeline	8/10	46	95,000
El Dorado Crude Delivery Pipeline	16	4	165,000
Bisti Connection Pipeline	12	13	82,000
Whites City Pipeline	8	61	62,000
SLC Pipeline	16	95	120,000
Frontier Pipeline	16	289	72,000
Bairoil Pipeline	8	41	15,000
Cheyenne Pipeline	10	94	36,000
Guernsey Pipeline	10	115	50,000
Casper Pipeline	10	102	34,000
Pathfinder Pipeline	16	103	65,000
Beaver Creek Pipeline	4	10	7,000
Sand Draw Pipeline	8	61	18,000

(1) The White Lakes Junction to Moriarty segment of our Artesia to Moriarty pipeline and the Moriarty to Bloomfield pipeline is leased from Mid-America under a long-term lease agreement.
(2) Capacity for this pipeline is reflected in the information for the Artesia to Moriarty pipeline.
(3) Tulsa gasoline and diesel fuel connections to Magellan's pipeline are less than one mile.
(4) The capacities of the three gas pipelines are 10 million standard cubic feet per day ("MMSCFD"), 22 MMSCFD and 10 MMSCFD, and the two liquid pipelines are 45,000 bpd and 60,000 bpd.
(5) The capacity is in MMSCFD per day.
(6) Pipeline is currently idled.

Terminals, Loading Racks and Refinery and Renewable Diesel Facility Tankage

Our refined product terminals receive products from pipelines connected to HF Sinclair’s refineries and other third party refineries. We then distribute them to HF Sinclair and third parties, who in turn deliver them to end-users and retail outlets. Our terminals are generally complementary to our pipeline assets and serve the marketing activities of HF Sinclair and other customers. Terminals play a key role in moving product to the end-user market by providing the following services:

- distribution;
- blending to achieve specified grades of gasoline and diesel, including the blending of butane, ethanol and biodiesel;
- other ancillary services that include the injection of additives and filtering of jet fuel; and
- storage and inventory management.

Typically, our refined product terminal facilities consist of multiple storage tanks and are equipped with automated truck loading equipment that operates 24 hours a day. This automated system provides for control of security, allocations, and credit and carrier certification by remote input of data by our customers. In addition, nearly all of our terminals are equipped with truck loading racks capable of providing automated blending to individual customer specifications.

Our refined product terminals derive most of their revenues from terminalling fees paid by customers. We charge a fee for transferring refined products from the terminal to trucks or to pipelines connected to the terminal. In addition to terminalling fees, we generate revenues by charging our customers fees for storage, blending, injecting additives, and filtering jet fuel. HF Sinclair currently accounts for the substantial majority of our refined product terminal revenues.

Our crude terminals receives crude from crude pipelines and truck offloading racks owned by us and third-parties and derive most of their revenues from throughput charges.

The table below sets forth the total average throughput for our refined product and crude terminals in each of the periods presented:

	Years Ended December 31,				
	2022	**2021**	**2020**	**2019**	**2018**
Refined products and crude terminalled for (bpd):					
HF Sinclair	560,038	391,698	393,300	422,119	413,525
Third parties	38,211	51,184	48,909	61,054	61,367
Total	598,249	442,882	442,209	483,173	474,892
Total (mbbls)	218,351	161,652	161,848	176,358	173,336

Our refinery and renewable diesel facility tankage consists of on-site tankage at HF Sinclair’s refineries and renewable diesel facilities. Our refinery and renewable diesel facility tankage derives its revenues from fixed fees or throughput charges in providing HF Sinclair’s refining and renewable diesel facilities with approximately 9,210,000 barrels of storage.

Our terminals, loading racks and refinery and renewable diesel tankage are managed by geographic region; significant assets are grouped accordingly and described below.

Mid-Continent Region

El Dorado, Kansas crude tankage
This crude tank farm is adjacent to HF Sinclair's El Dorado Refinery and is used, primarily, to store and supply crude oil for this refinery facility.

El Dorado, Kansas facility truck racks
The El Dorado loading rack facilities consist of a light refined products truck rack and a propane truck rack. These racks load refined products and propane onto tanker trucks for delivery to markets in surrounding areas.

Catoosa, Oklahoma terminal
The Catoosa terminal is a water port terminal close to HF Sinclair's Tulsa refinery and stores specialty lubricant products. HF Sinclair is the primary customer utilizing this terminal.

Cushing Connect Terminal Holdings LLC
This entity owns 1.5 million barrels of crude oil storage in Cushing, Oklahoma, which went in service during the second quarter of 2020. HEP owns a 50% interest in this entity; the terminal is operated by an affiliate of Plains.

Tankage at HF Sinclair refinery and renewable diesel facilities
At HF Sinclair's El Dorado and Tulsa refinery facilities as well as HF Sinclair's Cheyenne renewable diesel facility, HEP owns refined product, intermediate and crude tankage that support these refineries in production and distribution. HF Sinclair is the only customer utilizing these tanks. See “Agreements with HF Sinclair” below for a discussion of changes to HF Sinclair's use of assets located in Cheyenne, Wyoming.

Tulsa, Oklahoma facilities truck and rail racks
The Tulsa truck and rail loading rack facilities consist of loading racks located at HF Sinclair’s Tulsa refinery West and East facilities. Loading racks at the Tulsa refinery West facility consist of rail and truck racks that load refined products and lube oil produced at the refinery onto rail cars and tanker trucks. Loading racks at the Tulsa refinery East facility consist of truck and rail racks at which we load refined products and off load crude. The truck racks also load asphalt and LPG.

Tulsa, Oklahoma railyard
HEP constructed 23,500 track feet of rail storage on land situated near HF Sinclair's Tulsa refinery. HEP leases a portion of this land from BNSF Railway Company and subleases this land to HF Sinclair. HEP leases the track to HF Sinclair, and HEP is receiving reimbursement from HF Sinclair for the construction costs over the 25-year term of the lease.

Kansas City terminal
The Kansas City Terminal receives refined products via truck and a Magellan Midstream Partners, LLC (“MMPL”) pipeline from the MMPL Kansas City Terminal. Refined products received at this terminal are sold locally via a truck rack.

Carrollton terminal
The Carrollton Terminal loading rack facility consists of a light refined products truck rack fed from the five tanks at the Carrollton Tank Farm. These racks load refined products onto tanker trucks for delivery to markets in surrounding areas.

Montrose terminal
The Montrose Terminal loading rack facility consists of a light refined products truck rack fed from the six tanks at the Montrose Tank Farm. These racks load refined products onto tanker trucks for delivery to markets in surrounding areas.

Southwest Region

Abilene, Texas terminal
This terminal receives refined products from Delek's Big Spring refinery, which accounted for all of its volumes in 2022. Refined products received at this terminal are sold locally via a truck rack or pumped over a 2-mile pipeline to Dyess Air Force Base.

Artesia, New Mexico facility truck rack
The truck rack at HF Sinclair's Navajo refinery Artesia facility loads light refined product produced at the Navajo refinery onto tanker trucks for delivery to markets in the surrounding area. HF Sinclair is the only customer of this truck rack.

Artesia, New Mexico railyard
HEP constructed 8,300 track feet of rail storage on land situated near the railway station of Artesia, New Mexico. HEP leases this land from BNSF Railway Company and subleases the land to HF Sinclair. HEP leases the track to HF Sinclair, and HEP is receiving reimbursement from HF Sinclair for the construction costs over the 25-year term of the lease.

Lovington, New Mexico facility asphalt truck rack
The asphalt loading rack facility at HF Sinclair's Navajo refinery Lovington facility loads asphalt produced at the Navajo refinery into tanker trucks. HF Sinclair is the only customer of this truck rack.

Moriarty, New Mexico terminal
We receive light refined product at this terminal from the Navajo refinery Artesia facility through our pipelines. Refined product received at this terminal is sold locally, via the truck rack. HF Sinclair is the only customer at this terminal, and there are no competing terminals in Moriarty, New Mexico.

Orla, Texas tank farm
The Orla tank farm receives refined product from Delek's Big Spring refinery. Refined product received at the tank farm is delivered into our Orla to El Paso pipeline segment (described above).

Orla, Texas terminal
This terminal receives diesel from HF Sinclair's Navajo refinery in Artesia, New Mexico and delivers diesel to the truck rack at the facility. HF Sinclair is the only customer at this truck rack.

Tankage at HF Sinclair refinery facilities
At HF Sinclair's Artesia and Lovington refinery facilities, HEP owns crude tankage that supports the refineries in their production of petroleum products. HF Sinclair is the only customer utilizing these tanks.

Wichita Falls, Texas terminal
This terminal receives refined product from Delek's Big Spring refinery, which accounted for all of its volumes in 2022. Refined product received at this terminal is sold via a truck rack or to NuStar Energy L.P.'s Southlake Pipeline.

Northwest Region

Frontier Anshutz and Frontier Arepi Stations
Tankage at these two terminals on the Frontier Pipeline in Wyoming is used to store various grades of crude shipped on the Frontier Pipeline.

Mountain Home, Idaho terminal
We receive jet fuel from third parties at this terminal that is transported on MPLX LP's Salt Lake City to Boise, Idaho pipeline. We then transport the jet fuel from the Mountain Home terminal through our 13-mile pipeline to the United States Air Force base outside of Mountain Home. Our pipeline associated with this terminal is the only pipeline that supplies jet fuel to the air base. We are paid a single fee, from the Defense Energy Support Center, for injecting, storing, testing and transporting jet fuel at this terminal.

Spokane, Washington Terminal
This terminal is connected to the Woods Cross refinery via MPLX LP's common carrier pipeline. The Spokane terminal is also supplied by rail and truck. Refined product received at this terminal is sold locally, via the truck rack. We have several major customers at this terminal.

Woods Cross, Utah Crude Tankage
At HF Sinclair's Woods Cross refinery facility, HEP owns crude tankage that supports the refinery in its production of petroleum products. HF Sinclair is the only customer utilizing these tanks.

UNEV terminals
UNEV owns two terminals, located in Cedar City, Utah and North Las Vegas, Nevada, that receive product through the UNEV Pipeline, originating in Woods Cross, Utah. Refined product received at these terminals is sold locally.

Woods Cross, Utah facility truck rack
The truck rack at the Woods Cross facility loads light refined product produced at HF Sinclair's Woods Cross refinery onto tanker trucks for delivery to markets in the surrounding area. HF Sinclair is the only customer of this truck rack.

Denver Products Terminal
The truck rack at the Denver Products Terminal loads light refined product delivered from multiple pipelines onto tanker trucks for delivery to markets in the surrounding area.

Sinclair Products Terminal
The truck rack at the Sinclair Products Terminal loads light refined product produced at the HF Sinclair Parco refinery onto tanker trucks for delivery to markets in the surrounding area.

Casper Products Terminal
The truck rack at the Casper Products Terminal loads light refined product produced at the HF Sinclair Casper refinery onto tanker trucks for delivery to markets in the surrounding area.

Casper Crude Terminal
The truck unloading facility in Casper receives local gathered crude via truck deliveries into tankage where it is then delivered to either the HF Sinclair Parco or Casper refineries.

Guernsey Crude Terminal
The crude facility in Guernsey receives crude from local gathering systems, the Plains system and others, where it is stored and then delivered to either the HF Sinclair Parco or Casper refineries.

Sinclair Crude Terminal
The truck unloading facility in Sinclair receives local gathered crude via truck deliveries into tankage where it is then delivered to the HF Sinclair Parco refinery.

Parco S-Tank farm
The tank farm at Parco is used for various purposes including seasonal product storage, refinery turnaround support, and intermediate product storage. It can receive product from either the HF Sinclair Parco refinery or from the Salvation pipeline.

Burley Terminal
The truck rack at the Burley Products Terminal loads light refined product delivered from MPLX LP's pipeline onto tanker trucks for delivery to markets in the surrounding area.

Boise Terminal
The truck rack at the Boise Products Terminal loads light refined product delivered from MPLX LP's pipeline onto tanker trucks for delivery to markets in the surrounding area.

Pioneer North Salt Lake Terminal
The truck rack at the North Salt Lake Terminal, which is owned by Pioneer Investments Corp., loads light refined product delivered from the Pioneer Pipeline onto tanker trucks for delivery to markets in the surrounding area. It can receive product from either the HF Sinclair Parco or Casper refineries through the Pioneer Pipeline. HEP owns a 49.995% interest in Pioneer Investments Corp.

The following table outlines the locations of our majority-owned terminals and their storage capacities, number of tanks, supply source, and mode of delivery as of December 31, 2022:

Terminal Location	Storage Capacity (barrels)	Number of Tanks	Supply Source	Mode of Delivery
Moriarty, NM	196,000	8	Pipeline	Truck
Mountain Home, ID [(1)]	122,000	4	Pipeline	Pipeline
Spokane, WA	468,000	34	Pipeline/Rail	Truck
Abilene, TX	147,000	6	Pipeline	Truck/Pipeline
Wichita Falls, TX	238,000	12	Pipeline	Truck/Pipeline
Las Vegas, NV	442,000	12	Pipeline/Truck	Truck
Cedar City, UT	205,000	7	Pipeline/Rail/Truck	Truck
Orla tank farm	178,000	6	Pipeline	Pipeline
Orla, TX	45,000	1	Pipeline	Truck
El Dorado, KS crude tankage	1,044,000	11	Pipeline	Pipeline
Stations along the SLC and Frontier pipelines	383,000	7	Pipeline	Pipeline
Stations in the Texas, New Mexico crude system	447,000	14	Pipeline	Pipeline
Catoosa, OK lube terminal	74,000	6	Truck/Rail	Truck
Bairoil, WY	100,000	2	Pipeline	Pipeline
Boise Terminal	440,000	16	Pipeline/Truck	Truck
Burley Terminal	164,000	8	Pipeline/Truck	Truck
Carrollton Terminal	327,000	5	Pipeline/Truck	Truck/Pipeline
Casper, WY	1,269,000	13	Pipeline/Truck	Truck/Pipeline
Denver Terminal	917,000	19	Rail/Truck/Pipeline	Truck/Pipeline
Montrose, IA	173,000	6	Pipeline/Truck	Truck
Guernsey, WY	416,000	4	Pipeline	Pipeline
Kansas City Terminal	345,000	7	Pipeline/Truck	Truck
Sand Draw, WY	25,000	2	Pipeline/Truck	Pipeline
Sinclair, WY	419,000	7	Pipeline	Pipeline
Artesia facility railyard	N/A	N/A	Rail	Rail
Artesia facility truck rack	N/A	N/A	Refinery	Truck
Lovington facility asphalt truck rack	N/A	N/A	Refinery	Truck
Woods Cross facility truck rack	N/A	N/A	Refinery	Truck
Tulsa West facility truck and rail rack	N/A	N/A	Refinery	Truck/Rail/Pipeline
Tulsa East facility truck and rail racks	N/A	N/A	Refinery	Truck/Rail/Pipeline
Tulsa facility railyard	N/A	N/A	Rail	Rail
Cheyenne facility truck racks [(2)]	N/A	N/A	Refinery	Truck
El Dorado facility truck racks	N/A	N/A	Refinery	Truck
Total	8,584,000			

(1) Handles only jet fuel.
(2) Inactive

The following table outlines the locations of our refinery tankage, storage capacity, tankage type and number of tanks as of December 31, 2022**:**

Refinery and Renewable Diesel Facility Location	Storage Capacity (barrels)	Tankage Type	Number of Tanks
Artesia , NM	366,000	Crude oil and refined product	8
Lovington, NM	291,000	Crude oil	2
Woods Cross, UT	168,000	Crude oil	3
Tulsa, OK	3,828,000	Crude oil and refined product	58
Cheyenne, WY	452,000	Crude oil and refined product	9
El Dorado, KS	4,105,000	Refined and intermediate product	88
Total	9,210,000		

CONTROL OPERATIONS OF PIPELINES AND TERMINALS

All of our pipelines are operated via satellite, microwave and radio systems from our central control room located in Artesia, New Mexico. We also monitor activity at our terminals from this control room. The control center operates with state-of-the-art Supervisory Control and Data Acquisition, or SCADA, systems. Our control center is equipped with computer systems designed to continuously monitor operational data, including refined product and crude oil throughput, flow rates, and pressures. In addition, the control center monitors alarms and throughput balances. The control center operates remote pumps, motors, engines, and valves associated with the delivery of refined products and crude oil. The computer systems are designed to enhance leak-detection capabilities, sound automatic alarms if operational conditions outside of pre-established parameters occur, and provide for remote-controlled shutdown of pump stations on the pipelines.

REFINERY PROCESSING UNITS

Our refinery processing units are integrated in HF Sinclair's El Dorado, Kansas refinery and HF Sinclair's Woods Cross, Utah refinery and are used to support their daily operations, which chemically transform crude oil into various petroleum products, including gasoline, diesel, LPGs and asphalt.

HF Sinclair has committed to supply these units with a minimum feedstock throughput for each calendar quarter. HEP has committed that these units yield a certain level of petroleum product. The initial terms for the refinery processing units at HF Sinclair's El Dorado and Woods Cross refineries extend through 2030 and 2031, respectively.

The El Dorado units were first operational in the third and fourth quarters of 2015 and the Woods Cross units were first operational in the second quarter of 2016. These units operate on a daily basis until they are taken down for large-scale maintenance, which can be every two to four years and could last from two to four weeks. During this maintenance period (turnaround), the minimum feedstock throughput is adjusted so that HF Sinclair is not penalized for HEP's maintenance requirements.

HEP's revenue is primarily generated from the minimum throughput commitments, and HEP charges a tolling fee per barrel or thousand standard cubic feet of throughput. The tolling fee is meant to provide HEP with revenue that surpasses the amount of its expected operating costs, which include natural gas and maintenance. On any calendar month where the cost of natural gas exceeds what is included in the tolling fee, HEP will charge HF Sinclair for recovery of this additional cost. Additionally, if turnaround costs are more than expected after the first turnaround for each unit, the tolling fee will be permanently adjusted, one time, to recover these costs.

Our refinery processing units are managed by refinery personnel seconded from HF Sinclair; significant assets are grouped accordingly and described below.

El Dorado Refinery

Naphtha Fractionation Unit - El Dorado, Kansas refinery facility
The feedstock used by the naphtha fractionation unit is desulfurized naphtha, which is produced by the refinery earlier in the refining process. Desulfurized naphtha is a key component in gasoline, and this unit is used to reduce the level of benzene precursors. This allows the resulting product to be processed further to produce gasoline that meets regulatory requirements. The unit's feedstock capacity is 50,000 bpd of desulfurized naphtha.

Hydrogen Generation Unit - El Dorado, Kansas refinery facility
The hydrogen unit primarily uses natural gas as a feedstock to produce hydrogen gas that is used in HF Sinclair's operation of its El Dorado, Kansas refinery. This feedstock is supplied from purchased natural gas. The hydrogen unit's natural gas feedstock capacity is 6,100 thousand standard cubic feet per day.

Woods Cross Refinery

Crude Unit - Woods Cross, Utah refinery facility
The crude unit is comprised of several components, primarily an atmospheric distillation tower, a desalter and heat exchangers, together referred to as the crude unit. The crude unit uses black wax and other crudes as feedstock and is the first step in the refining process to separate crude into refined products. This process is accomplished by heating the crude until it is distilled into various intermediate streams. These intermediate streams are further refined downstream of the crude unit. The initial rejection of major contaminants is also performed by the crude unit. Its feedstock capacity is 15,000 bpd of crude oil.

Fluid Catalytic Cracking Unit - Woods Cross, Utah refinery facility
The fluid catalytic cracking unit ("FCC") is used to convert the high-boiling, high-molecular weight hydrocarbon fractions of crude oil to more valuable products like gasoline, diesel and LPGs. This conversion is performed by the cracking of petroleum hydrocarbons achieved from extremely high temperatures and fluidized catalyst. The FCC's capacity is 8,000 bpd of atmospheric tower bottoms from the crude unit, discussed above, and gas oil.

Polymerization Unit - Woods Cross, Utah refinery facility
The polymerization unit uses the LPGs, propylene and butylene, from the FCC unit and polymerizes them into high octane gasoline blendstock using heat and catalysts. This gasoline blendstock is combined with other blendstocks in the refinery to make finished gasoline. The polymerization unit's feedstock capacity is 2,500 bpd.

INVESTMENT IN JOINT VENTURE

On October 2, 2019, HEP Cushing LLC ("HEP Cushing"), a wholly owned subsidiary of HEP, and Plains Marketing, L.P., a wholly owned subsidiary of Plains, formed a 50/50 joint venture, Cushing Connect Pipeline & Terminal LLC (the "Cushing Connect Joint Venture"), for (i) the development, construction, ownership and operation of a new 160,000 barrel per day common carrier crude oil pipeline (the "Cushing Connect Pipeline") that will connect the Cushing, Oklahoma crude oil hub to the Tulsa, Oklahoma refining complex owned by a subsidiary of HF Sinclair and (ii) the ownership and operation of 1.5 million barrels of crude oil storage in Cushing, Oklahoma (the "Cushing Connect JV Terminal"). The Cushing Connect JV Terminal went in service during the second quarter of 2020, and the Cushing Connect Pipeline was placed into service at the end of the third quarter of 2021. Long-term commercial agreements have been entered into to support the Cushing Connect Joint Venture assets.

The Cushing Connect Joint Venture contracted with an affiliate of HEP to manage the construction and operation of the Cushing Connect Pipeline and with an affiliate of Plains to manage the operation of the Cushing Connect JV Terminal. The total Cushing Connect Joint Venture investment was generally shared equally among HEP and Plains. However, we were solely responsible for any Cushing Connect Pipeline construction costs that exceeded the budget by more than 10%. HEP's share of the cost of the Cushing Connect JV Terminal contributed by Plains and Cushing Connect Pipeline construction costs were approximately $74 million, including approximately $5 million of Cushing Connect Pipeline construction costs that exceeded the budget by more than 10% borne solely by HEP.

The investment above and the basis of presentation is described further in Note 3 in notes to consolidated financial statements of HEP, and the description in Note 3 is incorporated herein by reference.

AGREEMENTS WITH HF SINCLAIR

We serve HF Sinclair's refineries under long-term pipeline, terminal, tankage and refinery processing unit throughput agreements expiring from 2023 to 2037. Under these agreements, HF Sinclair agrees to transport, store, and process throughput volumes of refined products, crude oil and feedstocks on our pipelines, terminal, tankage, loading rack facilities and refinery processing units that result in minimum annual payments to us. These minimum annual payments or revenues are subject to annual rate adjustments on July 1st each year based on the PPI or the FERC index. As of December 31, 2022, our agreements with HF Sinclair required minimum annualized payments to us of $453 million.

If HF Sinclair fails to meet its minimum volume commitments under the agreements in any quarter, it will be required to pay us the amount of any shortfall in cash by the last day of the month following the end of the quarter. Under certain of the agreements, a shortfall payment may be applied as a credit in the following four quarters after minimum obligations are met.

A significant reduction in revenues under these agreements could have a material adverse effect on our results of operations.

Furthermore, if new laws or regulations that affect terminals or pipelines are enacted that require us to make substantial and unanticipated capital expenditures at the pipelines or terminals, we will have the right after we have made efforts to mitigate their effects to negotiate a monthly surcharge on HF Sinclair for the use of the terminals or to file for an increased tariff rate for use of the pipelines to cover HF Sinclair's pro rata portion of the cost of complying with these laws or regulations including a reasonable rate of return. In such instances, we will negotiate in good faith with HF Sinclair to agree on the level of the monthly surcharge or increased tariff rate.

On June 1, 2020, HFC announced plans to permanently cease petroleum refining operations at its Cheyenne refinery(the "Cheyenne Refinery") and to convert certain assets at that refinery to renewable diesel production. HFC subsequently began winding down petroleum refining operations at the Cheyenne Refinery on August 3, 2020.

On February 8, 2021, HEP and HFC finalized and executed new agreements for HEP's Cheyenne assets with the following terms, in each case effective January 1, 2021: (1) a ten-year lease with two five-year renewal option periods for HFC's (and now HF Sinclair's) use of certain HEP tank and rack assets in the Cheyenne Refinery to facilitate renewable diesel production with an annual lease payment of approximately $5 million, (2) a five-year contango service fee arrangement that will utilize HEP tank assets inside the Cheyenne Refinery where HFC (and now HF Sinclair) will pay a base tariff to HEP for available crude oil storage and HFC (and now HF Sinclair) and HEP will split any profits generated on crude oil contango opportunities and (3) HFC paid a $10 million one-time cash payment to HEP for the termination of the existing minimum volume commitment.

Omnibus Agreement

Under certain provisions of an omnibus agreement we have with HF Sinclair (the "Omnibus Agreement"), we pay HF Sinclair an annual administrative fee, currently $5.0 million, for the provision by HF Sinclair or its affiliates of various general and administrative services to us. This fee includes expenses incurred by HF Sinclair to perform centralized corporate functions, such as executive management, legal, accounting, treasury, information technology and other corporate services, including the administration of employee benefit plans. In connection with the HEP Transaction, we paid HF Sinclair a temporary monthly fee of $62,500 through November 30, 2022, relating to transition services provided to HEP by HF Sinclair. Neither the annual administrative fee nor the temporary monthly fee includes the salaries of personnel employed by HF Sinclair who perform services for us on behalf of HLS or the cost of their employee benefits, which are separately charged to us by HF Sinclair. We also reimburse HF Sinclair and its affiliates for direct expenses they incur on our behalf. In addition, we also pay for our own direct general and administrative costs, including costs relating to operating as a separate publicly held entity, such as costs for preparation of partners' K-1 tax information, SEC filings, directors' compensation, and registrar and transfer agent fees.

Under HLS's secondment agreement with HF Sinclair (the "Secondment Agreement"), certain employees of HF Sinclair are seconded to HLS, our ultimate general partner, to provide operational and maintenance services for certain of our processing, refining, pipeline and tankage assets, and HLS reimburses HF Sinclair for its prorated portion of the wages, benefits, and other costs of these employees for our benefit.

COMPETITION

As a result of our physical integration with HF Sinclair's refineries, our contractual relationship with HF Sinclair under the Omnibus Agreement and the HF Sinclair pipelines and terminals, tankage and throughput agreements, we believe that we will not face significant competition for barrels of crude oil transported to or refined products transported from HF Sinclair's refineries, particularly during the terms of our long-term transportation agreements with HF Sinclair expiring between 2023 and 2037.

However, we do face competition from other pipelines that may be able to supply the end-user markets of HF Sinclair or other customers with refined products on a more competitive basis. Additionally, if HF Sinclair's wholesale customers reduced their purchases of refined products due to the increased availability of cheaper product from other suppliers, decreased demand for refined products or for other reasons, the volumes transported through our pipelines could be reduced, which, subject to the minimum revenue commitments, could cause a decrease in cash and revenues generated from our operations.

The petroleum refining business is highly competitive. Among HF Sinclair's competitors are some of the world's largest integrated petroleum companies, which have their own crude oil supplies and distribution and marketing systems. HF Sinclair competes with independent refiners as well. Competition in particular geographic areas is affected primarily by the amounts of refined products produced by refineries located in such areas and by the availability of refined products and the cost of transportation to such areas from refineries located outside those areas.

In addition, we face competition from trucks that deliver product in a number of areas we serve. Although their costs may not be competitive for longer hauls or large volume shipments, trucks compete effectively for incremental and marginal volumes in many areas we serve. The availability of truck transportation places some competitive constraints on us.

Our refined product terminals compete with other independent terminal operators as well as integrated oil companies based on terminal location, price, versatility and services provided. Our competition primarily comes from integrated petroleum companies, refining and marketing companies, independent terminal companies and distribution companies with marketing and trading arms. Historically, the significant majority of the throughput at our terminal facilities has come from HF Sinclair.

GOVERNMENTAL REGULATION

Safety and Maintenance

Many of our pipelines are subject to regulation by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") of the Department of Transportation. PHMSA has promulgated regulations governing, among other things, maximum operating pressures, pipeline patrols and leak surveys, control room management, and emergency procedures, as well as other matters intended to prevent accidents and failures. Additionally, PHMSA has promulgated regulations requiring pipeline operators to develop and implement integrity management programs for certain pipelines that, in the event of a pipeline leak or rupture, could affect "high consequence areas," which are areas where a release could have the most significant adverse consequences, including high-population areas, certain drinking water sources and unusually sensitive ecological areas.

In addition, many states have adopted regulations, similar to, or which go above and beyond, existing PHMSA regulations, for certain intrastate pipelines. For example, Texas has developed regulatory programs that largely parallel the federal regulatory scheme and impose additional requirements for certain pipelines. Furthermore, other related programs, such as the EPA's Risk Management Program and the Occupational Safety and Health Administration's Process Safety Management standard apply to some of our terminals and associated facilities.

We perform preventive and normal maintenance on all of our pipeline and terminal systems and make repairs and replacements when necessary or appropriate. We also conduct routine and required inspections of our pipelines and other assets as required by regulations. Corrosion inhibitors, external coatings and impressed current cathodic protection systems are used to protect against internal and external corrosion. We regularly monitor, test and record the effectiveness of these corrosion-control systems. We monitor the structural integrity of covered segments of our pipeline systems through a program of periodic internal inspections using electronic "smart pigs", hydrostatic testing, and other measures. We follow these inspections with a review of the data, and we make repairs as necessary to maintain the integrity of the pipeline. We have initiated a risk-based approach to prioritizing the pipeline segments for future smart pig runs or other appropriate integrity testing methods. This approach is intended to allow the pipelines that have the greatest risk potential to receive the highest priority in being scheduled for inspections or pressure tests for integrity. Nonetheless, the adoption of new or amended regulations or the reinterpretation of existing laws and regulations by PHMSA or states that result in more stringent or costly pipeline integrity management or safety standards could possibly have a substantial effect on us and similarly situated midstream operators.

Maintenance facilities containing equipment for pipe repairs, spare parts, and trained response personnel are located along the pipelines. Employees participate in simulated spill response exercises on a regular basis. They also participate in actual spill response boom deployment exercises in planned spill scenarios in accordance with Oil Pollution Act of 1990 requirements.

At our terminals, tanks designed for gasoline storage are equipped with internal or external floating roofs that minimize emissions and prevent potentially flammable vapor accumulation between fluid levels and the roof of the tank. Our terminal facilities have facility response plans, spill prevention and control plans, and other plans and programs to respond to emergencies.

Many of our terminal loading racks are protected with water deluge systems activated by either heat sensors or an emergency switch. Several of our terminals are also protected by foam systems that are activated in case of fire. All of our terminals participate in a comprehensive environmental management program to assure compliance with applicable air, solid waste and wastewater regulations.

For further information on pipeline safety and regulatory requirements related to maintenance, see our risk factor "Our operations are subject to evolving federal, state and local laws, regulations and permit/authorization requirements regarding our business, capital projects, environmental protection, health, operational safety and product quality. Potential liabilities arising from these laws, regulations and requirements could affect our operations and have a material adverse effect on our business." under Item 1A – "Risk Factors."

FERC Regulation - Liquids Pipelines

Some of our existing refined products and crude oil pipelines provide interstate transportation services subject to regulation by the FERC pursuant to the Interstate Commerce Act (the “ICA”). The ICA requires that the rates charged by these pipelines (referred to as “interstate liquids pipelines”) must be just and reasonable. The ICA also prohibits interstate liquids pipelines from providing services in a manner that unduly discriminates against or confers undue preference upon any shipper. The ICA permits interested persons to challenge newly proposed or changed rates or rules and authorizes the FERC to suspend the effectiveness of such proposed rates or rules for a period of up to seven months, during which the FERC may investigate whether the proposed rate or rules are just and reasonable. Upon completion of an investigation, the FERC may require the interstate liquids pipeline carrier to refund the revenues collected during the pendency of the investigation that are in excess of the amount the FERC determines to be just and reasonable, together with interest. The FERC also may investigate, upon complaint or on its own motion, rates that are already in effect and may order an interstate liquids pipeline to change its rates prospectively. Upon an appropriate showing, a shipper may obtain reparations (including interest) for damages sustained during the two years prior to the filing of a complaint.

As a general matter, interstate liquids pipelines may change their rates within prescribed ceiling levels that are tied to an inflation index that FERC reviews every five years. Cost-of-service ratemaking, market-based rates, and settlement rates are alternatives to the indexing approach and may be used in certain specified circumstances to change rates. When an interstate liquids pipeline adjusts its rates using the index methodology, shippers may challenge rate increases made within the ceiling levels. The FERC’s regulations provide that a protest against an index rate increase must allege “reasonable grounds” that the index rate increase is “so substantially in excess of the actual cost increases incurred by the carrier that the rate is unjust and unreasonable.”

On December 17, 2020, FERC established a new price index for the five-year period commencing July 1, 2021 and ending June 30, 2026, in which common carriers charging indexed rates were permitted to adjust their indexed ceilings annually by Producer Price Index plus 0.78%. FERC received requests for rehearing of its December 17, 2020 order, and on January 20, 2022, FERC revised the index level used to determine the annual changes to interstate oil pipeline rate ceilings to Producer Price Index minus 0.21%. The order required recalculation of the July 1, 2021 index ceilings to be effective as of March 1, 2022.

State Regulation - Liquids Pipelines

While the FERC regulates the rates for interstate shipments on our interstate liquids pipelines, the New Mexico Public Regulation Commission regulates the rates for intrastate shipments on our pipelines in New Mexico, the Texas Railroad Commission regulates the rates for intrastate shipments on our pipelines in Texas and the Oklahoma Corporation Commission regulates the rates for intrastate shipments on our pipelines in Oklahoma. Generally, these state agencies have not investigated the rates or practices of intrastate pipelines subject to their jurisdiction in the absence of shipper complaints.

Environmental Regulation and Remediation

Our operation of pipelines, terminals, and associated facilities in connection with the transportation and storage of refined products and crude oil is subject to stringent and complex federal, state, and local laws and regulations governing the potential discharge of materials into the environment, or otherwise relating to the protection of human health and the environment and natural resources, including climate change. These laws and regulations may require us to obtain permits for our operations or result in the imposition of strict requirements relating to air emissions, and characteristics and composition of gasoline and diesel fuels, biodiversity, wastewater discharges, waste management, process safety and risk management, spill planning and prevention and the remediation of spills, leaks and other contamination. As with the industry generally, compliance with existing, changing, and new laws, regulations, interpretations and guidance increases our overall cost of business, including our capital costs to construct, maintain, upgrade and operate equipment and facilities. These laws and regulations affect our operations, maintenance, capital expenditures and net income, as well as those of our competitors. These existing and any new laws and regulations, and the interpretation or enforcement thereof, are subject to frequent change by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of these laws and regulations on our operations. Violation of environmental laws, regulations, and permits can result in the imposition of significant administrative, civil and criminal penalties, and injunctions, construction bans or delays; delays in the permitting, development or expansion of projects; limitations or prohibitions on certain operations; and reputational harm. In addition, many environmental laws contain citizen suit provisions, allowing environmental groups to bring suits to enforce compliance with environmental laws. Environmental groups frequently challenge pipeline infrastructure projects. Moreover, a major discharge of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured or is not fully insured, subject us to substantial expense, including the cost of remediation and restoration of any damaged natural resources, the cost to comply with applicable laws and regulations, and claims made by employees, neighboring landowners and other third parties for personal injury and property damage.

Contamination resulting from spills of refined products and crude oil is not unusual within the petroleum pipeline industry. Historic spills along our existing pipelines and terminals as a result of past operations have resulted in contamination of the environment, including soils and groundwater. Some environmental laws impose liability without regard to fault or the legality of the original act on certain classes of persons that contributed to the releases of hazardous substances or petroleum hydrocarbon substances into the environment. These persons include the owner or operator of the site or sites where the release occurred and companies that disposed of, or arranged for the disposal of, the hazardous substances found at the site. Such persons may be subject to strict, joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources, and for the costs of certain health studies. Site conditions, including soils and groundwater, are being evaluated at a few of our properties where operations may have resulted in releases of hydrocarbons and other wastes.

There are environmental remediation projects in progress, including assessment and monitoring activities, that relate to certain assets acquired from HF Sinclair. Under the Omnibus Agreement and certain transportation agreements and purchase agreements with HF Sinclair, HF Sinclair has agreed to indemnify us, subject to certain monetary and time limitations, for environmental noncompliance and remediation liabilities associated with certain assets transferred to us from HF Sinclair and occurring or existing prior to the date of such transfers.

We have an environmental agreement with Delek with respect to pre-closing environmental costs and liabilities relating to the pipelines and terminals acquired from Delek in 2005, under which Delek will indemnify us subject to certain monetary and time limitations.

At December 31, 2022, we have an accrual of $19.5 million that relates to environmental clean-up projects for which we have assumed liability, including accrued environmental liabilities assumed in the Sinclair Transportation acquisition that have preliminarily been fair valued at $14.7 million as of the acquisition date, or for which the indemnity provided for by HF Sinclair has expired. There are environmental remediation projects in progress, including assessment and monitoring activities, that relate to certain assets acquired from HF Sinclair. Certain of these projects were underway prior to our purchase, are covered under the HF Sinclair environmental indemnification discussed above, and represent liabilities retained by HF Sinclair.

On July 8, 2022, the Osage pipeline, which carries crude oil from Cushing, Oklahoma to El Dorado, Kansas, suffered a release of crude oil. Our equity in earnings (loss) of equity method investments was reduced in the year ended December 31, 2022 by $17.6 million for our 50% share of incurred and estimated environmental remediation and recovery expenses associated with the release, net of our share of insurance proceeds received to date of $3.0 million. We expect Osage will receive additional insurance recoveries, which will be recorded as they are received. If our insurance policy pays out in full, our share of the remaining insurance coverage is expected to be $9.5 million. The pipeline resumed operations in the third quarter of 2022 and remediation efforts are underway.

We may experience future releases into the environment from our pipelines and terminals or discover historical releases that were previously unidentified or not assessed. Although we maintain an extensive inspection and audit program designed, as applicable, to prevent, detect and address these releases promptly, damages and liabilities incurred due to any future environmental releases from our assets have the potential to substantially affect our business.

CAPITAL REQUIREMENTS

Our pipeline and terminalling operations are capital intensive, requiring investments to maintain, expand, upgrade or enhance existing operations and to meet environmental and operational regulations. Our capital requirements have consisted of, and are expected to continue to consist of, maintenance capital expenditures and expansion capital expenditures. “Maintenance capital expenditures” represent capital expenditures to replace partially or fully depreciated assets to maintain the operating capacity of existing assets. Maintenance capital expenditures include expenditures required to maintain equipment reliability, tankage and pipeline integrity, safety and to address environmental regulations. “Expansion capital expenditures” represent capital expenditures to expand the operating capacity of existing or new assets, whether through construction or acquisition. Expansion capital expenditures include expenditures to acquire assets, to grow our business and to expand existing facilities, such as projects that increase throughput capacity on our pipelines and in our terminals. Repair and maintenance expenses associated with existing assets that are minor in nature and do not extend the useful life of existing assets are charged to operating expenses as incurred.

Each year the board of directors of HLS, our ultimate general partner, approves our annual capital budget, which specifies capital projects that our management is authorized to undertake. Additionally, at times when conditions warrant or as new opportunities arise, additional projects may be approved. The funds allocated for a particular capital project may be expended over a period in excess of a year, depending on the time required to complete the project. Therefore, our planned capital expenditures for a given year consist of expenditures approved for capital projects included in the current year's capital budget as well as, in certain cases, expenditures approved for capital projects in capital budgets for prior years. Our current 2023 capital forecast is comprised of approximately $25 million to $35 million for maintenance capital expenditures and $5 to $10 million for expansion capital expenditures and joint venture investments. In addition to our capital budget, we may spend funds periodically to perform capital upgrades or additions to our assets where a customer reimburses us for such costs. The upgrades or additions would generally benefit the customer over the remaining life of the related service agreements.

We expect that our currently planned sustaining and maintenance capital expenditures, as well as expenditures for capital development projects, will be funded with cash generated by operations. We expect that, to the extent necessary, we can raise additional funds from time to time through equity or debt financings in the public and private capital markets.

Under the terms of the transaction to acquire HFC's 75% interest in UNEV, we issued to a subsidiary of HFC (now HF Sinclair) a Class B unit comprising a noncontrolling equity interest in a wholly owned subsidiary subject to redemption to the extent that HFC is entitled to a 50% interest in 75% of annual UNEV earnings before interest, income taxes, depreciation and amortization above $40 million beginning July 1, 2015, and ending in June 2032, subject to certain limitations. However, to the extent earnings thresholds are not achieved, no redemption payments are required. No redemption payments have been required to date.

HUMAN CAPITAL

Our People

We are managed by HLS, our ultimate general partner. HLS is a subsidiary of HF Sinclair. The employees providing services to us are either provided by HLS, which utilizes people employed by HF Sinclair to perform services for us, or seconded to us by subsidiaries of HF Sinclair, as neither we nor our ultimate general partner have any employees. Under the Secondment Agreement with HF Sinclair, certain employees of HF Sinclair are seconded to HLS, our ultimate general partner, to provide operational and maintenance services for certain of our processing, refining, pipeline and tankage assets, and HLS reimburses HF Sinclair for its prorated portion of the wages, benefits, and other costs of these employees for our benefit. In addition, as more fully described under Part III, Item 11. Executive Compensation, certain executive officers of HLS are also executive officers of HF Sinclair and devote as much of their professional time as necessary to oversee the management our business and affairs.

The “One HF Sinclair Culture” focuses on five key values – safety, integrity, teamwork, ownership and inclusion. These values influence decisions, shape behaviors and provide the opportunity for employees to thrive. Safety is our first priority. We care about our people and have implemented policies and procedures designed to help them return home safely every day. We focus on integrity and doing the right thing. We champion a culture of teamwork and ownership by supporting each other and empowering employees to take action where they see a need or opportunity. Inclusion reflects our desire to foster a work environment in which employees feel valued and included in decisions, opportunities and challenges.

As of December 31, 2022, 405 HF Sinclair employees were dedicated to our business in addition to HF Sinclair employees seconded to HLS for a portion of their time to provide services to our business as described above. From time to time, a portion of HF Sinclair’s employees that are seconded to us, are covered by collective bargaining agreements. The current collective bargaining agreements have various expiration dates between 2023 and 2026. We have experienced no material interruptions of operations due to disputes with those employees and management believes that positive working relationships exist between HF Sinclair and local unions and their members.

Oversight

As a result of our secondment arrangements with HF Sinclair, strategic oversight for human capital management is shared between the HLS Board of Directors and board committees and the HF Sinclair Board of Directors and board committees. As further discussed under Part III, Item 11. Executive Compensation, the HLS Compensation Committee determines cash and bonus compensation for HLS’s Chief Executive Officer, President or Chief Financial Officer if such officers are solely dedicated to HLS. The HF Sinclair Board of Directors and Board committees provide oversight on strategies and policies related to the human capital management of HF Sinclair employees seconded to, and shared with, HLS. The HF Sinclair Compensation Committee is responsible for periodically reviewing HF Sinclair’s strategies and policies regarding the promotion of employee diversity, equity and inclusion, talent and performance management, pay equity and employee engagement, as well as executive succession planning. The HLS Board of Directors and HF Sinclair’s Nominating, Governance and Social Responsibility Committee oversee policies and practices regarding human rights in their respective operations and supply chain. This process is designed to provide high level oversight of our strategies related to attracting, retaining and developing a workforce that aligns with our values and strategies.

Diversity & Inclusion

HLS and HF Sinclair leadership is committed to attracting, retaining and developing a highly engaged, high-performing, diverse workforce and cultivating an inclusive workplace where all employees feel valued and have a sense of belonging. Of HF Sinclair's total employees as of December 31, 2022, approximately 17% identified as female and approximately 83% identified as male. Approximately 22% of HF Sinclair's total employees identified as Hispanic or Latino, Black or African American, Asian, American Indian or Alaskan Native, Native Hawaiian or Other Pacific Islander, or as two or more races. We are also committed to hiring and retaining veterans and reservists of the U.S. armed forces, who represented approximately 5% of HF Sinclair's U.S. workforce as of December 31, 2022.

Increasing diversity and inclusion efforts is an organizational priority for HLS and HF Sinclair. HF Sinclair has introduced diversity awareness programs focused on increasing the number of underrepresented persons in engineering roles. HF Sinclair’s university recruiting team has partnered with historically black colleges and universities to offer full-time and summer internship opportunities and various diversity and inclusion organizations at universities to sponsor and participate in events, such as the North Texas Women’s Energy Network and the National Society of Black Engineers Convention. In addition, to help foster a culture of inclusion, HF Sinclair has two employee resource groups, one focused on developing talent at HF Sinclair by fostering relationships through education, networking and leadership development opportunities and the other focused on veterans. In 2021, HF Sinclair formed an Inclusion and Diversity Working Group to develop and further implement HF Sinclair’s inclusion and diversity initiatives, to gather and report best practices related to inclusion and diversity, and to assist in developing ongoing inclusion and diversity goals and objectives.

Health & Safety

The safety of our employees, contractors and communities is an overarching priority and fundamental to our operational success. We have a comprehensive Pipeline Excellence Program that builds upon best practices and processes and is designed to advance organizational safety and performance, drive reliability and deliver strong results. Our approach allows for flexibility in unique operations and environments and provides a model for continuous improvement and fosters a strong culture of safety within our company. Pipelines are a vital component of our nation’s infrastructure, making it imperative that we safeguard our pipelines against any type of damage. We have implemented rigorous awareness and damage prevention programs that aim to educate the public and other key stakeholders and continually invest in the maintenance and integrity of our assets, including inspection and repair programs to comply with federal and state regulations.

Total Rewards & Development

We believe that the health of our company is linked to the performance and health of our people. The HF Sinclair employees that provide service to us are eligible to participate in the same comprehensive and competitive total rewards programs that are provided to employees of HF Sinclair generally. HF Sinclair’s benefit offerings are designed to support employee health, financial and emotional needs, inclusive of comprehensive coverage for health care, a competitive retirement savings benefit, vacation and holiday time and other income protection and work life benefits. HF Sinclair also provides tools to help recognize and reward employee performance consistent with the One HF Sinclair Culture.

Consistent with the HF Sinclair culture values of ownership and growth, HF Sinclair offers training, development and engagement programs to its employees that provide services to us which provide employees the opportunity to develop their career by enhancing skills and capabilities consistent with the needs of the business. Our suite of programs include: Accelerate, a curated collection of on-demand e-learning for all employees; Refine, interactive, instructor-led workshops focusing on professional development at any career level; Front Line Leadership Development, a series of leadership training for new and existing supervisors; Catalyst, a guided cohort of new leaders learning about leadership styles and executive presence; and Leading the HF Sinclair Way, a deep-dive for our senior leaders on leading through our cultural values and business objectives.

Item 1A. Risk Factors

Risk Factor Summary

Investing in us involves a degree of risk. You should carefully consider all information in this Form 10-K, including the Management's Discussion & Analysis section and the financial statements and related notes, prior to investing in our common units. These risks and uncertainties include, but are not limited to, the following:

Risks Related to our Business/Industry:

- We depend on HF Sinclair for a substantial portion of our revenues. A significant reduction in those revenues or a material deterioration of HF Sinclair's financial condition could reduce our revenues materially.
- General economic conditions or, due to our lack of asset and geographic diversification, an adverse development in our businesses could materially and adversely affect our financial condition, results of operations, or cash flows.
- Any reduction in the capacity of, or the allocations to, our shippers on interconnecting, third-party pipelines could cause a reduction of volumes transported in our pipelines and through our terminals.
- A material decrease in the supply, or a material increase in the price, of crude oil or other materials available to HF Sinclair's refineries and our pipelines and terminals, and a corresponding decrease in demand for refined products in the markets served by our pipelines and terminals, could reduce our revenues materially.
- Competition from other pipelines that may be able to supply our shippers' customers with refined products at a lower price could cause us to reduce our rates or could reduce our revenues.
- Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions for which we may not be adequately insured.
- If we are unable to complete capital projects at their expected costs or in a timely manner, incur increased maintenance or repair costs on assets, or if assumed market conditions deteriorate, our financial condition, results of operations, or cash flows could be materially and adversely affected.
- The COVID-19 pandemic, and actions taken in response thereto, has had and may continue to have a material adverse effect on our business.
- We may be unsuccessful in integrating the operations of acquired assets or businesses, including the Sinclair business acquired in the HEP Transaction, and in realizing the anticipated benefits of any such acquisitions.
- We may not be able to fully execute our growth strategy if we encounter illiquid capital markets or increased competition for investment opportunities, if our assumptions concerning population growth are inaccurate, or if an agreement cannot be reached with HF Sinclair for the acquisition of assets on which we have a right of first offer.
- We do not own all of the land on which our pipeline systems and other assets are located, which could result in disruptions to our operations. Regulatory changes related to a state's use of eminent domain could inhibit our ability to secure rights-of-way for future pipeline construction projects.
- Our business may suffer due to a change in the composition of our Board of Directors, the departure of any of our key senior executives or other key employees who provide services to us.
- Terrorist attacks, and the threat of terrorist attacks or vandalism, have resulted in increased costs to our business. Global hostilities may adversely impact our results of operations.
- We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of products we distribute to meet certain quality specifications.
- We may not be able to retain existing customers or acquire new customers.
- We own certain of our systems through joint ventures, and our control of such systems is limited by provisions of the agreements we have entered into with our joint venture partners and by our percentage ownership in such enterprises.

Risks Related to Government Regulation

- Our operations are subject to evolving federal, state and local laws, regulations, oversight by governmental agencies and permit/authorization requirements regarding our business, capital projects and environmental protection (including greenhouse gases and climate change protection), health, operational safety and product quality, any of which could result in potential liabilities, increased operating costs, and reduced demand for our services.

- Increasing attention to environmental, social and governance (“ESG”) matters may adversely impact our business, financial results, stock price or price of debt securities.

Risks Related to Cybersecurity, Data Security and Privacy, Information Technology and Intellectual Property

- Cyberattacks, data security breaches, information technology system failures, network disruptions, vandalism, terrorist attacks or global hostilities or other sustained military campaigns could have a material adverse effect on our business, financial condition, results of operations or cash flows.
- Our business is subject to complex and evolving laws, security standards, and regulations and policies regarding data privacy, cybersecurity and data protection, and may be subject to additional related laws and regulations in jurisdictions in which we operate or expand. Such laws, standards and regulations could result in claims, increased cost of operations, or otherwise harm our ability to compete in the market.

Risks Related to Liquidity, Financial Instruments and Credit

- Increases in interest rates could adversely affect our business. Our leverage or volatile credit/capital markets may limit our ability to borrow funds on acceptable terms, service our indebtedness or capitalize on business opportunities.
- If we are unable to generate sufficient cash flow, our ability to pay quarterly distributions to our common unitholders at current levels or to increase our quarterly distributions in the future could be impaired materially.
- We are exposed to the credit risks and certain other risks, of our or our joint ventures' key customers, vendors, and other counterparties. Adverse changes in our and/or our general partner's credit ratings and risk profile may negatively affect us.

Risks to Common Unitholders

- HF Sinclair and its affiliates may have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests or engage in limited competition with us.
- Cost reimbursements and fees due to our general partner and its affiliates for services provided are substantial. Our general partner may reduce the amount of cash in reserve available for distribution to unitholders. Even if unitholders are dissatisfied, they cannot remove our general partner without its consent. The control of our general partner may be transferred to a third party without unitholder consent.
- We may issue additional limited partner units without unitholder approval, which would dilute an existing unitholder's ownership interests. Our general partner has a limited call right that may require a unitholder to sell its common units at an undesirable time or price.

Tax Risks to Common Unitholders

- Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, and not being subject to a material amount of entity-level taxation. Our cash available for distribution to unitholders may be substantially reduced if we become subject to entity-level taxation as a result of the Internal Revenue Service (“IRS”) treating us as a corporation or legislative, judicial or administrative changes, and it may also be reduced by any audit adjustments if imposed directly on the partnership.
- Even if unitholders do not receive cash distributions from us, unitholders will be required to pay taxes on their share of our taxable income. Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.
- Tax-exempt entities and non-U.S. unitholders face unique tax issues from owning our common units that may result in adverse tax consequences to them. The IRS may challenge certain tax positions, treatment methodologies or allocations, which could adversely affect the value of our common units.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of the following risks were to actually occur, our business, financial condition, results of operations or treatment of unitholders could be materially and adversely affected. The headings provided in this Item 1A. are for convenience and reference purposes only and shall not affect or limit the extent or interpretation of the risk factors.

RISKS RELATED TO OUR BUSINESS/INDUSTRY

We depend on HF Sinclair (particularly its Navajo and Woods Cross refineries) for a substantial portion of our revenues; if those revenues were significantly reduced or if HF Sinclair's financial condition materially deteriorated, there would be a material adverse effect on our results of operations.

For the year ended December 31, 2022, HF Sinclair accounted for 70% of the revenues of our petroleum product and crude pipelines, 85% of the revenues of our terminals, tankage, and truck loading racks, and 100% of the revenue from our refinery processing units. We expect to continue to derive a majority of our revenues from HF Sinclair for the foreseeable future. If HF Sinclair satisfies only its minimum obligations under the long-term pipeline and terminal, tankage and throughput agreements that it has with us or is unable to meet its minimum annual payment commitment for any reason, including due to prolonged downtime or a shutdown at its refineries, our revenues and cash flow would decline.

Any significant reduction in production at HF Sinclair's Navajo or Woods Cross refineries could reduce throughput in our pipelines, terminals and refinery processing units, resulting in materially lower levels of revenues and cash flow for the duration of the shutdown. For the year ended December 31, 2022, production from HF Sinclair's Navajo and Woods Cross refineries accounted for approximately 50% of the throughput volumes transported by our refined product, intermediate and crude pipelines. Our Woods Cross refinery processing units also accounted for 70% of our refinery processing units revenues.

Operations at any of HF Sinclair's refineries could be partially or completely shut down, temporarily or permanently, as the result of:

- competition from other refineries and pipelines that may be able to supply the refinery's end-user markets on a more cost-effective basis;
- operational problems such as catastrophic events at the refinery, terrorist or cyberattacks, vandalism, labor difficulties, or weather, including as a result of climate change, public health crisis such as COVID-19, or government response thereto, environmental proceedings or other litigation that cause a stoppage of all or a portion of the operations at the refinery;
- planned maintenance or capital projects;
- increasingly stringent environmental laws and regulations, such as the U.S. Environmental Protection Agency's gasoline and diesel sulfur control requirements that limit the concentration of sulfur in motor gasoline and diesel fuel for both on-road and non-road usage as well as various state and federal emission requirements that may affect the refinery itself and potential future climate change regulations;
- an inability to obtain crude oil for the refinery at competitive prices; or
- a general reduction in demand for refined products in the area due to:
  - a local or national recession, public health crisis such as COVID-19, or other adverse event or economic condition that results in lower spending by businesses and consumers on gasoline and diesel fuel;
  - higher gasoline prices due to higher crude oil costs, higher taxes or stricter environmental laws or regulations; or
  - a shift by consumers to more fuel-efficient or alternative fuel vehicles or an increase in fuel efficiency, whether as a result of technological advances by manufacturers, legislation either mandating or encouraging higher fuel efficiency or the increased use of alternative fuel sources or otherwise.

For example, on June 1, 2020, HF Sinclair announced plans to permanently cease petroleum refining operations at its Cheyenne Refinery and to convert certain assets at that refinery to renewable diesel production. HF Sinclair subsequently began winding down petroleum refining operations at the Cheyenne Refinery on August 3, 2020.

The effect on us of any shutdown would depend on the length of the shutdown and the extent of the refinery operations affected by the shutdown. We have no control over the factors that may lead to a shutdown or the measures HF Sinclair may take in response to a shutdown. HF Sinclair makes all decisions at each of its refineries concerning levels of production, regulatory compliance, refinery turnarounds (planned shutdowns of individual process units within the refinery to perform major maintenance activities), labor relations, environmental remediation, emission control and capital expenditures and is responsible for all related costs. HF Sinclair is not under contractual obligation to us to maintain operations at its refineries.

Furthermore, HF Sinclair's obligations under the long-term pipeline and terminal, tankage, tolling and throughput agreements with us would be temporarily suspended during the occurrence of a force majeure event that renders performance impossible with respect to an asset for at least 30 days. If such an event were to continue for a year, we or HF Sinclair could terminate the agreements. The occurrence of any of these events could reduce our revenues and cash flows.

General economic conditions may adversely affect our business, operating results and financial condition.

Economic slowdowns may have serious negative consequences for our business and operating results, because our performance is subject to domestic economic conditions and their impact on demand for crude oil and refined products. Some of these factors include general economic conditions, unemployment, consumer debt, inflation, reductions in net worth based on declines in equity markets and residential real estate values, adverse developments in mortgage markets, taxation, energy prices, gasoline and diesel fuel prices, interest rates, consumer confidence and other macroeconomic factors. The demand for crude oil and refined and finished lubricant products can be reduced due to a local or national recession or other adverse economic condition, such as periods of increased or prolonged inflation, which results in lower spending by businesses and consumers on gasoline and diesel fuel, higher gasoline prices due to higher crude oil prices, a shift by consumers to more fuel-efficient vehicles or alternative fuel vehicles (such as ethanol or wider adoption of electric, gas/electric hybrid or hydrogen powered vehicles), or an increase in vehicle fuel economy, whether as a result of technological advances by manufacturers, legislation mandating or encouraging higher fuel economy or the use of alternative fuel.

Political instability, actual or potential hostilities or other conflicts in oil producing areas, such as the Russia-Ukraine war, and global health crises, such as the COVID-19 pandemic, can also impact the global economy and decrease worldwide demand for oil and refined products, which affects the prices of crude oil. Increased volatility in the global oil markets, including the prices our customers and suppliers pay for crude oil and other raw materials, has, and may continue to, materially adversely affect our business, financial condition, results of operations and/or cash flows as well as our ability to pay distributions to our common unitholders.

Adverse developments in the global economy or in regional economies could also negatively impact our customers and suppliers, and therefore have a negative impact on our business or financial condition. In the event of adverse developments or stagnation in the economy or financial markets, our customers and suppliers may experience deterioration of their businesses, reduced demand for their products, cash flow shortages and difficulty obtaining financing. As a result, existing or potential customers might delay or cancel plans to use our services and may not be able to fulfill their obligations to us in a timely fashion. Further, suppliers may experience similar conditions, which could impact their ability to fulfill their obligations to us. Moreover, a financial market crisis may have a material adverse impact on financial institutions and limit access to capital and credit. This could, among other things, make it more difficult for us to obtain (or increase our cost of obtaining) capital and financing for our operations. Our access to additional capital may not be available on terms acceptable to us or at all.

Due to our lack of asset and geographic diversification, an adverse development in our businesses could materially and adversely affect our financial condition, results of operations or cash flows.

A significant concentration of our pipeline assets serve HF Sinclair's Navajo refinery. Due to our limited asset and geographic diversification, an adverse development in our business (including adverse developments as a result of catastrophic events or weather, including as a result of climate change, terrorist or cyberattacks, vandalism, public health crisis, decreased supply of crude oil and feedstocks and/or decreased demand for refined petroleum products), could have a significantly greater impact on our financial condition, results of operations or cash flows than if we maintained more diverse assets in more diverse locations.

Any reduction in the capacity of, or the allocations to, our shippers on interconnecting, third-party pipelines could cause a reduction of volumes transported in our pipelines and through our terminals.

HF Sinclair and the other users of our pipelines and terminals are dependent upon connections to third-party pipelines to receive and deliver crude oil and refined products. Any reduction of capacities of these interconnecting pipelines due to testing, line repair, reduced operating pressures, catastrophic events, terror or cyberattacks, vandalism or other causes could result in reduced volumes transported in our pipelines or through our terminals. Similarly, if additional shippers begin transporting volumes of refined products over interconnecting pipelines, the allocations to existing shippers in these pipelines would be reduced, which could also reduce volumes transported in our pipelines or through our terminals.

A material decrease in the supply, or a material increase in the price, of crude oil or other materials available to HF Sinclair's refineries and our pipelines and terminals, and a corresponding decrease in demand for refined products in the markets served by our pipelines and terminals, could reduce our revenues materially.

The volume of refined products we transport in our refined product pipelines depends on the level of production of refined products from HF Sinclair's refineries, which, in turn, depends on the availability of attractively-priced crude oil produced in the areas accessible to those refineries. In order to maintain or increase production levels at their refineries, our shippers must continually contract for new crude oil supplies. A material decrease in crude oil production from the fields that supply their refineries, as a result of depressed commodity prices, decreased demand, lack of drilling activity, natural production declines, governmental regulations, including travel bans and restrictions, quarantines, shelter in place orders, and shutdowns, catastrophic events or otherwise, could result in a decline in the volume of crude oil our shippers refine, absent the availability of transported crude oil to offset such declines. Such an event would result in an overall decline in volumes of refined products transported through our pipelines and therefore a corresponding reduction in our cash flow. In addition, the future growth of our shippers' operations will depend in part upon whether our shippers can contract for additional supplies of crude oil at a greater rate than the rate of natural decline in their currently connected supplies.

Fluctuations in crude oil prices can greatly affect production rates and investments by third parties in the development of new oil reserves. Drilling activity generally decreases as crude oil prices decrease. We and our shippers have no control over producers or their production decisions, which are affected by, among other things, prevailing and projected energy prices, demand for hydrocarbons, geological considerations, governmental regulation, global market conditions, actions by foreign nations and the availability and cost of capital, or over the level of drilling activity in the areas of operations, the amount of reserves underlying the wells and the rate at which production from a well will decline. Similarly, a material increase in the price of crude oil supplied to refineries without an increase in the market value of the products produced by the refineries, either temporary or permanent, which causes a reduction in the production of refined products at the refineries, would cause a reduction in the volumes of refined products we transport, and our cash flow could be adversely affected.

In addition, periods of disruption in the global supply chain, including as a result of COVID-19, have caused shortages in the equipment and parts necessary to operate our facilities and to complete our capital projects. Certain suppliers have experienced, and may continue to experience, delays related to a variety of factors, including logistical delays and component shortages from vendors. We continue to monitor the situation and work closely with our suppliers to minimize disruption to our operations as a result of supply chain interruptions.

Finally, our business depends in large part on the demand for the various petroleum products we gather, transport and store in the markets we serve. Reductions in that demand adversely affect our business. Market demand varies based upon the different end uses of the petroleum products we gather, transport and store. We cannot predict the impact of future fuel conservation measures, alternate fuel requirements, government regulation, global pandemic, technological advances in fuel economy and energy-generation devices, exploration and production activities, actions by foreign nations, and any potential litigation related to climate change effects and resulting negative public perception, any of which could reduce the demand for the petroleum products in the areas we serve. The volatility in global oil markets, while uncertain, has, and may continue to, materially adversely affect our business, financial condition, results of operations and/or cash flows, as well as our ability to pay distributions to our common unitholders.

Competition from other pipelines that may be able to supply our shippers' customers with refined products at a lower price could cause us to reduce our rates or could reduce our revenues.

We and our shippers could face increased competition if other pipelines are able to supply our shippers' end-user markets competitively with refined products. For example, increased supplies of refined product delivered by Kinder Morgan's El Paso to Phoenix pipeline could result in additional downward pressure on wholesale-refined product prices and refined product margins in El Paso and related markets. Additionally, further increases in products from Gulf Coast refiners entering the El Paso and Arizona markets on this and other pipelines and a resulting increase in the demand for shipping product on the interconnecting common carrier pipelines could cause a decline in the demand for refined product from HF Sinclair. This could reduce our opportunity to earn revenues from HF Sinclair in excess of its minimum volume commitment obligations.

An additional factor that could affect some of HF Sinclair's markets is excess pipeline capacity from the West Coast into our shippers' Arizona markets. Additional increases in shipments of refined products from the West Coast into our shippers' Arizona markets could result in additional downward pressure on refined product prices that, if sustained over the long term, could influence product shipments by HF Sinclair to these markets.

Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions for which we may not be adequately insured.

Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions such as natural disasters, adverse weather, earthquakes, accidents, fires, explosions, hazardous materials releases or spills (such as the release of crude oil on the Osage pipeline in July 2022), terror or cyberattacks, vandalism, power failures, mechanical failures and other events beyond our control, and we have experienced certain of these events in the past. These events could result in an injury or loss of life; and have in the past and could in the future result in property damage or destruction or curtailment or interruption in our operations. In addition, third-party damage, mechanical malfunctions, undetected leaks in pipelines, faulty measurement or other errors may result in significant costs or lost revenues.

We may not be able to maintain or obtain insurance of the type and amount we desire at commercially reasonable rates and exclusions from coverage may limit our ability to recover the amount of the full loss in all situations. As a result of market conditions, premiums and deductibles for certain of our insurance policies and insurance policies for our joint ventures are increasing. In some instances, certain insurance has become unavailable or has become available only for reduced amounts of coverage or at a significantly increased cost.

There can be no assurance that insurance will cover all or any damages and losses resulting from these types of hazards. We are not fully insured against all risks or incidents to our business and therefore, we self-insure certain risks. We are not insured against all environmental accidents that might occur. Our property insurance includes business interruption coverage for lost profit arising from physical damage to our facilities. If a significant accident or event occurs that is self-insured or not fully insured, our operations could be temporarily or permanently impaired, our liabilities and expenses could be significant and it could have a material adverse effect on our financial position. Because our partnership agreement requires us to distribute all available cash (less operating surplus cash reserves) to our unitholders, we do not have the same flexibility as other legal entities to accumulate cash to protect against under insured or uninsured losses.

If we are unable to complete capital projects at their expected costs or in a timely manner, if we incur increased maintenance or repair costs on assets, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations, or cash flows could be materially and adversely affected.

Delays or cost increases related to capital spending programs involving construction of new facilities (or improvements and increased maintenance or repair expenditures on our existing facilities) could adversely affect our ability to achieve forecasted operating results. Although we evaluate and monitor each capital spending project and try to anticipate difficulties that may arise, such delays or cost increases may arise as a result of numerous factors, such as:

- third-party challenges to, denials, or delays in issuing requisite regulatory approvals and/or permits;
- societal and political pressures and other forms of opposition;
- compliance with or liability under environmental or pipeline safety regulations;
- unplanned increases in the cost of construction materials or labor;
- disruptions in transportation of modular components and/or construction materials;
- severe adverse weather conditions, natural disasters, terror or cyberattacks, domestic vandalism other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors and suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;
- market-related increases in a project's debt or equity financing costs; and/or
- nonperformance or force majeure by, or disputes with, vendors, suppliers, contractors, or sub-contractors involved with a project.

The COVID-19 pandemic or any other widespread outbreak of an illness or pandemic or other public health crisis, and actions taken in response thereto, has had and may continue to have a material adverse effect on our operations, business, financial condition, results of operations or cash flows.

COVID-19’s spread across the globe and government regulations in response thereto have negatively affected worldwide economic and commercial activity, impacted global demand for oil, gas and refined products, and created significant volatility and disruption of financial and commodity markets. The spread of COVID-19 has caused us to modify our business practices from time to time as needed (including limiting employee and contractor presence at our work locations, restricting travel unless approved by senior leadership, quarantining employees when necessary and reducing utilization at our refineries) and could significantly disrupt our operations and ability to perform critical functions in the future. The effects of COVID-19 or any other pandemic are difficult to predict, and the duration of any potential business disruption or the extent to which it may negatively affect our operating results or our liquidity is unknown. The extent to which the COVID-19 pandemic will continue to impact our business and operating results remains undetermined and depends on future developments related to the duration and severity of the spread of the virus, emerging variants, vaccine and booster effectiveness, and government measures, designed to slow and contain the spread of COVID-19, among others, and, all of which are beyond our control. These effects of the COVID-19 pandemic, while uncertain, have, and may continue to, materially adversely affect our business, financial condition, results of operations and/or cash flows, as well as our ability to pay distributions to our common unitholders.

We may be unsuccessful in integrating the operations of the assets we have acquired or may acquire with our operations, including the Sinclair business acquired in the HEP Transaction, and in realizing all or any part of the anticipated benefits of any such acquisitions.

From time to time, we evaluate and acquire assets and businesses that we believe complement our existing assets and businesses, such as the HEP Transaction with Sinclair. Acquisitions such as the HEP Transaction require, and may continue to require, management to devote significant attention and resources to integrating the acquired business with our business. We may encounter difficulties integrating personnel from the acquired business while maintaining focus on providing consistent, high-quality products and services. The disruption of, or the loss of momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies may result from the integration process. Further, we may lose key employees or encounter difficulties integrating relationships with customers, vendors, and business partners.

Delays or difficulties in the integration process could adversely affect our business, financial results, financial condition and common unit price. Even if we are able to integrate our business operations successfully, there can be no assurance that this integration will result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or have communicated from this integration or that these benefits will be achieved within the anticipated time frame.

Acquisitions may require substantial capital or the incurrence of substantial indebtedness. Our capitalization and results of operations may change significantly as a result of completed or future acquisitions. Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them, and new geographic areas and the diversion of management's attention from other business concerns. Performance at HEP or the acquired business may suffer as a result of any such diversion of management’s attention. Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Also, following an acquisition, we may discover previously unknown and unforeseen liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions.

We may not be able to fully execute our growth strategy if we encounter illiquid capital markets or increased competition for investment opportunities, if our assumptions concerning population growth are inaccurate, or if an agreement cannot be reached with HF Sinclair for the acquisition of assets on which we have a right of first offer.

Our strategy contemplates growth through the development and acquisition of crude, intermediate and refined products transportation and storage assets while maintaining a strong balance sheet. This strategy includes constructing and acquiring additional assets and businesses, either from HF Sinclair or third parties, to enhance our ability to compete effectively and diversifying our asset portfolio, thereby providing more stable cash flow. We regularly consider and enter into discussions regarding, and are currently contemplating and/or pursuing, potential joint ventures, stand-alone projects or other transactions that we believe will present opportunities to realize synergies, expand our role in our chosen businesses and increase our market position.

We will require substantial new capital to finance the future development and acquisition of assets and businesses. Any limitations on our access to capital will impair our ability to execute this strategy. If the cost of such capital becomes too expensive, or if the development or acquisition opportunities are on terms that do not allow us to obtain appropriate financing, our ability to develop or acquire accretive assets will be limited. We may not be able to raise the necessary funds on satisfactory terms, if at all. The primary factors that influence our cost of equity include market conditions, fees we pay to underwriters and other offering costs, which include amounts we pay for legal and accounting services. The primary factors influencing our cost of borrowing include interest rates, credit spreads, credit ratings, covenants, underwriting or loan origination fees and similar charges we pay to lenders.

In addition, we experience competition for the types of assets and businesses we have historically purchased or acquired. High competition, particularly for a limited pool of assets, may result in higher, less attractive asset prices, and therefore, we may lose to more competitive bidders. Such occurrences limit our ability to execute our growth strategy, which may materially adversely affect our ability to maintain or pay higher distributions in the future.

Our growth strategy also depends upon:

- the accuracy of our assumptions about growth in the markets that we currently serve or have plans to serve in the Southwestern, Northwest and Mid-Continent regions of the United States;
- HF Sinclair's willingness and ability to capture a share of additional demand in its existing markets; and
- HF Sinclair's willingness and ability to identify and penetrate new markets in the Southwestern, Northwest and Mid-Continent regions of the United States.

If our assumptions about increased market demand prove incorrect, HF Sinclair may not have any incentive to increase refinery capacity and production or shift additional throughput to our pipelines, which would adversely affect our growth strategy.

Our Omnibus Agreement with HF Sinclair provides us with a right of first offer on certain of HF Sinclair’s existing or acquired logistics assets. The consummation and timing of any future acquisitions of these assets will depend upon, among other things, our ability to negotiate acceptable purchase agreements and commercial agreements with respect to the assets and our ability to obtain financing on acceptable terms. We can offer no assurance that we will be able to successfully consummate any future acquisitions pursuant to our right of first offer. In addition, certain of the assets covered by our right of first offer may require substantial capital expenditures in order to maintain compliance with applicable regulatory requirements or otherwise make them suitable for our commercial needs. For these or a variety of other reasons, we may decide not to exercise our right of first offer if and when any assets are offered for sale, and our decision will not be subject to unitholder approval. In addition, our right of first offer may be terminated upon a change of control of HF Sinclair.

We do not own all of the land on which our pipeline systems and other assets are located, which could result in disruptions to our operations. Additionally, a change in the regulations related to a state's use of eminent domain could inhibit our ability to secure rights-of-way for future pipeline construction projects. Finally, certain of our assets are located on or adjacent to Native American tribal lands.

We do not own all of the land on which our pipeline systems and other assets are located, and we are, therefore, subject to the risk of increased costs or more burdensome terms to maintain necessary land use. We obtain the right to construct and operate pipelines and other assets on land owned by third parties and government agencies for specified periods. If we were to lose these rights through an inability to renew leases, right-of-way contracts or similar agreements, we may be required to relocate our pipelines or other assets and our business could be adversely affected. Additionally, it may become more expensive for us to obtain new rights-of-way or leases or to renew existing rights-of-way or leases. If the cost of obtaining or renewing such agreements increases, it may adversely affect our operations and the cash flows available for distribution to unitholders.

The adoption or amendment of laws and regulations that limit or eliminate a state's ability to exercise eminent domain over private property in a state in which we operate could make it more difficult or costly for us to secure rights-of-way for future pipeline construction and other projects.

Certain of our pipelines are located on or adjacent to Native American tribal lands. Various federal agencies, along with each Native American tribe, promulgate and enforce regulations, including environmental standards, regarding operations on Native American tribal lands. In addition, each Native American tribe is a sovereign nation having the right to enforce laws and regulations (including various taxes, fees, and other requirements and conditions) and to grant approvals independent from federal, state and local statutes and regulations. Following a decision issued in May 2017 by the federal Tenth Circuit Court of Appeals, tribal ownership of even a very small fractional interest in an allotted land, that is, tribal land owned or at one time owned by an individual Native American landowner, bars condemnation of any interest in the allotment. Consequently, the inability to condemn such allotted lands under circumstances where existing pipeline rights-of-way may soon lapse or terminate serves as an additional impediment for pipeline operations. In addition, following the Supreme Court's ruling in McGirt v. Oklahoma that the Muscogee (Creek) Nation reservation in Eastern Oklahoma has not been disestablished, and therefore retains jurisdiction over criminal matters, and a subsequent ruling in July 2022 in Oklahoma v. Castro-Huerta narrowing McGirt's holding to find concurrent tribal and state jurisdiction with respect to crimes committed by non-Native Americans against Native Americans on tribal lands, substantial uncertainty exists with respect to matters over which tribes may have exclusive or concurrent jurisdiction. Although the ruling in McGirt indicates that it is limited to criminal law, the ruling has significant potential implications for civil law. At this time, we cannot predict how these jurisdictional issues may ultimately be resolved. These factors may increase our cost of doing business on Native American tribal lands.

In addition, our industry is subject to potentially disruptive activities by those concerned with the possible environmental impacts of pipeline routes. Activists, non-governmental organizations and others may seek to restrict the transportation of crude oil and refined products by exerting social or political pressure to influence when, and whether, such rights-of-way or permits are granted. This interference could impact future pipeline development, which could interfere with or block expansion or development projects and could have a material adverse effect on our business, financial condition, results of operations and our ability to make cash distributions to our unitholders.

Our business may suffer due to a change in the composition of our Board of Directors, the departure of any of our key senior executives or other key employees who provide services to us, or if certain of our executive officers, who also allocate time to our general partner and its affiliates, do not have enough time to dedicate to our business. Furthermore, a shortage of skilled labor or disruptions in the labor force that provides services to us may make it difficult for us to maintain labor productivity.

Our future performance depends to a significant degree upon the continued contributions of HLS's Board of Directors, key senior executives and key senior employees who provide services to us. Also, our business depends on the continuing ability to recruit, train and retain highly qualified employees in all areas of our operations, including accounting, business operations, finance and other key back-office and mid-office personnel. The competition for these employees is intense, and the loss of these executives or employees could harm our business. If any of these executives or other key personnel resign or become unable to continue in their present roles and are not adequately replaced, our business operations could be materially adversely affected. We do not currently maintain "key person" life insurance for any executives. Furthermore, our operations require skilled and experienced laborers with proficiency in multiple tasks. A shortage of trained workers due to retirements or otherwise or an increase in labor costs as a result of inflation or otherwise could have an adverse impact on productivity and costs, which could adversely affect our operations.

Our general partner shares officers and administrative personnel with HF Sinclair to operate both our business and HF Sinclair's business. These officers face conflicts regarding the allocation of their and other employees' time, which may affect adversely our results of operations, cash flows and financial condition.

A portion of HF Sinclair's employees that are seconded to us from time to time are represented by labor unions under collective bargaining agreements with various expiration dates. HF Sinclair may not be able to renegotiate the collective bargaining agreements when they expire on satisfactory terms or at all. A failure to do so may increase our costs. In addition, existing labor agreements may not prevent a future strike or work stoppage, and any work stoppage could negatively affect our results of operations and financial condition.

Terrorist attacks, and the threat of terrorist attacks or vandalism, have resulted in increased costs to our business. Global hostilities may adversely impact our results of operations.

The long-term impact of (and threat of future) terrorist attacks and vandalism, on the energy transportation industry in general, and on us in particular, is unknown. Any attack on our facilities, those of our customers and, in some cases, those of other pipelines could have a material adverse effect on our business. Increased security measures taken by us as a precaution against possible terrorist attacks or vandalism have resulted in increased costs to our business.

The U.S. government has issued public warnings that indicate that pipelines and other assets might be specific targets of terrorist organizations. These potential targets might include our pipeline systems or operating systems and may affect our ability to operate or control our pipeline assets or our operations could be disrupted. The occurrence of one of these events could cause a substantial decrease in revenues, increased costs to respond or other financial loss, damage to reputation, increased regulation or litigation and or inaccurate information reported from our operations. These developments may subject our operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could have a material adverse effect on our business, results of operations and financial condition.

Uncertainty surrounding global hostilities or other sustained military campaigns, and the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror, may affect our operations in unpredictable ways, including disruptions of crude oil supplies and markets for refined products or instability in the financial markets that could restrict our ability to raise capital.

In addition, changes in the insurance markets attributable to terrorist attacks, vandalism, or cyberattacks or extortion could make certain types of insurance more difficult for us to obtain. Moreover, the insurance that may be available to us may be significantly more expensive than our existing insurance coverage. Instability in the financial markets as a result of terrorism, cyberattacks, vandalism or war could also affect our ability to raise capital, including our ability to repay or refinance debt.

We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of products we distribute to meet certain quality specifications. In addition, we could be required to make substantial expenditures in the event of any changes in product quality specifications.

A significant portion of our operating responsibility on refined product pipelines is to manage the quality and purity of the products loaded at our loading racks. If our quality control measures fail, off-specification product could be sent out to public gasoline stations. This type of incident could result in liability claims regarding damages caused by the off-specification fuel or could impact our ability to retain existing customers or to acquire new customers, any of which could have a material adverse impact on our results of operations and cash flows.

In addition, various federal, state and local agencies have the authority to prescribe specific product quality specifications of refined products. Changes in product quality specifications or blending requirements could reduce our throughput volume, require us to incur additional handling costs or require capital expenditures. For example, different product specifications for different markets impact the fungibility of the products in our system and could require the construction of additional storage. If we are unable to recover these costs through increased revenues, our cash flows and ability to pay cash distributions could be adversely affected. In addition, changes in the product quality of the products we receive on our petroleum products pipeline system could reduce or eliminate our ability to blend products.

We may not be able to retain existing customers or acquire new customers.

The renewal or replacement of existing contracts with our customers at rates sufficient to maintain current revenues and cash flows depends on a number of factors outside our control, including competition from other pipelines and the demand for refined products in the markets that we serve.

We own certain of our systems through joint ventures, and our control of such systems is limited by provisions of the agreements we have entered into with our joint venture partners and by our percentage ownership in such joint ventures.

Certain of our systems are operated by joint venture entities for which we do not serve as the operator, or in which we do not have an ownership stake that permits us to control the business activities of the entity. We have limited ability to influence the business decisions of such joint venture entities.

Because we have partial ownership in the joint ventures, we may be unable to control the amount of cash we will need for capital projects or will receive from the operation and could be required to contribute significant cash to fund our share of their projects and operations, which could adversely affect our ability to distribute cash to our unitholders.

An impairment of our long-lived assets or goodwill could reduce our earnings or negatively impact our financial condition and results of operations.

An impairment of our long-lived assets or goodwill could reduce our earnings or negatively impact our results of operations and financial condition. We continually monitor our business, the business environment and the performance of our operations to determine if an event has occurred that indicates that a long-lived asset or goodwill may be impaired. If a triggering event occurs, which is a determination that involves judgment, we may be required to utilize cash flow projections to assess our ability to recover the carrying value based on the ability to generate future cash flows. We may also conduct impairment testing based on both the guideline public company and guideline transaction methods. Our long-lived assets and goodwill impairment analyses are sensitive to changes in key assumptions used in our analysis, estimates of future tariff rates, forecasted throughput levels, operating costs and capital expenditures. If the assumptions used in our analysis are not realized, it is possible a material impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any additional impairments of long-lived assets or goodwill in the future.

Growing our business by constructing new pipelines and terminals, or expanding existing ones, subjects us to construction risks.

One of the ways we may grow our business is through the construction of new pipelines and terminals or the expansion of existing ones. The construction of a new pipeline or the expansion of an existing pipeline, by adding horsepower or pump stations or by adding a second pipeline along an existing pipeline, involves numerous regulatory, environmental, political, and legal uncertainties, most of which are beyond our control. For example, the Biden Administration temporarily suspended the grant of certain authorizations for oil and gas activities on federal lands, although the order did not affect existing authorizations. Pipeline construction projects requiring federal approvals are generally subject to environmental review requirements under the National Environmental Policy Act ("NEPA"), and must also comply with other natural resource review requirements imposed pursuant to the Endangered Species Act and the National Historic Preservation Act. In April 2022, the Biden Administration revised NEPA's implementing regulations, and now requires NEPA reviews to incorporate consideration of indirect and cumulative impacts of a proposed project, including the effects of climate change and greenhouse gas emissions. These revisions marked the end of the first phase of a two part review being undertaken by the Council on Environmental Quality (the "CEQ"), and thus additional changes to the NEPA rules may be forthcoming, though we cannot predict the substance or form of such revisions. Moreover, for over 35 years, the U.S. Army Corps of Engineers ("Corps") has authorized construction, maintenance, and repair of pipelines under a streamlined nationwide permit program under the federal Clean Water Act ("CWA") known as Nationwide Permit 12 ("NWP 12") program. From time to time, environmental groups have challenged the use of NWP 12 for oil and gas pipeline projects. In April 2020, the U.S. District Court for the District of Montana determined that NWP 12 failed to comply with consultation requirements under the federal Endangered Species Act, vacated NWP 12, and enjoined the issuance of new authorizations for oil and gas pipeline projects under NWP 12, though the district court's order was subsequently limited on appeal. In January 2021, the Corps published a reissuance of NWP 12, but this permit is similarly being challenged in federal court on the same grounds that were litigated in the April 2020 case. More recently, in May 2022 the Corps announced it was beginning a formal review of NWP 12. The outcome of litigation involving the Biden Administration's Social Cost of Carbon ("SCC") metric may also impact future regulatory decision-making with respect to our construction and development. In May 2022, the Fifth Circuit stayed a lower court's order blocking the Biden Administration's use of an interim SCC value while the government's appeal remains in progress. While the full extent and impact of these recent developments is unclear at this time, we could face significant delays and financial costs if we must obtain individual permit coverage from the Corps for our projects or satisfy more stringent environmental conditions or reviews. These projects may not be completed on schedule (or at all) or at the budgeted cost. In addition, our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if we build a new pipeline, the construction will occur over an extended period of time and we will not receive any material increases in revenues until after completion of the project.

Moreover, we may construct facilities to capture anticipated future growth in demand for refined products in a region in which such growth does not materialize. As a result, new facilities may not be able to attract enough throughput to achieve our expected investment return, which could adversely affect our earnings, results of operations and financial condition.

RISKS RELATED TO GOVERNMENT REGULATION

Our operations are subject to evolving federal, state and local laws, regulations and permit/authorization requirements regarding our business, capital projects and environmental protection, health, operational safety and product quality. Potential liabilities arising from these laws, regulations and requirements could affect our operations and have a material adverse effect on our business.

Our pipelines and terminal, tankage and loading rack operations are subject to increasingly stringent federal, state, and local laws, regulations and oversight regarding, among other things, the generation, storage, handling, use, transportation and distribution of petroleum and hazardous materials by pipeline, truck, rail, ship and barge, the emission and discharge of materials into the environment, waste management, the characteristics and composition of gasoline and diesel fuels, and other matters otherwise relating to the protection of human health and the environment and natural resources, including climate change.

Environmental laws and regulations have raised operating costs for the oil and refined products industry, and compliance with such laws and regulations may cause us, the HF Sinclair refineries, and other refineries that we support to incur potentially material expenditures associated with the construction, maintenance, and upgrading of equipment and facilities. Future environmental, health and safety requirements (or changed interpretations of existing requirements), may impose new and/or more stringent requirements on our assets and operations and require us to incur potentially material expenditures to comply. Failure to comply with any applicable laws, regulations, and requirements of regulatory authorities could subject us to substantial penalties and fines.

Our operations require numerous authorizations and permits under various laws and regulations, including environmental and worker health and safety laws and regulations. These authorizations and permits are subject to revocation, renewal, modification, or third-party challenge, and can require operational changes that may involve significant costs to limit impacts or potential impacts on the environment and/or worker health and safety. For example, on January 23, 2020, the EPA, in conjunction with the Corps, issued a final rule regarding the definition of "waters of the United States," which became effective June 22, 2020 and narrowed the regulatory reach of the CWA regulations relative to a prior 2015 rulemaking. However, that rule was vacated by one court in 2021, and the Biden Administration subsequently announced a proposed rule that would generally reinstate with modifications the pre-2015 definition of “waters of the United States.” The proposed rule was finalized on January 18, 2023, and will become effective March 20, 2023. This new rule expands CWA jurisdiction relative to the June 2020 rule and will likely be subject to further litigation. This increase in scope could result in increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas. A violation of authorization or permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations and injunctions prohibiting our operations. In addition, major modifications of our operations could require modifications to our existing permits or expensive upgrades to our existing pollution control equipment that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may also be required to address conditions that require environmental response actions or remediation. The transportation and storage of refined products produces a risk that refined products and other hydrocarbons may be suddenly or gradually released into the environment, potentially causing substantial expenditures for a response action, significant government penalties, liability to government agencies for natural resources damages, personal injury or property damages to private parties and significant business interruption. Further, we own or lease a number of properties that have been used to store or distribute refined products for many years. Many of these properties have also been operated by third parties whose handling, disposal, or release of hydrocarbons and other wastes were not under our control. Environmental laws can impose strict, joint and several liability for releases of oil and hazardous substances into the environment, and we could be held liable for past releases caused by third parties. If we were to incur a significant liability pursuant to environmental laws or regulations, it could have a material adverse effect on us.

Our operations are also subject to various laws and regulations relating to occupational health and safety, including chemical accident prevention. We maintain safety, training and maintenance programs as part of our ongoing efforts to comply with applicable laws and regulations but cannot guarantee that these efforts will always be successful. Compliance with applicable health and safety laws and regulations has required and continues to require substantial expenditures. Failure to appropriately manage occupational health and safety risks associated with our business could also adversely impact our employees, communities, reputation and results of operations.

We may incur significant costs and liabilities resulting from performance of pipeline integrity programs and related repairs.

We are regulated under federal pipeline safety statutes by DOT through the Pipeline and Hazardous Materials Safety Administration (“PHMSA”). PHMSA sets and enforces pipeline safety regulations. Failure to comply with PHMSA or comparable state pipeline safety regulations could result in a number of consequences which may have a materially adverse effect on our operations. PHMSA’s enforcement authority includes the ability to assess civil penalties for violations of pipeline safety regulations, issue orders directing compliance, and issue orders directing corrective action to abate hazardous conditions. Among other things, pipeline safety laws and regulations require pipeline operators to develop integrity management programs, including more frequent inspections and other measures for pipelines located in “high consequence areas,” which are areas where a release could have the most significant adverse consequences, including certain population areas, certain drinking water sources and unusually sensitive ecological areas. These regulations require operators of covered pipelines to perform a variety of heightened assessment, analysis, prevention and repair activities on the segments of pipe located within high consequence areas. Routine assessments under the integrity management program may result in findings that require repairs or other actions.

Moreover, changes to pipeline safety laws by Congress and regulations by PHMSA or states that result in more stringent or costly pipeline integrity management or safety standards could possibly have a substantial effect on us and similarly situated midstream operators. In December 2020, Congress passed the PIPES Act, some elements of which could affect our operations. Further, PHMSA adopted new regulations related to Valve Installation and Minimum Rupture Detection Standards, which became effective on October 5, 2022. These regulations expand PHMSA's regulation of the safety of hazardous liquid pipelines by establishing certain new procedural and notification requirements for managing rupture events, and requiring the installation of rupture-mitigation valves on new or certain replaced pipelines. This final rule may result in additional capital and operations and maintenance costs in the coming years. Additionally, where PHMSA has not pursued any legal requirements, state agencies, to the extent authorized, could enact regulatory standards for certain pipelines.

Rate regulation, changes to rate-making rules, or a successful challenge to the rates we charge on our pipeline systems may reduce our revenues and the amount of cash we generate.

For a general overview of federal and state regulations applicable to our pipeline assets, see “Overview – Governmental Regulation” included within Part I, Items 1 and 2 “Business and Properties” of this annual report. The federal and state regulations that apply to our pipeline assets can affect certain aspects of our business and the market for our products and can have a material adverse effect on our financial position, results of operations and cash flows.

The FERC, pursuant to the ICA and the rules and orders promulgated thereunder, regulates the tariff rates and terms and conditions of service on our interstate liquids pipelines. To be lawful under the ICA, tariff rates and terms and conditions of service must be on file at FERC, just and reasonable, and not unduly discriminatory. Shippers may protest (and the FERC may investigate) the lawfulness of new or changed tariff rates. The FERC can suspend those tariff rates for up to seven months. It can also require refunds of amounts collected (including interest) pursuant to rates that are ultimately found to be unlawful and prescribe new rates prospectively. The FERC and interested parties can also challenge tariff rates and provisions that have become final and effective. The FERC can also order new rates to take effect prospectively and order reparations (plus interest) for past rates that exceed the just and reasonable level up to two years prior to the date of a complaint.

The FERC uses prescribed rate methodologies for approving regulated tariff rate changes for interstate liquids pipelines. These methodologies may limit our ability to set rates based on our actual costs or may delay the use of rates reflecting increased costs. We believe the transportation rates currently charged by our interstate liquids pipelines are in accordance with the ICA and applicable FERC regulations. However, due to the complexity of rate making, the lawfulness of any rate is never assured. Adverse decisions by the FERC related to our rates could adversely affect our revenue, financial position, results of operations, and cash flows. In addition, if any of our pipelines were found to have provided services or otherwise operated in violation of the ICA, this could result in the imposition of administrative and criminal remedies and civil penalties, as well as a requirement to disgorge charges collected for such services in excess of the rate established by the FERC. Any of the foregoing could adversely affect revenues and cash flow related to the affected assets.

The intrastate liquids and natural gas pipeline transportation services we provide are subject to various state laws and regulations that apply to the rates we charge and the terms and conditions of the services we offer. These state commissions have generally not been aggressive in regulating common carrier pipelines and generally have not investigated the rates or practices of petroleum pipelines in the absence of shipper complaints. However, a state regulatory commission could investigate our rates if such a challenge were filed and any adverse decisions could adversely affect our revenue, financial position, results of operations, and cash flows.

There are various risks associated with greenhouse gases, climate change legislation or regulations, and increasing societal expectations that companies address climate change that could result in increased operating costs, reduced demand for our services and reduced access to capital markets.

Climate change continues to attract considerable attention in the United States. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of greenhouse gases. These efforts have included consideration of cap-and-trade programs, carbon taxes, climate-related disclosure obligations, and regulations that directly limit greenhouse gas emissions from certain sources. While it presently appears unlikely that comprehensive climate change legislation will be passed by Congress in the near future, energy legislation and other regulatory initiatives are expected to be proposed that may be relevant to greenhouse gas emissions issues. Moreover, in 2021, President Biden issued several executive orders that committed to substantial action on climate change and released “The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050,” which establishes a roadmap to net zero emissions in the United States by 2050 through, among other things, improving energy efficiency, decarbonizing energy sources via electricity, hydrogen, and sustainable biofuels, eliminating subsidies provided to the fossil fuel industry, and increased emphasis on climate-related risk across governmental agencies and economic sectors. As a result, our operations, and those of our customers, are subject to a series of regulatory, political, litigation, and financial risks associated with the transport of fossil fuels and emission of greenhouse gases.

The EPA has adopted rules that, among other things, establish construction and operating permit reviews for greenhouse gas emissions from certain large stationary sources, require the monitoring and annual reporting of greenhouse gas emissions from certain petroleum and natural gas sources in the United States or require control or reduction of emissions of greenhouse gases, including methane, from such sources. In 2021, the EPA announced its intent to reconsider and revise rules related to the oil and gas sector (primarily oil production and natural gas production, distribution, and storage) to further reduce greenhouse gas emissions, and on December 6, 2022, the EPA proposed a supplement that would revise and expand the 2021 proposal. Separately, the Bureau of Land Management ("BLM") has also proposed rules to limit venting, flaring, and methane leaks for oil and gas operations on federal lands, which could in turn adversely impact production of oil and gas on federal lands and reduce demand for the services we provide in those areas. More recently, in January 2023, the CEQ released updated guidance for agency consideration of greenhouse gas emissions and climate change impacts in environmental reviews, which includes, among other recommendations, best practices for analyzing and communicating climate change effects. In addition, the EPA, together with the DOT, implemented greenhouse gas emission and corporate average fuel economy standards for vehicles manufactured in the United States, which standards were revised in December 2021 to impose more stringent requirements for emissions reductions. President Biden also reinstated the Interagency Working Group on the Social Cost of Greenhouse Gases in 2021 and directed the group to publish interim estimates of the social cost of carbon dioxide, nitrous oxide, and methane, with a view to using such estimates in federal rulemakings greenhouse gases, which it did. In November 2022, the EPA published a draft report assigning new and higher social cost values to greenhouse gas emissions for use in its rulemaking initiatives. These and other federal efforts to reduce greenhouse gas emissions from the transportation sector could increase our operating costs or reduce demand for our customers' products.

In March 2022, the SEC issued proposed rules that, if adopted, would require public companies to include certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks, climate-related financial statement metrics, and greenhouse gas emissions. In November 2022, the Biden Administration issued a proposed rule that would require government contractors to publicly disclose their greenhouse gas emissions and set emissions reduction targets, which could affect us if we enter into contractual and business arrangements with government contractors.

Internationally, the United Nations-sponsored Paris Agreement requires member nations to submit non-binding, individually determined emissions reduction goals every five years after 2020. In 2021, the United States rejoined the Paris Agreement and issued its corresponding "nationally determined contribution" ("NDC") to reduce economy-wide net greenhouse gas emissions 50-52% below 2005 levels by 2030. While the NDC does not identify specific actions necessary to achieve these reductions, it lists several sectors as pathways for reductions, including the power, transportation, building, industrial, and agricultural sectors. The administration has acknowledged that a combination of regulatory actions and legislation will be necessary to achieve the U.S. NDC. In regards to legislation, in November 2021 the United States enacted a nearly $1 trillion bipartisan infrastructure law, which provided significant funding for electric vehicles and clean energy technologies, and in August 2022 the United States enacted the Inflation Reduction Act of 2022, which allocated $369 billion to climate change and environmental initiatives, including transportation electrification, fees on and greater regulation of methane emissions, and support for green energy manufacturing programs. Certain of these initiatives are subject to ongoing litigation, and the impacts of these international initiatives and the terms of any legislation or regulation to implement the United States' commitment under the Paris Agreement remain unclear at this time.

Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as greenhouse gas cap and trade programs, carbon taxes, reporting and tracking programs, restriction of emissions, electric vehicle mandates and combustion engine phaseouts. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the crude oil and refined products that we deliver.

Increasing societal expectations that companies address climate change, including international, federal, state and local rules and regulations relating to climate change driven by such societal expectations, and use of substitutes for energy commodities may result in increased costs, reduced demand for our customers' products and our services, reduced profits, increased investigations and litigation, diversion of financial resources from other initiatives and negative impacts on our unit price and access to capital markets. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed on us without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. In addition, certain capital markets participants, including certain institutional investors and indices, have been divesting and promoting divestment of or screening out of fossil fuel equities, which could have a negative impact on our unit price and our access to and costs of capital. There is also the possibility that financial institutions may be pressured or required to adopt policies that limit funding for fossil fuel energy companies. For example, in January 2023 the Federal Reserve published instructions for its pilot climate scenario analysis exercise, which the six largest American banks are required to complete by July 31, 2023. Any material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for exploration, development, production, transportation, and processing activities, which could adversely impact our business and operations.

Finally, increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, rising sea levels and other climatic events, as well as chronic shifts in temperature and precipitation patterns. These climatic developments have the potential to cause physical damage to our assets or those of our customers or disrupt our supply chains and thus could have an adverse effect on our operations or demand for our services. Additionally, changing meteorological conditions, particularly temperature, may result in changes to the amount, timing, or location of demand for energy or its production.

Increasing attention to environmental, social and governance ("ESG") matters may adversely impact our business, financial results, stock price or price of debt securities.

In recent years the investment community, including investment advisors, sovereign wealth funds, pension funds, universities, financial institutions, including institutional banks, lenders, and insurance companies, and other groups have become more attentive to ESG and sustainability related practices and have been lobbied intensively, and often publicly, by environmental activists concerned about climate change to limit or curtail activities with fossil fuel energy companies. There has also been an increase in third-party providers of company ESG ratings, and more ESG-focused voting policies among proxy advisory firms, portfolio managers, and institutional investors. As a result, some investors, funds, financial institutions and other capital markets participants may screen companies such as ours for ESG performance before investing in our common stock or debt securities, or lending to us or have imposed restrictions upon or otherwise limited lending to, investing in, or providing insurance coverage for, companies that operate in industries with higher perceived environmental exposure, such as the energy industry. If we are unable to meet the ESG standards or investment, lending, ratings, or voting criteria and policies set by these parties, we may lose investors, investors may allocate a portion of their capital away from us, we may become a target for ESG-focused activism, we may face increased costs of or limitations on access to capital or insurance necessary to sustain or grow our business, the price of our common stock or debt securities may be adversely impacted, demand for our services and refined petroleum products may be adversely impacted, and our reputation may be adversely affected, all of which could adversely impact our future financial results.

Members of the investment community are also increasing their focus on ESG practices and disclosures, including those related to climate change, GHG emissions targets, business resilience under the assumptions of demand-constrained scenarios, and net-zero ambitions in the energy industry in particular, as well as diversity, equality, and inclusion initiatives, political activities, and governance standards among companies more generally. As a result, we may face increasing pressure or negative publicity regarding our ESG practices and disclosures and demands for ESG-focused engagement from investors, stakeholders, and other interested parties. This could result in higher costs, disruption and diversion of management attention, an increased strain on our resources, and the implementation of certain ESG practices or disclosures that may present a heightened level of legal and regulatory risk, or that threaten our credibility with other investors and stakeholders.

RISKS RELATED TO CYBERSECURITY, DATA SECURITY AND PRIVACY, INFORMATION TECHNOLOGY AND INTELLECTUAL PROPERTY

Our business is subject to information technology and cybersecurity risks to operational systems, security systems, infrastructure, and customer data processed by us, third-party vendors or suppliers, and any material failure, weakness, interruption, cyber event, including an incident or breach of security, could prevent us or third parties we rely on from effectively operating our business, harm our reputation or materially adversely affect our business, results of operations or financial condition.

Our business is dependent upon increasingly complex information technology systems and other digital technologies for controlling our plants and pipelines, processing transactions and summarizing and reporting results of operations. The secure collection, processing, maintenance, storage and transmission of information is critical to our operations. We are at risk for interruptions, outages and breaches of operational systems, including business, financial, accounting, data or processing, owned by us or our third-party vendors or suppliers; or third-party data that we process or our third-party partners process on our behalf. Such cyber incidents could materially disrupt or shut down operational systems; result in loss of, access to, or copying or transfer of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees, suppliers, drivers or others; and jeopardize the security of our facilities. We monitor our information technology systems on a 24/7 basis in an effort to detect cyberattacks, security breaches or unauthorized access. Preventative and detective measures we utilize include independent cybersecurity audits and penetration tests. We implemented these efforts along with other risk mitigation procedures designed to detect and address unauthorized and damaging activity on our network, stay abreast of the increasing cybersecurity threat landscape and improve our cybersecurity posture, but such efforts will require updates and improvements and there is no guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. Any implementation, maintenance, segregation and improvement of our systems may require significant management time, support and cost and may not be effective or adequate.

A cyber incident could be caused by disasters, insiders (through inadvertence or with malicious intent) or malicious third parties (including nation-states or nation-state supported actors) using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception that are generally beyond our control despite our implementation of protective measures. While there have been immaterial incidents of unauthorized access to our information technology systems, we have not experienced any material impact on our business or operations from these attacks. In addition, information technology system failures, communications network disruptions (whether intentional by a third party or due to natural disaster), and security breaches could still impact equipment and software used to control plants and pipelines, resulting in improper operation of our assets, potentially including delays in the delivery or availability of our customers' products, contamination or degradation of the products we transport, store or distribute, or releases of hydrocarbon products and other damage to our facilities for which we could be held liable. These information technology system failures, communications network disruptions, and security breaches could also cause us to breach our contractual arrangements with other parties, or subject us to regulatory actions or litigation.

Furthermore, we collect and store sensitive data in the ordinary course of our business, including personally identifiable information of our employees as well as our proprietary business information and that of our customers, suppliers, investors and other stakeholders. We also work with third-party partners that may in the course of their business relationship with us collect, store, process and transmit sensitive data on our behalf and in connection with our products and services offerings. Despite our security measures, ours or our third-party partners' information technology systems may become the target of cyberattacks or security breaches (including employee error, malfeasance or other intentional or unintentional breaches), which are generally beyond our control, which could result in the theft or loss of the stored information, misappropriation of assets, disruption of transactions and reporting functions, our ability to protect confidential information and our financial reporting. Our efforts to improve security and protect data may result in increased capital and operating costs to modify, upgrade or enhance our security measures to protect against such cyber-attacks and we may face difficulties in fully anticipating or implementing adequate security measures or mitigating potential harm. Moreover, as technologies evolve and cyberattacks become increasingly sophisticated, we may not be able to anticipate, detect or prevent cyberattacks or security breaches, particularly because the methodologies used by attackers change frequently or may not be recognized until after such attack is launched, and because attackers are increasingly using technologies specifically designed to circumvent cybersecurity measures and avoid detection. Even with insurance coverage for cyberattacks, data breaches or unauthorized access of our or a third-party partner's information technology systems, a claim could be denied or coverage delayed. Moreover, it is increasingly difficult to buy sufficient cyber insurance coverages as the insurance market has been limiting both liability under cyber policies and the issuance of said policies, generally. A cyberattack or security breach could result in liability under data privacy laws, regulatory penalties, damage to our reputation, or additional costs for remediation and modification or enhancement of our information systems to prevent future occurrences, all of which could have a material and adverse effect on our business, financial condition, results of operations or cash flows.

We may be subject to information technology system failures, communications network disruptions and data breaches that are generally beyond our control.

We depend on the efficient and uninterrupted operation of third-party hardware and software systems and infrastructure, including our operating, communications and financial reporting systems. We have implemented safeguards and other preventative measures designed to protect our systems and data, however, our information technology systems and communications network, and those of our information technology and communication service providers, remain vulnerable to interruption by natural disasters, power loss, telecommunications failure, terrorist attacks, vandalism, Internet failures, computer malware, ransomware, cyberattacks, data breaches and other events unforeseen or generally beyond our control. Additionally, the implementation of social distancing measures and other limitations on our employees, service providers and other third parties in response to the COVID-19 pandemic have necessitated in certain cases to switching to remote work arrangements on less secure systems and environments. The increase in companies and individuals working remotely has increased the risk of cyberattacks and potential cybersecurity incidents, both deliberate attacks and unintentional events. Any of these events could cause system interruptions, delays, and loss of critical data, and could prevent us from operating, which could make our business and services less attractive and subject us to liability. Any of these events could damage our reputation and be expensive to remedy.

In addition, information technology system failures, network disruptions (whether intentional by a third party or due to natural disaster), breaches of network or data security, or disruption or failure of the network system used to monitor and control pipeline and terminal operations could disrupt our operations by impeding our processing of transactions, our ability to protect customer or company information and our financial reporting. Although we have taken steps to address these concerns by implementing sophisticated network security and internal control measures, a system failure or data security breach could have a material adverse effect on our financial condition, results of operations or cash flows.

Our business is subject to complex and evolving laws, regulations and security standards regarding data privacy, cybersecurity and data protection ("data protection obligations"). Many of these data protection obligations are subject to change and uncertain interpretation, any real or perceived failure to comply with such obligations and could result in

claims, changes to our business practices, monetary penalties, increased cost of operations or other harm to our business.

The constantly evolving regulatory and legislative environment surrounding data privacy and protection poses increasingly complex compliance challenges, and complying with such data protection obligations could increase the costs and complexity of compliance and enforcement risks. While we do not collect significant amounts of personal information from consumers, we do have personal information from our employees, job applicants and some business partners, such as contractors and distributors. Any failure, whether real or perceived, by us to comply with applicable data privacy and protection obligations could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business. Our compliance with emerging data privacy/security laws, as well as any associated inquiries or investigations or any other government actions related to these laws, may increase our operating costs or subject us to legal and reputational risks, including significant awards, fines, civil or criminal penalties or judgments, proceedings or litigation by governmental agencies or customers, class action privacy litigation in certain jurisdictions and negative publicity.

In the second quarter of 2021, the Department of Homeland Security's Transportation Security Administration ("TSA") announced two new security directives. These directives require critical pipeline owners to comply with mandatory reporting measures, including, among other things, to appoint personnel, report confirmed and potential cybersecurity incidents to the DHS Cybersecurity and Infrastructure Security Agency ("CISA") and provide vulnerability assessments. As legislation continues to develop and cyber incidents continue to evolve, we may be required to expend significant additional resources to respond to cyberattacks, to continue to modify or enhance our protective measures, or to detect, assess, investigate and remediate any critical infrastructure security vulnerabilities and report any cyber incidents to the applicable regulatory authorities. Any failure to maintain compliance with these evolving government regulations may result in enforcement actions which may then result in significant time, support and cost and have a material adverse effect on our business and operations.

RISKS RELATED TO LIQUIDITY, FINANCIAL INSTRUMENTS AND CREDIT

Increases in interest rates could adversely affect our business.

We use both fixed and variable rate debt, and we are exposed to market risk due to the floating interest rates on our credit facility. In addition, interest rates on future debt offerings could be higher, causing our financing costs to increase accordingly. Our results of operations, cash flows and financial position could be adversely affected by significant increases in interest rates.

Our leverage may limit our ability to borrow additional funds, comply with the terms of our indebtedness or capitalize on business opportunities.

As of December 31, 2022, the principal amount of our total outstanding debt was $1,556 million. On February 4, 2020, we closed a private placement of $500 million 5.0% senior notes due 2028 (the "5% Senior Notes") and on April 8, 2022, we closed a private placement of $400 million 6.375% senior notes due 2027 (the "6.375% Senior Notes, " and together with the 5% Senior Notes, the "Senior Notes"). Various limitations in our Credit Agreement and the indenture for our Senior Notes may reduce our ability to incur additional debt, to engage in some transactions and to capitalize on business opportunities. Any subsequent refinancing of our current indebtedness or any new indebtedness could have similar or greater restrictions.

Our leverage could have important consequences. We require substantial cash flow to meet our payment obligations with respect to our indebtedness. Our ability to make scheduled payments, to refinance our indebtedness or our ability to obtain additional financing in the future will depend on our financial and operating performance, which, in turn, is subject to then-current economic conditions and to financial, business, competitive, regulatory and other factors. We believe that we will have sufficient cash flow from operations and available borrowings under our Credit Agreement to service our indebtedness. However, a significant downturn in our business or other development adversely affecting our cash flow could materially impair our ability to service our indebtedness. We cannot guarantee that we would be able to refinance our existing indebtedness at maturity or otherwise or sell assets on terms that are commercially reasonable.

The instruments governing our debt contain restrictive covenants that may prevent us from engaging in certain transactions. The agreements governing our debt generally require us to comply with various affirmative and negative covenants including the maintenance of certain financial ratios and restrictions on incurring additional debt, entering into mergers, consolidations and sales of assets, making investments and granting liens. Our leverage may adversely affect our ability to fund future working capital, capital expenditures and other general partnership requirements, future acquisitions, construction or development activities, or to otherwise realize fully the value of our assets and opportunities because of the need to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness or to comply with any restrictive terms of our indebtedness. Our leverage also may make our results of operations more susceptible to adverse economic and industry conditions by limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and may place us at a competitive disadvantage as compared to our competitors that have less debt.

We may not be able to obtain funding on acceptable terms or at all because of volatility and uncertainty in the credit and capital markets. This may hinder or prevent us from meeting our future capital needs.

The domestic and global financial markets and economic conditions are disrupted and volatile from time to time due to a variety of factors, including low consumer confidence, high unemployment, geoeconomic and geopolitical issues, including U.S. government shutdowns, weak economic conditions and uncertainty in the financial services sector. In addition, the fixed-income markets have experienced periods of extreme volatility, which negatively impacted market liquidity conditions. As a result, the cost of raising money in the debt and equity capital markets has increased substantially at times while the availability of funds from these markets diminished significantly. In particular, as a result of concerns about the stability of financial markets generally and the solvency of lending counterparties specifically, the cost of obtaining money from the credit markets may increase as many lenders and institutional investors increase interest rates, enact tighter lending standards, refuse to refinance existing debt on similar terms or at all and reduce, or in some cases cease, to provide funding to borrowers. In addition, lending counterparties under existing revolving credit facilities and other debt instruments may be unwilling or unable to meet their funding obligations.

Due to these factors, we cannot be certain that new debt or equity financing will be available on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to:

- continue our business as currently structured and/or conducted;
- meet our obligations as they come due;
- execute our growth strategy;
- complete future acquisitions or construction projects;
- take advantage of other business opportunities; or
- respond to competitive pressures.

Any of the above could have a material adverse effect on our revenues and results of operations.

If we are unable to generate sufficient cash flow, our ability to pay quarterly distributions to our common unitholders at current levels or to increase our quarterly distributions in the future could be impaired materially.

Our ability to pay quarterly distributions depends primarily on cash flow (including cash flow from operations, financial reserves and credit facilities) and not solely on profitability, which is affected by non-cash items. As a result, we may pay cash distributions during periods of losses and may be unable to pay cash distributions during periods of income. Our ability to generate sufficient cash from operations is largely dependent on our ability to manage our business successfully which may also be affected by economic, financial, competitive, regulatory, and other factors that are beyond our control. Because the cash we generate from operations will fluctuate from quarter to quarter, quarterly distributions may also fluctuate from quarter to quarter.

We are exposed to the credit risks and certain other risks, of our or our joint ventures' key customers, vendors, and other counterparties.

We are subject to risks of loss resulting from nonpayment or nonperformance by our or our joint ventures' customers, vendors or other counterparties. We and our joint ventures derive a significant portion of our revenues from contracts with key customers, particularly HF Sinclair, under its pipelines and terminals, tankage, tolling and throughput agreements. To the extent that our or our joint ventures' customers are unable to meet the specifications of their customers, we would be adversely affected unless we were able to make comparably profitable arrangements with other customers.

Mergers among our existing customers could provide strong economic incentives for the combined entities to use systems other than ours, and we could experience difficulty in replacing lost volumes and revenues. Because a significant portion of our operating costs are fixed, a reduction in volumes would result not only in a reduction of revenues, but also a decline in net income and cash flow of a similar magnitude, which would reduce our ability to meet our financial obligations and make distributions to unitholders.

If any of our or our joint ventures' key customers default on their obligations, our financial results could be adversely affected. Furthermore, some of our or our joint ventures' customers may be highly leveraged and subject to their own operating and regulatory risks. In addition, nonperformance by vendors who have committed to provide us with products or services could result in higher costs or interfere with our ability to successfully conduct our business.

Any substantial increase in the nonpayment and/or nonperformance by our or our joint ventures' customers or vendors could have a material adverse effect on our results of operations and cash flows.

In addition, in connection with the acquisition of certain of our assets, we have entered into agreements pursuant to which various counterparties, including HF Sinclair, have agreed to indemnify us, subject to certain limitations, for:

- certain pre-closing environmental liabilities discovered within specified time periods after the date of the applicable acquisition;
- certain matters arising from the pre-closing ownership and operation of assets; and
- ongoing remediation related to the assets.

Our business, results of operation, cash flows and our ability to make cash distributions to our unitholders could be adversely affected in the future if third parties fail to satisfy an indemnification obligation owed to us.

Adverse changes in our and/or our general partner's credit ratings and risk profile may negatively affect us.

Our ability to access capital markets is important to our ability to operate our business. Regional and national economic conditions, increased scrutiny of the energy industry and regulatory changes, as well as changes in our economic performance, could result in credit agencies reexamining our credit rating.

We are in compliance with all covenants or other requirements set forth in our Credit Agreement. Further, we do not have any rating downgrade triggers that would automatically accelerate the maturity dates of any debt.

While credit ratings reflect the opinions of the credit agencies issuing such ratings and may not necessarily reflect actual performance, a downgrade in our credit rating could affect adversely our ability to borrow on, renew existing, or obtain access to new financing arrangements, could increase the cost of such financing arrangements, could reduce our level of capital expenditures and could impact our future earnings and cash flows.

The credit and business risk profiles of our general partner, and of HF Sinclair as the indirect owner of our general partner, may be factors in credit evaluations of us as a master limited partnership due to the significant influence of our general partner and its indirect ownership over our business activities, including our cash distribution policy, acquisition strategy and business risk profile. Another factor that may be considered is the financial condition of our general partner and its owners, including the degree of their financial leverage and their dependence on cash flow from the partnership to service their indebtedness.

RISKS TO COMMON UNITHOLDERS

HF Sinclair and its affiliates may have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests.

Currently, HF Sinclair and certain of its subsidiaries collectively own a 47% limited partner interest and a non-economic general partner interest in us and controls HLS, the general partner of our general partner, HEP Logistics. Conflicts of interest may arise between HF Sinclair and its affiliates, including our general partner, on the one hand, and us, on the other hand. As a result of these conflicts, the general partner may favor its own interests and the interests of its other affiliates over our interests. These conflicts include, among others, the following situations:

- HF Sinclair, as a shipper on our pipelines, has an economic incentive not to cause us to seek higher tariff rates or terminalling fees, even if such higher rates or terminalling fees would reflect rates that could be obtained in arm's -length, third-party transactions;
- HF Sinclair's directors and officers have a fiduciary duty to make business decisions in the best interests of the stockholders of HF Sinclair;
- our general partner is allowed to take into account the interests of parties other than us, such as HF Sinclair, in resolving conflicts of interest;
- our partnership agreement provides for modified or reduced fiduciary duties for our general partner, and also restricts the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;
- our general partner determines which costs incurred by HF Sinclair and its affiliates are reimbursable by us;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;
- our general partner may, in some circumstances, cause us to borrow funds to make cash distributions, even where the purpose or effect of the borrowing benefits our general partner or affiliates;
- our general partner determines the amount and timing of our asset purchases and sales, capital expenditures and borrowings, each of which can affect the amount of cash available to us; and
- our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates, including the pipelines and terminals agreement with HF Sinclair.

Cost reimbursements, which will be determined by our general partner, and fees due to our general partner and its affiliates for services provided, are substantial.

Under our Omnibus Agreement, we are obligated to pay HF Sinclair an administrative fee of currently $5.0 million per year for the provision by HF Sinclair or its affiliates of various general and administrative services for our benefit. The administrative fee is subject to an annual upward adjustment for changes in PPI. In addition, we are required to reimburse HF Sinclair pursuant to the secondment arrangement for the wages, benefits, and other costs of HF Sinclair employees seconded to HLS to perform services at certain of our processing, refining, pipeline and tankage assets. We can neither provide assurance that HF Sinclair will continue to provide us the officers and employees that are necessary for the conduct of our business nor that such provision will be on terms that are acceptable to us. If HF Sinclair fails to provide us with adequate personnel, our operations could be adversely impacted.

The administrative fee and secondment allocations are subject to annual review and may increase if we make an acquisition that requires an increase in the level of general and administrative services that we receive from HF Sinclair or its affiliates. For example, in connection with the HEP Transaction, we paid HF Sinclair a temporary monthly fee of $62,500 through November 30, 2022 relating to transition services provided to us by HF Sinclair. Our general partner will determine the amount of general and administrative expenses that will be allocated to us in accordance with the terms of our partnership agreement. In addition, our general partner and its affiliates are entitled to reimbursement for all other expenses they incur on our behalf, including the salaries of and the cost of employee benefits for employees of HLS who provide services to us.

Prior to making any distribution on the common units, we will reimburse our general partner and its affiliates, including officers and directors of the general partner, for all expenses incurred on our behalf, plus the administrative fee. The reimbursement of expenses and the payment of fees could adversely affect our ability to make distributions. The general partner has sole discretion to determine the amount of these expenses. Our general partner and its affiliates also may provide us other services for which we are charged fees as determined by our general partner.

Increases in interest rates could adversely impact our unit price and our ability to issue additional equity to make acquisitions, fund expansion capital expenditures, or for other purposes.

As with other yield-oriented securities, our unit price is impacted by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank related yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our units and a rising interest rate environment could have an adverse impact on our unit price and our ability to issue additional equity to make acquisitions, fund expansion capital expenditures or for other purposes. If we then issue additional equity at a significantly lower price, material dilution to our existing unitholders could result.

Even if unitholders are dissatisfied, they cannot remove our general partner without its consent.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders did not elect our general partner or the board of directors of HLS and have no right to do so on an annual or other continuing basis. The board of directors of HLS is chosen by the sole member of HLS. If unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. As a result of these limitations, the price at which the common units trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

The vote of the holders of at least 66 2/3% of all outstanding units voting together as a single class is required to remove the general partner. Unitholders will be unable to remove the general partner without its consent because the general partner and its affiliates own sufficient units to prevent its removal. Unitholders' voting rights are further restricted by the partnership agreement provision providing that any units held by a person that owns 20% or more of any class of units then outstanding (other than the general partner, its affiliates, their transferees, and persons who acquired such units with the prior approval of the board of directors of the general partner's general partner) cannot vote on any matter; however, no such person currently exists. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings, acquire information about our operations, and influence the manner or direction of management.

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, our partnership agreement does not restrict the ability of the partners of our general partner from transferring their respective partnership interests in our general partner to a third party. The new partners of our general partner would then be in a position to replace the board of directors and officers of the general partner of our general partner with their own choices and to control the decisions made by the board of directors and officers.

We may issue additional limited partner units without unitholder approval, which would dilute an existing unitholder's ownership interests.

Under our partnership agreement, provided there is no significant decrease in our operating performance, we may issue an unlimited number of limited partner interests of any type without the approval of our unitholders, and HEP currently has a shelf registration on file with the SEC pursuant to which it may issue up to $2.0 billion in additional common units. On May 10, 2016, HEP established a continuous offering program under the shelf registration statement pursuant to which HEP may issue and sell common units from time to time, representing limited partner interests, up to an aggregate gross sales amount of $200 million. As of December 31, 2022, HEP has issued 2.4 million units under this program for gross consideration of $82.3 million. No units were issued under the program during the year ended December 31, 2022.

The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

Our partnership agreement does not give our unitholders the right to approve our issuance of equity securities ranking junior to the common units at any time.

In establishing cash reserves, our general partner may reduce the amount of cash available for distribution to unitholders.

Our partnership agreement requires us to distribute all available cash to our unitholders; however, it also requires our general partner to deduct from operating surplus cash reserves that it establishes are necessary to fund our future operating expenditures. In addition, our partnership agreement permits our general partner to reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party, or to provide funds for future distributions to partners. These cash reserves will affect the amount of cash available to make the required payments to our debt holders or distributions on our common units every quarter.

HF Sinclair and its affiliates may engage in limited competition with us.

HF Sinclair and its affiliates may engage in limited competition with us. Pursuant to the Omnibus Agreement, HF Sinclair and its affiliates agreed not to engage in the business of operating intermediate or refined product pipelines or terminals, crude oil pipelines or terminals, truck racks or crude oil gathering systems in the continental United States. The Omnibus Agreement, however, does not apply to:

- any business operated by HF Sinclair or any of its subsidiaries at the closing of our initial public offering;
- any business or asset that HF Sinclair or any of its subsidiaries acquires or constructs that has a fair market value or construction cost of less than $5 million; and
- any business or asset that HF Sinclair or any of its subsidiaries acquires or constructs that has a fair market value or construction cost of $5 million or more if we have been offered the opportunity to purchase the business or asset at fair market value, and we decline to do so.

In the event that HF Sinclair or its affiliates no longer control our partnership or there is a change of control of HF Sinclair, the non-competition provisions of the Omnibus Agreement will terminate.

Our general partner has a limited call right that may require a unitholder to sell its common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of the common units (which it does not presently), our general partner will have the right (which it may assign to any of its affiliates or to us) but not the obligation to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, a holder of common units may be required to sell its units at a time or price that is undesirable to it and may not receive any return on its investment. A common unitholder may also incur a tax liability upon a sale of its units.

A unitholder may not have limited liability if a court finds that unitholder actions constitute control of our business or that we have not complied with state partnership law.

Under Delaware law, a unitholder could be held liable for our obligations to the same extent as a general partner if a court determined that the right of unitholders to remove our general partner or to take other action under our partnership agreement constituted participation in the "control" of our business. Our general partner generally has unlimited liability for our obligations, such as our debts and environmental liabilities, except for those contractual obligations that are expressly made without recourse to our general partner.

In addition, Section 17-607 and 17-804 of the Delaware Revised Uniform Limited Partnership Act provides that under some circumstances, a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution.

Further, we conduct business in a number of states. In some of those states the limitations on the liability of limited partners for the obligations of a limited partnership have not been clearly established. The unitholders might be held liable for the partnership's obligations as if they were a general partner if a court or government agency determined that we were conducting business in the state but had not complied with the state's partnership statute.

HF Sinclair and our other significant unitholders may sell our common units in the public or private markets, and such sales could have an adverse impact on the trading price of our common units. Additionally, HF Sinclair may pledge or hypothecate its common units or its interest in us.

As of February 15, 2023, HF Sinclair held 59,630,030 of our common units and REH Company, our next largest unitholder, held 21,000,000 of our common units, which is approximately 47% and 16.6% of our outstanding common units, respectively. The sale of these common units (or the perception that these sales may occur) in the public or private markets by HF Sinclair or REH Company could have an adverse impact on the trading price of our common units. Additionally, we agreed to provide both HF Sinclair and REH Company registration rights with respect to our common units that they hold. HF Sinclair may pledge or hypothecate its common units, and such pledge or hypothecation may include terms and conditions that might result in an adverse impact on the trading price of our common units.

TAX RISKS TO COMMON UNITHOLDERS

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes and not being subject to a material amount of entity-level taxation by individual states. If the IRS were to treat us as a corporation for U.S. federal income tax purposes or if we were to become subject to additional amounts of entity-level taxation for federal or state tax purposes, our cash available for distribution to our unitholders could be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based upon our current operations and current Treasury Regulations, we believe we satisfy the qualifying income requirement. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate. Distributions to unitholders would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to unitholders would be substantially reduced. Therefore, our treatment as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to unitholders, likely causing a substantial reduction in the value of our common units.

At the entity level, if we were subject to U.S. federal income tax, we would also be subject to the income tax provisions of many states. Moreover, states are evaluating ways to independently subject partnerships to entity-level taxation through the imposition of state income taxes, franchise taxes and other forms of taxation. For example, we are required to pay Texas margin tax on any income apportioned to Texas, despite our status as a partnership. Imposition of any additional such taxes or an increase in the existing tax rates could reduce the cash available for distributions to our unitholders. Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships or an investment in our common units may be modified by administrative, legislative or judicial changes and differing interpretations at any time. Members of Congress have frequently proposed and considered similar substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate our ability to qualify for partnership tax treatment.

In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department's interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership in the future, which could also negatively impact the value of an investment in our common units. Any modification to the U.S. federal income tax laws and interpretations thereof may be applied retroactively and could make it more difficult or impossible for us to meet the qualifying income requirement to be treated as a partnership for U.S. federal income tax purposes. We are unable to predict whether any changes or proposals will ultimately be enacted. You are urged to consult with your own tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on your investment in our common units.

If the IRS contests the U.S. federal income tax positions we take, the market for our common units may be adversely impacted, and the cost of any IRS contest will reduce our cash available for distribution to our unitholders.

The IRS may adopt positions that differ from the positions we have taken or may take on tax matters. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take, and a court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, the costs of any contest with the IRS would be borne indirectly by our unitholders and general partner because the costs will reduce our cash available for distribution.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced, and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on their behalf.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. Under our partnership agreement, our general partner is permitted to make elections under these rules to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each affected current and former unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our affected current and former unitholders take such audit adjustment into account and pay any resulting taxes (including any applicable penalties and interest) in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties or interest, our cash available for distribution to our unitholders might be substantially reduced, and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on their behalf. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

Even if unitholders do not receive any cash distributions from us, they will be required to pay taxes on their share of our taxable income.

Unitholders will be required to pay U.S. federal income taxes and, in some cases, state and local income taxes, on their share of our taxable income, whether or not they receive cash distributions from us. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, unitholders may be allocated taxable income and gain resulting from the sale and our cash available for distribution would not increase. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due from the unitholder with respect to that income.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If a unitholder disposes of common units, it will recognize gain or loss equal to the difference between the amount realized and its tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income result in a decrease of the unitholder's tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the units sold will, in effect, become taxable income to the unitholder if it sells such units at a price greater than its tax basis in those units, even if the price the unitholder receives is less than its original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if unitholders sell their units, they may incur a tax liability in excess of the amount of cash they receive from the sale.

A substantial portion of the amount realized from the sale of a unitholder's common units, whether or not representing gain, may be taxed as ordinary income to the unitholder due to potential recapture items, including depreciation recapture. Thus, the unitholder may recognize both ordinary income and capital loss from the sale of such units if the amount realized on a sale of such units is less than the unitholder's adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $3,000 of ordinary income per year. In the taxable period in which the unitholder sells its units, the unitholder may recognize ordinary income from our allocations of income and gain to the unitholder prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

We are generally entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, our deduction for “business interest” is limited to the sum of our business interest income and 30% of our “adjusted taxable income.” For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income.

If our business interest is subject to limitation under these rules, it could result in an increase in the taxable income allocable to a unitholder for such taxable year without any corresponding increase in the cash available for distribution to such unitholder.

Tax-exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs) raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Tax-exempt entities should consult a tax advisor before investing in our common units.

Non-U.S. unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.

Non-U.S. unitholders are generally taxed and subject to U.S. income tax filing requirements on income effectively connected with a U.S. trade or business (“effectively connected income”). Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be effectively connected with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate, and a non-U.S. unitholder who sells or otherwise disposes of a unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit. In addition to the withholding tax imposed on distributions of effectively connected income, distributions to a non-U.S. unitholder will also be subject to a 10% withholding tax on the amount of any distribution in excess of our cumulative net income. As we do not compute our cumulative net income for such purposes due to the complexity of the calculation and lack of clarity in how it would apply to us, we intend to treat all of our distributions as being in excess of our cumulative net income for such purposes and subject to such 10% withholding tax. Accordingly, distributions to a non-U.S. unitholder will be subject to a combined withholding tax rate equal to the sum of the highest applicable effective tax rate and 10%.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the “amount realized” by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner’s amount realized generally includes any decrease of a partner’s share of the partnership’s liabilities, the Treasury Regulations provide that the amount realized on a transfer of an interest in a publicly traded partnership, such as our common units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner’s share of a publicly traded partnership’s liabilities. For a transfer of interests in a publicly traded partnership that is effected through a broker on or after January 1, 2023, the obligation to withhold is imposed on the transferor’s broker. Current and prospective foreign unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

We treat each purchaser of common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from unitholders' sale of common units and could have a negative impact on the value of our common units or result in audit adjustments.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month (the “Allocation Date”) instead of on the date a particular unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose units are the subject of a securities loan (e.g., a loan to a “short seller” to cover a short sale of units) may be considered as having disposed of those units. If so, it would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequences of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered as having disposed of the loaned units. In that case, such unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

Unitholders likely will be subject to state and local taxes and return filing requirements in jurisdictions where they do not live as a result of investing in our common units.

In addition to U.S. federal income tax, unitholders likely will be subject to other taxes, such as state and local income taxes, unincorporated business taxes and estate, inheritance, or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future. Unitholders likely will be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions, even if they do not live in these jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. We currently own property and conduct business in multiple states. Many of these states currently impose a personal income tax on individuals. As we make acquisitions or expand our business, we may own assets or conduct business in additional states that impose a personal income tax. Unitholders should consult with their own tax advisors regarding the filing of such tax returns, the payment of such taxes, and the deductibility of any taxes paid.

Item 1B. Unresolved Staff Comments

We do not have any unresolved SEC staff comments.

Item 3. Legal Proceedings

In the ordinary course of business, we may become party to legal, regulatory or administrative proceedings or governmental investigations, including environmental and other matters. Damages or penalties may be sought from us in some matters and certain matters may require years to resolve. While the outcome and impact of these proceedings and investigations on us cannot be predicted with certainty, based on advice of counsel, management believes that the resolution of these proceedings and investigations, through settlement or adverse judgment, will not, either individually or in the aggregate, have a material adverse effect on our financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Units, Related Unitholder Matters and Issuer Purchases of Common Units

Our common limited partner units are traded on the New York Stock Exchange under the symbol "HEP."

As of February 15, 2023, we had approximately 16,748 common unitholders, including beneficial owners of common units held in street name.

We consider regular cash distributions to unitholders on a quarterly basis, although there is no assurance as to future cash distributions since they are dependent upon future earnings, cash flows, capital requirements, financial condition and other factors. See "Liquidity and Capital Resources" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of conditions and limitations prohibiting distributions under the Credit Agreement and indentures relating to our senior notes.

Common Unit Repurchases Made in the Quarter

The following table discloses purchases of our common units made by us or on our behalf for the periods shown below:

Period	Total Number of Units Purchased	Average Price Paid Per Unit	Total Number of Units Purchased as Part of Publicly Announced Plan or Program	Maximum Number of Units that May Yet be Purchased Under a Publicly Announced Plan or Program
October 2022	—	$ —	—	$ —
November 2022	72,831	$ 19.12	—	$ —
December 2022	22,409	$ 18.71	—	$ —
Total for October to December 2022	95,240		—	

The units reported represent (a) purchases of 72,831 common units in the open market for delivery to the recipients of our phantom unit and performance unit awards under our Long-Term Incentive Plan at the time of grant or settlement, as applicable; and (b) the delivery of 22,409 common units (which units were previously issued to certain officers and other employees pursuant to phantom unit awards at the time of grant or settlement, as applicable) by such officers and employees to provide funds for the payment of payroll and income taxes due at vesting in the case of officers and employees who did not elect to satisfy such taxes by other means.

Item 6. [Reserved]

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

This Item 7, including but not limited to the sections under “Results of Operations” and “Liquidity and Capital Resources,” contains forward-looking statements. See “Forward-Looking Statements” at the beginning of Part I and Item 1A. “Risk Factors.” In this document, the words “we,” “our,” “ours” and “us” refer to Holly Energy Partners, L.P. (“HEP”) and its consolidated subsidiaries or to HEP or an individual subsidiary and not to any other person.

References herein to HEP with respect to time periods prior to March 14, 2022, include HEP and its consolidated subsidiaries and do not include Sinclair Transportation Company LLC (“Sinclair Transportation”) and its consolidated subsidiaries (collectively, the “HEP Acquired Sinclair Businesses”). References herein to HEP with respect to time periods from and after March 14, 2022 include the operations of the HEP Acquired Sinclair Businesses.

References herein to HF Sinclair Corporation (“HF Sinclair”) with respect to time periods prior to March 14, 2022 refer to HollyFrontier Corporation (“HFC”) and its consolidated subsidiaries and do not include Hippo Holding LLC (now known as Sinclair Holding LLC), Sinclair Transportation or their respective consolidated subsidiaries (collectively, the “HFS Acquired Sinclair Businesses”). References herein to HF Sinclair with respect to time periods from and after March 14, 2022 refer to HF Sinclair and its consolidated subsidiaries, which include the operations of the combined business operations of HFC and the HFS Acquired Sinclair Businesses.

OVERVIEW

HEP, together with its consolidated subsidiaries, is a publicly held master limited partnership. On March 14, 2022 (the “Closing Date”), HFC and HEP announced the establishment of HF Sinclair, as the new parent holding company of HFC and HEP and their subsidiaries, and the completion of their respective acquisitions of Sinclair Oil Corporation (now known as Sinclair Oil LLC ("Sinclair Oil")) and Sinclair Transportation from REH Company (formerly known as The Sinclair Companies, and referred to herein as “REH Company”). On the Closing Date, HF Sinclair completed its acquisition of Sinclair Oil by effecting (a) a holding company merger with HFC surviving such merger as a direct wholly owned subsidiary of HF Sinclair (the “HFC Merger”), and (b) immediately following the HFC Merger, a contribution whereby REH Company contributed all of the equity interests of Hippo Holding LLC (now known as Sinclair Holding LLC), the parent company of Sinclair Oil (the “Target Company”), to HF Sinclair in exchange for shares of HF Sinclair, resulting in the Target Company becoming a direct wholly owned subsidiary of HF Sinclair (together with the HFC Merger, the “HFC Transactions”).

As of December 31, 2022, HF Sinclair and its subsidiaries owned a 47% limited partner interest and the non-economic general partner interest in HEP.

Additionally, on the Closing Date and immediately prior to consummation of the HFC Transactions, HEP acquired all of the outstanding equity interests of Sinclair Transportation from REH Company in exchange for 21 million newly issued common limited partner units of HEP (the “HEP Units”), representing 16.6% of the pro forma outstanding HEP Units with a value of approximately $349 million based on HEP’s fully diluted common limited partner units outstanding and closing unit price on March 11, 2022, and cash consideration equal to $329.0 million, inclusive of final working capital adjustments for an aggregate transaction value of $678.0 million (the “HEP Transaction” and together with the HFC Transactions, the “Sinclair Transactions”). The cash consideration was funded through a draw under HEP’s senior secured revolving credit facility. The HEP Transaction was conditioned on the closing of the HFC Transactions, which occurred immediately following the HEP Transaction.

Sinclair Transportation, together with its subsidiaries, owned REH Company’s integrated crude and refined products pipelines and terminal assets, including approximately 1,200 miles of integrated crude and refined product pipeline supporting the REH Company refineries and other third-party refineries, eight product terminals and two crude terminals with approximately 4.5 million barrels of operated storage. In addition, HEP acquired Sinclair Transportation’s interests in three pipeline joint ventures for crude gathering and product offtake including: Saddle Butte Pipeline III, LLC (25.06% non-operated interest); Pioneer Investments Corp. (49.995% non-operated interest); and UNEV Pipeline, LLC ("UNEV") (the 25% non-operated interest not already owned by HEP, resulting in UNEV becoming a wholly owned subsidiary of HEP).

See Notes 1 and 2 of Notes to Consolidated Financial Statements included in “Item 8. Financial Statements” for additional information regarding the acquisitions.

Through our subsidiaries and joint ventures, we own and/or operate petroleum product and crude oil pipelines, terminal, tankage and loading rack facilities and refinery processing units that support the refining and marketing operations of HF Sinclair and other refineries in the Mid-Continent, Southwest and Northwest regions of the United States. HEP, through its subsidiaries and joint ventures, owns and/or operates petroleum product and crude pipelines, tankage and terminals in Colorado, Idaho, Iowa, Kansas, Missouri, Nevada, New Mexico, Oklahoma, Texas, Utah, Washington and Wyoming as well as refinery processing units in Utah and Kansas.

We generate revenues by charging tariffs for transporting petroleum products and crude oil through our pipelines, by charging fees for terminalling and storing refined products and other hydrocarbons, providing other services at our storage tanks and terminals and charging a tolling fee per barrel or thousand standard cubic feet of feedstock throughput in our refinery processing units. We do not take ownership of products that we transport, terminal, store or process, and therefore, we are not directly exposed to changes in commodity prices.

We believe the long-term global refined product demand and U.S. crude production should support high utilization rates for the refineries we serve, which in turn should support volumes in our product pipelines, crude gathering systems and terminals.

Market Developments

Our results for the year ended December 31, 2022 were favorably impacted by global demand for transportation fuels, lubricants and transportation and terminal services having returned to pre-pandemic levels. We expect our customers will continue to adjust refinery production levels commensurate with market demand. The extent to which HEP’s future results are affected by the COVID-19 pandemic or volatile regional and global economic conditions will depend on various factors and consequences beyond our control. However, we have long-term customer contracts with minimum volume commitments, which have expiration dates from 2023 to 2037. These minimum volume commitments accounted for approximately 70% of our total tariffs and fees billed to customers for both the years ended December 31, 2022 and 2021. We are currently not aware of any reasons that would prevent such customers from making the minimum payments required under the contracts or potentially making payments in excess of the minimum payments. In addition to these payments, we also expect to collect payments for services provided to uncommitted shippers.

Investment in Joint Venture

On October 2, 2019, HEP Cushing LLC (“HEP Cushing”), a wholly owned subsidiary of HEP, and Plains Marketing, L.P., a wholly owned subsidiary of Plains All American Pipeline, L.P. (“Plains”), formed a 50/50 joint venture, Cushing Connect Pipeline & Terminal LLC (the “Cushing Connect Joint Venture”), for (i) the development, construction, ownership and operation of a new 160,000 barrel per day common carrier crude oil pipeline (the “Cushing Connect Pipeline”) that connected the Cushing, Oklahoma crude oil hub to the Tulsa, Oklahoma refining complex owned by a subsidiary of HF Sinclair and (ii) the ownership and operation of 1.5 million barrels of crude oil storage in Cushing, Oklahoma (the “Cushing Connect JV Terminal”). The Cushing Connect JV Terminal went in service during the second quarter of 2020, and the Cushing Connect Pipeline was placed into service at the end of the third quarter of 2021. Long-term commercial agreements have been entered into to support the Cushing Connect Joint Venture assets.

The Cushing Connect Joint Venture contracted with an affiliate of HEP to manage the construction and operation of the Cushing Connect Pipeline and with an affiliate of Plains to manage the operation of the Cushing Connect JV Terminal. The total Cushing Connect Joint Venture investment was generally shared equally among the partners. However, we were solely responsible for any Cushing Connect Pipeline construction costs that exceeded the budget by more than 10%. HEP's share of the cost of the Cushing Connect JV Terminal contributed by Plains and Cushing Connect Pipeline construction costs was approximately $74 million, including approximately $5 million of Cushing Connect Pipeline construction costs that exceeded the budget by more than 10% borne solely by HEP.

Agreements with HF Sinclair

We serve HF Sinclair's refineries under long-term pipeline, terminal, tankage and refinery processing unit throughput agreements expiring from 2023 to 2037. Under these agreements, HF Sinclair agrees to transport, store, and process throughput volumes of refined product, crude oil and feedstocks on our pipelines, terminal, tankage, loading rack facilities and refinery processing units that result in minimum annual payments to us. These minimum annual payments or revenues are subject to annual rate adjustments on July 1st each year based on the PPI or the FERC index. On December 17, 2020, FERC established a new price index for the five-year period commencing July 1, 2021 and ending June 30, 2026, in which common carriers charging indexed rates are permitted to adjust their indexed ceilings annually by Producer Price Index plus 0.78%. FERC received requests for rehearing of its December 17, 2020 order, and on January 20, 2022, FERC revised the index level used to determine annual changes to interstate oil pipeline rate ceilings to Producer Price Index minus 0.21%. The order required the recalculation of the July 1, 2021 index ceilings to be effective as of March 1, 2022. As of December 31, 2022, these agreements with HF Sinclair required minimum annualized payments to us of $453 million.

If HF Sinclair fails to meet its minimum volume commitments under the agreements in any quarter, it will be required to pay us the amount of any shortfall in cash by the last day of the month following the end of the quarter. Under certain of the agreements, a shortfall payment may be applied as a credit in the following four quarters after minimum obligations are met.

A significant reduction in revenues under the HF Sinclair agreements could have a material adverse effect on our results of operations.

On June 1, 2020, HFC announced plans to permanently cease petroleum refining operations at its Cheyenne refinery (the "Cheyenne Refinery") and to convert certain assets at that refinery to renewable diesel production. HFC subsequently began winding down petroleum refining operations at the Cheyenne Refinery on August 3, 2020.

On February 8, 2021, HEP and HFC finalized and executed new agreements for HEP's Cheyenne assets with the following terms, in each case effective January 1, 2021: (1) a ten-year lease with two five-year renewal option periods for HFC's (and now HF Sinclair's) use of certain HEP tank and rack assets in the Cheyenne Refinery to facilitate renewable diesel production with an annual lease payment of approximately $5 million, (2) a five-year contango service fee arrangement that will utilize HEP tank assets inside the Cheyenne Refinery where HFC (and now HF Sinclair) will pay a base tariff to HEP for available crude oil storage and HFC (and now HF Sinclair) and HEP will split any profits generated on crude oil contango opportunities and (3) HFC paid a $10 million one-time cash payment to HEP for the termination of the existing minimum volume commitment.

Under certain provisions of an omnibus agreement that we have with HF Sinclair ("Omnibus Agreement"), we pay HF Sinclair an annual administrative fee, currently $5.0 million for the provision by HF Sinclair or its affiliates of various general and administrative services to us. In connection with the HEP Transaction, we paid HF Sinclair a temporary monthly fee of $62,500 through November 30, 2022, relating to transition services provided to HEP by HF Sinclair. Neither the annual administrative fee nor the temporary fee includes the salaries of personnel employed by HF Sinclair who perform services for us on behalf of HLS or the cost of their employee benefits, which are separately charged to us by HF Sinclair. We also reimburse HF Sinclair and its affiliates for direct expenses they incur on our behalf.

Under HLS's Secondment Agreement with HF Sinclair, certain employees of HF Sinclair are seconded to HLS to provide operational and maintenance services for certain of our processing, refining, pipeline and tankage assets, and HLS reimburses HF Sinclair for its prorated portion of the wages, benefits, and other costs of these employees for our benefit.

We have a long-term strategic relationship with HFC (and now HF Sinclair) that has historically facilitated our growth. Our future growth plans include organic projects around our existing assets and select investments or acquisitions that enhance our service platform while creating accretion for our unitholders. While in the near term, any acquisitions would be subject to economic conditions discussed in "Overview - Market Developments" above, we also expect over the longer term to continue to work with HF Sinclair on logistic asset acquisitions in conjunction with HF Sinclair's refinery acquisition strategies. See "Overview" above for a discussion of the Sinclair Transactions.

Furthermore, as demonstrated by the HEP Transaction, we plan to continue to pursue third-party logistic asset acquisitions that are accretive to our unitholders and increase the diversity of our revenues.

A more detailed discussion of our financial condition at December 31, 2022 and 2021 and operating results for the years ended December 31, 2022, 2021 and 2020 is presented in the following sections.

RESULTS OF OPERATIONS (Unaudited)

Income, Distributable Cash Flow and Volumes

The following tables present income, distributable cash flow and volume information for the years ended December 31, 2022, 2021 and 2020.

	Years Ended December 31, 2022	Years Ended December 31, 2021	Change from 2021
	(In thousands, except per unit data)		
Revenues			
Pipelines:			
Affiliates—refined product pipelines	$ 84,535	$ 69,351	$ 15,184
Affiliates—intermediate pipelines	32,192	30,101	2,091
Affiliates—crude pipelines	84,026	77,768	6,258
	200,753	177,220	23,533
Third parties—refined product pipelines	28,709	38,064	(9,355)
Third parties—crude pipelines	55,989	47,826	8,163
	285,451	263,110	22,341
Terminals, tanks and loading racks:			
Affiliates	143,310	124,511	18,799
Third parties	24,502	17,756	6,746
	167,812	142,267	25,545
Affiliates—refinery processing units	94,217	89,118	5,099
Total revenues	547,480	494,495	52,985
Operating costs and expenses			
Operations (exclusive of depreciation and amortization)	210,623	170,524	40,099
Depreciation and amortization	99,092	93,800	5,292
General and administrative	17,003	12,637	4,366
Goodwill impairment	—	11,034	(11,034)
	326,718	287,995	38,723
Operating income	220,762	206,500	14,262
Other income (expense):			
Equity in earnings (losses) of equity method investments	(260)	12,432	(12,692)
Interest expense, including amortization	(82,560)	(53,818)	(28,742)
Interest income	91,406	29,925	61,481
Gain on sales-type leases	—	24,677	(24,677)
Gain on sale of assets and other	668	6,179	(5,511)
	9,254	19,395	(10,141)
Income before income taxes	230,016	225,895	4,121
State income tax expense	(111)	(32)	(79)
Net income	229,905	225,863	4,042
Allocation of net income attributable to noncontrolling interests	(13,122)	(10,917)	(2,205)
Net income attributable to the partners	$ 216,783	$ 214,946	$ 1,837
Limited partners' earnings per unit—basic and diluted	$ 1.77	$ 2.03	$ (0.26)
Weighted average limited partners' units outstanding	122,298	105,440	16,858
EBITDA [1]	$ 307,140	$ 332,671	$ (25,531)
Adjusted EBITDA [1]	$ 415,332	$ 339,203	$ 76,129
Distributable cash flow [2]	$ 307,489	$ 269,805	$ 37,684
Volumes (bpd)			
Pipelines:			
Affiliates—refined product pipelines	143,303	108,767	34,536
Affiliates—intermediate pipelines	129,295	125,225	4,070
Affiliates—crude pipelines	456,797	279,514	177,283
	729,395	513,506	215,889
Third parties—refined product pipelines	38,000	49,356	(11,356)
Third parties—crude pipelines	144,478	129,084	15,394
	911,873	691,946	219,927
Terminals and loading racks:			
Affiliates	560,038	391,698	168,340
Third parties	38,211	51,184	(12,973)
	598,249	442,882	155,367
Affiliates—refinery processing units	70,222	69,628	594
Total for pipelines, terminals and refinery processing unit assets (bpd)	1,580,344	1,204,456	375,888

	Years Ended December 31, 2021	Years Ended December 31, 2020	Change from 2020
	(In thousands, except per unit data)		
Revenues			
Pipelines:			
Affiliates—refined product pipelines	$ 69,351	$ 73,571	$ (4,220)
Affiliates—intermediate pipelines	30,101	30,023	78
Affiliates—crude pipelines	77,768	80,026	(2,258)
	177,220	183,620	(6,400)
Third parties—refined product pipelines	38,064	43,371	(5,307)
Third parties—crude pipelines	47,826	38,843	8,983
	263,110	265,834	(2,724)
Terminals, tanks and loading racks:			
Affiliates	124,511	135,867	(11,356)
Third parties	17,756	15,825	1,931
	142,267	151,692	(9,425)
Affiliates—refinery processing units	89,118	80,322	8,796
Total revenues	494,495	497,848	(3,353)
Operating costs and expenses			
Operations (exclusive of depreciation and amortization)	170,524	147,692	22,832
Depreciation and amortization	93,800	99,578	(5,778)
General and administrative	12,637	9,989	2,648
Goodwill impairment	11,034	35,653	(24,619)
	287,995	292,912	(4,917)
Operating income	206,500	204,936	1,564
Other income (expense):			
Equity in earnings of equity method investments	12,432	6,647	5,785
Interest expense, including amortization	(53,818)	(59,424)	5,606
Interest income	29,925	10,621	19,304
Loss on early extinguishment of debt	—	(25,915)	25,915
Gain on sales-type leases	24,677	33,834	(9,157)
Gain on sale of assets and other	6,179	8,691	(2,512)
	19,395	(25,546)	44,941
Income before income taxes	225,895	179,390	46,505
State income tax expense	(32)	(167)	135
Net income	225,863	179,223	46,640
Allocation of net income attributable to noncontrolling interests	(10,917)	(8,740)	(2,177)
Net income attributable to the partners	$ 214,946	$ 170,483	$ 44,463
Limited partners' earnings per unit—basic and diluted	$ 2.03	$ 1.61	$ 0.42
Weighted average limited partners' units outstanding	105,440	105,440	—
EBITDA (1)	$ 332,671	$ 319,031	$ 13,640
Adjusted EBITDA (1)	$ 339,203	$ 345,978	$ (6,775)
Distributable cash flow (2)	$ 269,805	$ 283,057	$ (13,252)
Volumes (bpd)			
Pipelines:			
Affiliates—refined product pipelines	108,767	115,827	(7,060)
Affiliates—intermediate pipelines	125,225	137,053	(11,828)
Affiliates—crude pipelines	279,514	277,025	2,489
	513,506	529,905	(16,399)
Third parties—refined product pipelines	49,356	45,685	3,671
Third parties—crude pipelines	129,084	110,691	18,393
	691,946	686,281	5,665
Terminals and loading racks:			
Affiliates	391,698	393,300	(1,602)
Third parties	51,184	48,909	2,275
	442,882	442,209	673
Affiliates—refinery processing units	69,628	61,416	8,212
Total for pipelines, terminals and refinery processing unit assets (bpd)	1,204,456	1,189,906	14,550

(1) Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net income attributable to the partners plus or minus (i) interest expense, (ii) interest income, (iii) state income tax expense and (iv) depreciation and amortization. Adjusted EBITDA is calculated as EBITDA plus (i) loss on early extinguishment of debt, (ii) goodwill impairment, (iii) our share of Osage environmental remediation costs, net of insurance recoveries, included in equity in earnings of equity method investments, (iv) acquisition integration and regulatory costs, (v) tariffs and fees not included in revenues due to impacts from lease accounting for certain tariffs and fees minus (vi) gain on sales-type leases, (vii) gain on significant asset sales, (viii) HEP's pro-rata share of gain on business interruption settlement and (ix) pipeline lease payments not included in operating costs and expenses. Portions of our minimum guaranteed tariffs for assets subject to sales-type lease accounting are recorded as interest income with the remaining amounts recorded as a reduction in net investment in leases. Similarly, certain pipeline lease payments were previously recorded as operating costs and expenses, but the underlying lease was reclassified from an operating lease to a financing lease, and these payments are now recorded as interest expense and reductions in the lease liability. EBITDA and Adjusted EBITDA are not calculations based upon generally accepted accounting principles ("GAAP"). However, the amounts included in the EBITDA and Adjusted EBITDA calculations are derived from amounts included in our consolidated financial statements. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income attributable to the partners or operating income, as indications of our operating performance or as alternatives to operating cash flow as a measure of liquidity. EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures of other companies. EBITDA and Adjusted EBITDA are presented here because they are widely used financial indicators used by investors and analysts to measure performance. EBITDA and Adjusted EBITDA are also used by our management for internal analysis and as a basis for compliance with financial covenants.

(2) Distributable cash flow is not a calculation based upon GAAP. However, the amounts included in the calculation are derived from amounts presented in our consolidated financial statements, with the general exception of maintenance capital expenditures. Distributable cash flow should not be considered in isolation or 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. Distributable cash flow is not necessarily comparable to similarly titled measures of other companies. Distributable cash flow is presented here because it is a widely accepted financial indicator used by investors to compare partnership performance. It is also used by management for internal analysis and for our performance units. We believe that this measure provides investors an enhanced perspective of the operating performance of our assets and the cash our business is generating.

	Years Ended December 31,		
	2022	**2021**	**2020**
		(In thousands)	
Net income attributable to the partners	$ 216,783	$ 214,946	$ 170,483
Add (subtract):			
Interest expense	82,560	53,818	59,424
Interest income	(91,406)	(29,925)	(10,621)
State income tax expense	111	32	167
Depreciation and amortization	99,092	93,800	99,578
EBITDA	307,140	332,671	319,031
Loss on early extinguishment of debt	—	—	25,915
Gain on sales-type lease	—	(24,677)	(33,834)
Gain on significant asset sales	—	(5,263)	—
Goodwill impairment	—	11,034	35,653
HEP's pro-rata share of gain on business interruption insurance settlement	—	—	(6,079)
Share of Osage environmental remediation costs, net of insurance recoveries	17,594	—	—
Acquisition integration and regulatory costs	2,431	—	—
Tariffs and fees not included in revenues	94,592	31,863	11,717
Lease payments not included in operating costs	(6,425)	(6,425)	(6,425)
Adjusted EBITDA	$ 415,332	$ 339,203	$ 345,978

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Net income attributable to the partners	$ 216,783	$ 214,946	$ 170,483
Add (subtract):			
Depreciation and amortization	99,092	93,800	99,578
Amortization of discount and deferred debt charges	3,929	3,757	3,319
Loss on early extinguishment of debt	—	—	25,915
Customer billings greater (less) than net income recognized	1,167	3,355	(743)
Maintenance capital expenditures (3)	(19,982)	(15,293)	(8,643)
Increase (decrease) in environmental liability	5,375	(661)	(1,020)
Share of remaining Osage insurance coverage estimated to be received	9,500	—	—
Decrease in reimbursable deferred revenue	(13,828)	(13,494)	(12,175)
Gain on sales-type lease	—	(24,677)	(33,834)
Gain on significant asset sales	—	(5,263)	—
Goodwill impairment	—	11,034	35,653
Other	5,453	2,301	4,524
Distributable cash flow	$ 307,489	$ 269,805	$ 283,057

(3) Maintenance capital expenditures are capital expenditures made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of our assets and to extend their useful lives. Maintenance capital expenditures include expenditures required to maintain equipment reliability, tankage and pipeline integrity, safety and to address environmental regulations.

	December 31,	
	2022	2021
	(In thousands)	
Balance Sheet Data		
Cash and cash equivalents	$ 10,917	$ 14,381
Working capital	$ 17,293	$ 17,461
Total assets	$ 2,747,502	$ 2,165,867
Long-term debt	$ 1,556,334	$ 1,333,049
Partners' equity	$ 857,126	$ 443,017

Results of Operations — Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Summary

Net income attributable to the partners for the year ended December 31, 2022, was $216.8 million, a $1.8 million increase compared to the year ended December 31, 2021. Results for the year ended December 31, 2022, reflect the impact to our equity in earnings of equity method investments of HEP's 50% share of incurred and estimated environmental remediation and recovery expenses, net of insurance proceeds received to date, associated with a release of crude oil on the Osage Pipe Line Company, LLC ("Osage") pipeline of $17.6 million. In addition, results for the year ended December 31, 2021, reflect special items that collectively increased net income attributable to HEP by a total of $18.9 million. These items included a gain on sales type leases of $24.7 million, a gain on significant asset sales of $5.3 million and a goodwill impairment charge of $11.0 million related to our Cheyenne reporting unit. Excluding these items, net income attributable to the partners for the year ended December 31, 2022 was $234.4 million ($1.92 per basic and diluted limited partner unit) compared to $196.0 million ($1.86 per basic and diluted limited partner unit) for the year ended December 31, 2021. The increase in earnings was mainly due to net income from Sinclair Transportation, which was acquired on March 14, 2022, higher revenues on our UNEV pipeline and higher net income from our Cushing Connect Joint Venture as the Cushing Connect pipeline went into service in September 2021; partially offset by higher interest expense and higher operating costs and expenses.

Revenues
Revenues for the year ended December 31, 2022, were $547.5 million, an increase of $53.0 million compared to the year ended December 31, 2021. The increase was mainly attributable to revenues on our recently acquired Sinclair Transportation assets, increased revenues from our UNEV assets, higher volumes on our crude pipelines in New Mexico, Texas, Wyoming and Utah as well as rate increases that went into effect on July 1, 2022, partially offset by lower revenues on our Cheyenne assets as a result of the conversion of the Cheyenne Refinery to renewable diesel production. The year ended December 31, 2021, included the recognition of the $10 million termination fee related to the termination of HF Sinclair's minimum volume commitment on our Cheyenne assets.

Revenues from our refined product pipelines were $113.2 million, an increase of $5.8 million, on shipments averaging 181.3 mbpd compared to 158.1 mbpd for the year ended December 31, 2021. The volume and revenue increases were mainly due to higher volumes on our recently acquired Sinclair Transportation assets and higher volumes on our UNEV pipeline. We recognized a significant portion of the Sinclair Transportation refined product pipeline tariffs as interest income under sales-type lease accounting.

Revenues from our intermediate pipelines were $32.2 million, an increase of $2.1 million compared to the year ended December 31, 2021. Shipments averaged 129.3 mbpd compared to 125.2 mbpd for the year ended December 31, 2021. The increase in volumes was mainly due to higher throughputs on our intermediate pipelines servicing HF Sinclair's Tulsa and Navajo refineries and the recently acquired Sinclair Transportation intermediate pipelines, and the increase in revenues was mainly due to the recently acquired Sinclair Transportation intermediate pipelines.

Revenues from our crude pipelines were $140.0 million, an increase of $14.4 million compared to the year ended December 31, 2021. Shipments averaged 601.3 mbpd compared to 408.6 mbpd for the year ended December 31, 2021. The increase in volumes was mainly attributable to our Cushing Connect Pipeline, which went into service in September 2021, volumes on our recently acquired Sinclair Transportation crude pipelines and higher volumes on our crude pipeline systems in New Mexico, Texas, Wyoming and Utah. The increase in revenues was mainly due to our recently acquired Sinclair Transportation crude pipelines and higher volumes on our crude pipelines in New Mexico, Texas, Wyoming and Utah. Revenues did not increase in proportion to volumes due to our recognition of most of the Cushing Connect Pipeline tariffs and a significant portion of the Sinclair Transportation crude pipeline tariffs as interest income under sales-type lease accounting.

Revenues from terminal, tankage and loading rack fees were $167.8 million, an increase of $25.5 million compared to the year ended December 31, 2021. Refined products and crude oil terminalled in the facilities averaged 598.2 mbpd compared to 442.9 mbpd for the year ended December 31, 2021. Volumes increased mainly due to volumes on our recently acquired Sinclair Transportation assets and higher throughputs at HF Sinclair's Tulsa refinery. Revenues increased mainly due to revenues on our recently acquired Sinclair Transportation assets, higher butane blending revenues and higher revenues on our Tulsa assets. In addition, the year ended December 31, 2021 included the recognition of the $10 million termination fee related to the termination of HF Sinclair's minimum volume commitment on our Cheyenne assets as a result of the conversion of the Cheyenne Refinery to renewable diesel production.

Revenues from refinery processing units were $94.2 million, an increase of $5.1 million compared to the year ended December 31, 2021. Throughputs averaged 70.2 mbpd compared to 69.6 mbpd for the year ended December 31, 2021. The increase in volumes was mainly due to increased throughput for our Woods Cross processing units. Revenues increased mainly due to higher recovery of natural gas costs as well as higher throughputs.

Operations Expense
Operations (exclusive of depreciation and amortization) expense for the year ended December 31, 2022, increased by $40.1 million compared to the year ended December 31, 2021. The increase was mainly due to operating costs and expenses associated with our recently acquired Sinclair Transportation assets and higher employee costs, utility costs, natural gas costs, and maintenance costs, partially offset by lower general services costs.

Depreciation and Amortization
Depreciation and amortization for the year ended December 31, 2022, increased by $5.3 million compared to the year ended December 31, 2021. The increase was mainly due to depreciation on our recently acquired Sinclair Transportation assets partially offset by the acceleration of depreciation on certain of our Cheyenne tanks in 2021 as well as retirement of assets due to sales-type lease accounting.

General and Administrative
General and administrative costs for the year ended December 31, 2022, increased by $4.4 million compared to the year ended December 31, 2021 mainly due to integration costs associated with our acquisition of Sinclair Transportation as well as higher fees charged by HF Sinclair under the Omnibus Agreement for the provision of general and administrative services in the year ended December 31, 2022.

Equity in Earnings of Equity Method Investments

See the summary chart below for a description of our equity in earnings of equity method investments:

Equity Method Investment	Years Ended December 31, 2022	2021
	(In thousands)	
Osage Pipe Line Company, LLC	$ (18,708)	$ 3,889
Cheyenne Pipeline LLC	6,474	5,008
Cushing Connect Terminal Holdings LLC	3,325	3,535
Pioneer Investments Corp.	$ 9,708	$ —
Saddle Butte Pipeline III, LLC	$ (1,059)	$ —
Total	$ (260)	$ 12,432

Equity in earnings of Osage decreased for the year ended December 31, 2022, mainly due to HEP's 50% share of incurred and estimated environmental remediation and recovery expenses, net of insurance proceeds received to date, associated with a release of crude oil that occurred in the third quarter of 2022. Additional insurance recoveries will be recorded as they are received. If our insurance policy pays out in full, our share of the remaining insurance coverage is expected to be $9.5 million. The pipeline resumed operations in the third quarter of 2022 and remediation efforts are underway. The decrease in Osage was partially offset by the addition of equity in earnings from Pioneer Investments Corp., which was acquired as part of our Sinclair Transportation acquisition.

Interest Expense

Interest expense for the year ended December 31, 2022, totaled $82.6 million, an increase of $28.7 million compared to the year ended December 31, 2021. The increase was mainly due to our April 2022 issuance of $400 million in aggregate principal amount of 6.375% senior unsecured notes maturing in April 2027, the proceeds of which were used to partially repay outstanding borrowings under our senior secured revolving credit facility following the funding of the cash portion of the Sinclair Transportation acquisition. In addition, market interest rates increased on our senior secured revolving credit facility. Our aggregate weighted-average interest rates were 5.0% and 3.7% for the years ended December 31, 2022 and 2021, respectively.

Interest Income

Interest income for the year ended December 31, 2022, totaled $91.4 million, an increase of $61.5 million compared to the year ended December 31, 2021. The increases were mainly due to higher sales-type lease interest income from our recently acquired Sinclair Transportation pipelines and terminals and our Cushing Connect Pipeline, which was placed into service at the end of the third quarter of 2021.

State Income Tax

We recorded state income tax expense of $111,000 and $32,000 for the years ended December 31, 2022 and 2021, respectively. All state income tax expense is solely attributable to the Texas margin tax.

Results of Operations—Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

Summary

Net income attributable to the partners for the year ended December 31, 2021, was $214.9 million, a $44.5 million increase compared to the year ended December 31, 2020. Results for the year ended December 31, 2021 reflect special items that collectively increased net income attributable to HEP by a total of $18.9 million. These items include a gain on sales type leases of $24.7 million, a gain on significant asset sales of $5.3 million and a goodwill impairment charge of $11.0 million related to our Cheyenne reporting unit. In addition, net income attributable to HEP for the year ended December 31, 2020 included a goodwill impairment charge of $35.7 million related to our Cheyenne reporting unit, a charge of $25.9 million related to the early redemption of our previously outstanding $500 million aggregate principal amount of 6% Senior Notes due in 2024, a gain on sales-type leases of $33.8 million and a $6.1 million gain related to HEP's pro-rata share of a business interruption insurance claim settlement resulting from a loss at HFC's Woods Cross refinery. Excluding these items, net income attributable to the partners for the year ended December 31, 2021 was $196.0 million ($1.86 per basic and diluted limited partner unit) compared to $192.1 million ($1.82 per basic and diluted limited partner unit) in 2020.

Revenues
Revenues for the year ended December 31, 2021, were $494.5 million, a $3.4 million decrease compared to the same period of 2020. The decrease was mainly attributable to lower on-going revenues from our Cheyenne assets as a result of the conversion of the Cheyenne Refinery to renewable diesel production, lower volumes on our product pipelines servicing HF Sinclair's Navajo refinery and Delek's Big Spring refinery, and recording certain tariffs and fees as interest income under sales-type lease accounting that were previously recorded as revenue in the year ended December 31, 2020, partially offset by higher revenues from our crude pipeline systems in Wyoming and Utah and our Woods Cross and El Dorado refinery processing units mainly due to higher recovery of natural gas costs.

Revenues from our refined product pipelines were $107.4 million, a decrease of $9.5 million, on shipments averaging 158.1 mbpd compared to 161.5 mbpd for the year ended December 31, 2020. The volume and revenue decreases were mainly due to lower volumes on pipelines servicing HFC's Navajo refinery and Delek's Big Spring refinery.

Revenues from our intermediate pipelines were $30.1 million, an increase of $0.1 million, on shipments averaging 125.2 mbpd compared to 137.1 mbpd for the year ended December 31, 2020. The decrease in volumes was mainly due to lower throughputs on our intermediate pipelines servicing HF Sinclair's Tulsa and Navajo refineries while revenue remained relatively constant mainly due to contractual minimum volume guarantees.

Revenues from our crude pipelines were $125.6 million, an increase of $6.7 million, on shipments averaging 408.6 mbpd compared to 387.7 mbpd for the year ended December 31, 2020. The increases were mainly attributable to increased volumes on our crude pipeline systems in Wyoming and Utah partially offset by lower volumes on our pipeline systems servicing HF Sinclair's Navajo refinery. Volumes also increased due to the addition of volumes on our Cushing Connect Pipeline in Oklahoma which went into service at the end of the third quarter of 2021.

Revenues from terminal, tankage and loading rack fees were $142.3 million, a decrease of $9.4 million compared to the year ended December 31, 2020. Refined products and crude oil terminalled in the facilities averaged 442.9 mbpd compared to 442.2 mbpd for the year ended December 31, 2020. Revenues decreased mainly due to lower on-going revenues on our Cheyenne assets as a result of the conversion of the Cheyenne Refinery to renewable diesel production and recording certain tariffs and fees as interest income under sales-type lease accounting that were previously recorded as revenue in the year ended December 31, 2020

Revenues from refinery processing units were $89.1 million, an increase of $8.8 million on throughputs averaging 69.6 mbpd compared to 61.4 mbpd for the year ended December 31, 2020. The increase in volumes was mainly due to increased throughput for both our Woods Cross and El Dorado processing units. Revenues increased mainly due to higher recovery of natural gas costs as well as higher throughputs.

Operations Expense
Operations (exclusive of depreciation and amortization) expense for the year ended December 31, 2021, increased by $22.8 million compared to the year ended December 31, 2020. The increase was mainly due to an increase in employee costs, maintenance costs, pipeline rental costs and natural gas costs.

Depreciation and Amortization
Depreciation and amortization for the year ended December 31, 2021, decreased by $5.8 million compared to the year ended December 31, 2020. The decrease was mainly due to the retirements in Cheyenne operations and sale of El Paso 6-inch pipeline assets.

General and Administrative
General and administrative costs for the year ended December 31, 2021, increased by $2.6 million compared to the year ended December 31, 2020 primarily due to costs related to the HEP Transaction.

Equity in Earnings of Equity Method Investments

See the summary chart below for a description of our equity in earnings of equity method investments:

Equity Method Investment	Years Ended December 31, 2021	2020
	(In thousands)	
Osage Pipe Line Company, LLC	3,889	2,416
Cheyenne Pipeline LLC	5,008	2,689
Cushing Connect Terminal Holdings LLC	3,535	1,542
Total	12,432	6,647

Equity in earnings of Osage Pipe Line Company, LLC increased for the year ended December 31, 2021, mainly due to higher throughput volumes. Equity in earnings of Cheyenne Pipeline LLC increased for the year ended December 31, 2021, mainly due to the recognition in revenue of prior contractual minimum commitment billings. Equity in earnings of Cushing Connect Terminal Holdings LLC increased for the year ended December 31, 2021 as the terminal started operations in the second quarter of 2020.

Interest Expense

Interest expense for the year ended December 31, 2021, totaled $53.8 million, a decrease of $5.6 million compared to the year ended December 31, 2020. The decrease was mainly due to lower outstanding balances under our senior secured revolving credit facility. Our aggregate weighted-average interest rates were 3.7% and 3.8% for the years ended December 31, 2021 and 2020, respectively.

Interest Income

Interest income for the year ended December 31, 2021, totaled $29.9 million, an increase of $19.3 million compared to the year ended December 31, 2020. The increase was due to recording certain tariffs and fees as interest income under sales-type lease accounting that were previously recorded as revenue in 2020 as underlying agreements were classified as sales-type leases when the agreements were modified or renewed. See Note 5 of our consolidated financial statements for further discussion of lease accounting.

State Income Tax

We recorded state income tax expense of $32,000 and $167,000 for the years ended December 31, 2021 and 2020, respectively. All state income tax expense is solely attributable to the Texas margin tax.

LIQUIDITY AND CAPITAL RESOURCES

Overview

In April 2021, we amended our senior secured revolving credit facility (the “Credit Agreement”), decreasing the size of the facility from $1.4 billion to $1.2 billion and extending the maturity date to July 27, 2025. In August 2022, the Credit Agreement was amended to, among other things, provide an alternative reference rate for LIBOR. The Credit Agreement is available to fund capital expenditures, investments, acquisitions, distribution payments and working capital and for general partnership purposes. The Credit Agreement is also available to fund letters of credit up to a $50 million sub-limit and continues to provide for an accordion feature that allows us to increase commitments under the Credit Agreement up to a maximum amount of $1.7 billion.

During the year ended December 31, 2022, we received advances totaling $510.0 million and repaid $682.0 million, resulting in a net decrease of $172.0 million under the Credit Agreement and an outstanding balance of $668.0 million at December 31, 2022. As of December 31, 2022, we had no letters of credit outstanding under the Credit Agreement, and the available capacity under the Credit Agreement was $532.0 million.

On April 8, 2022, we closed a private placement of $400 million in aggregate principal amount of 6.375% senior unsecured notes due in 2027 (the “6.375% Senior Notes”). The 6.375% Senior Notes were issued at par for net proceeds of approximately $393 million, after deducting the initial purchasers’ discounts and commissions and estimated offering expenses. The total net proceeds from the offering of the 6.375% Senior Notes were used to partially repay outstanding borrowings under the Credit Agreement, increasing our available liquidity.

We have a continuous offering program under which we may issue and sell common units from time to time, representing limited partner interests, up to an aggregate gross sales amount of $200 million. No units were issued under the program during the year ended December 31, 2022. As of December 31, 2022, HEP had issued 2,413,153 units under this program, providing $82.3 million in gross proceeds.

Under our registration statement filed with the Securities and Exchange Commission ("SEC") using a "shelf" registration process, we currently have the authority to raise up to $2.0 billion by offering securities, through one or more prospectus supplements that would describe, among other things, the specific amounts, prices and terms of any securities offered and how the proceeds would be used. Any proceeds from the sale of securities are expected to be used for general business purposes, which may include, among other things, funding acquisitions of assets or businesses, working capital, capital expenditures, investments in subsidiaries, the retirement of existing debt and/or the repurchase of common units or other securities.

We believe our current sources of liquidity, including cash balances, future internally generated funds, funds available under the Credit Agreement, as well as our access to additional bank financing, and public or private capital markets will provide sufficient resources to meet our working capital liquidity, capital expenditure and quarterly distribution needs for the foreseeable future. Future securities issuances, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

We remain committed to our capital allocation strategy focused on funding all capital expenditures and distributions within operating cash flow, with the goal of achieving our leverage target of 3.0 - 3.5x and distributable cash flow coverage of 1.3x or greater. We expect to reach our leverage target in mid-2023, and once that target is achieved, we plan to evaluate incremental cash return to unitholders.

In each of February, May, August and November 2022, we paid regular quarterly cash distributions of $0.3500 on all units for an aggregate amount of $170.0 million during the year ended December 31, 2022. In February 2023, we paid a regular quarterly cash distribution of $0.3500 on all units in an aggregate amount of $44.3 million.

Cash and cash equivalents decreased by $3.5 million during the year ended December 31, 2022. The cash flows provided by operating activities of $331.0 million and financing activities of $35.5 million were less than the cash flows used for investing activities of $370.0 million. Working capital decreased by $0.2 million to a surplus of $17.3 million at December 31, 2022 from a surplus of $17.5 million at December 31, 2021.

Cash Flows—Operating Activities

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Cash flows provided by operating activities increased by $37.0 million from $294.1 million for the year ended December 31, 2021, to $331.0 million for the year ended December 31, 2022. This increase was mainly due to higher cash receipts from customers, partially offset by higher payments for turnaround expenses at our Woods Cross refinery processing units, higher payments for operating expenses and higher payments for interest expenses in the year ended December 31, 2022, as compared to the prior year.

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

Cash flows provided by operating activities decreased by $21.5 million from $315.6 million for the year ended December 31, 2020, to $294.1 million for the year ended December 31, 2021. This decrease was mainly due to higher payments for operating expenses partially offset by higher cash receipts from customers and lower payments for interest expenses in the year ended December 31, 2021, as compared to the prior year.

Cash Flows—Investing Activities

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Cash flows used for investing activities increased by $291.6 million from $78.5 million for the year ended December 31, 2021, to $370.0 million for the year ended December 31, 2022. During the year ended December 31, 2022, we made payments of $329.0 million related to the acquisition of Sinclair Transportation. During the years ended December 31, 2022 and 2021, we invested $39.0 million and $90.0 million, respectively, in additions to properties and equipment. In addition, we received proceeds from sales of assets of $0.3 million and $7.4 million during the years ended December 31, 2022 and 2021, respectively.

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

Cash flows used for investing activities increased by $18.7 million from $59.8 million for the year ended December 31, 2020, to $78.5 million for the year ended December 31, 2021. During the years ended December 31, 2021 and 2020, we invested $90.0 million and $59.3 million, respectively, in additions to properties and equipment. In addition, we received proceeds from sales of assets of $7.4 million during the year ended December 31, 2021.

Cash Flows—Financing Activities

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Cash flows from financing activities increased by $258.7 million from $223.2 million used for the year ended December 31, 2021, to $35.5 million provided by financing activities for the year ended December 31, 2022. During the year ended December 31, 2022, we received $510.0 million and repaid $682.0 million in advances under the Credit Agreement. Additionally, we paid $170.0 million in regular quarterly cash distributions to HEP unitholders and $9.7 million to our noncontrolling interests. We also received net proceeds of $393.5 million from the issuance of our 6.375% Senior Notes. During the year ended December 31, 2021, we received $480.5 million and repaid $554.0 million in advances under the Credit Agreement. Additionally, we paid $149.4 million in regular quarterly cash distributions to HEP unitholders and $10.7 million to our noncontrolling interests.

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

Cash flows used for financing activities decreased by $23.9 million from $247.2 million for the year ended December 31, 2020, to $223.2 million for the year ended December 31, 2021. During the year ended December 31, 2021, we received $480.5 million and repaid $554.0 million in advances under the Credit Agreement. Additionally, we paid $149.4 million in regular quarterly cash distributions to HEP unitholders and $10.7 million to our noncontrolling interests. We received $23.2 million in contributions from our noncontrolling interests during the year ended December 31, 2021. During the year ended December 31, 2020, we received $258.5 million and repaid $310.5 million in advances under the Credit Agreement. Additionally, we paid $174.4 million in regular quarterly cash distributions to HEP unitholders and $9.8 million to our noncontrolling interests. We also received net proceeds of $491.3 million from the issuance of our 5% Senior Notes and paid $522.5 million to retire our 6% Senior Notes.

Capital Requirements

Our pipeline and terminalling operations are capital intensive, requiring investments to maintain, expand, upgrade or enhance existing operations and to meet environmental and operational regulations. Our capital requirements have consisted of, and are expected to continue to consist of, maintenance capital expenditures and expansion capital expenditures. “Maintenance capital expenditures” represent capital expenditures to replace partially or fully depreciated assets to maintain the operating capacity of existing assets. Maintenance capital expenditures include expenditures required to maintain equipment reliability, tankage and pipeline integrity, safety and to address environmental regulations. “Expansion capital expenditures” represent capital expenditures to expand the operating capacity of existing or new assets, but exclude acquisitions. Expansion capital expenditures include expenditures to grow our business and to expand existing facilities, such as projects that increase throughput capacity on our pipelines and in our terminals. Repair and maintenance expenses associated with existing assets that are minor in nature and do not extend the useful life of existing assets are charged to operating expenses as incurred.

Each year the board of directors of HLS, our ultimate general partner, approves our annual capital budget, which specifies capital projects that our management is authorized to undertake. Additionally, at times when conditions warrant or as new opportunities arise, additional projects may be approved. The funds allocated for a particular capital project may be expended over a period in excess of a year, depending on the time required to complete the project. Therefore, our planned capital expenditures for a given year consist of expenditures approved for capital projects included in the current year’s capital budget as well as, in certain cases, expenditures approved for capital projects in capital budgets for prior years. Our current 2023 capital forecast is comprised of approximately $25 million to $35 million for maintenance capital expenditures and $5 to $10 million for expansion capital expenditures and joint venture investments. In addition to our capital budget, we may spend funds periodically to perform capital upgrades or additions to our assets where a customer reimburses us for such costs. The upgrades or additions would generally benefit the customer over the remaining life of the related service agreements.

We expect that our currently planned sustaining and maintenance capital expenditures, as well as expenditures for capital development projects, will be funded with cash generated by operations. We expect that, to the extent necessary, we can raise additional funds from time to time through equity or debt financings in the public and private capital markets.

Under the terms of the transaction to acquire HFC’s 75% interest in UNEV, we issued to a subsidiary of HFC (now HF Sinclair) a Class B unit comprising a noncontrolling equity interest in a wholly owned subsidiary subject to redemption to the extent that HFC (now HF Sinclair) is entitled to a 50% interest in 75% of annual UNEV earnings before interest, income taxes, depreciation, and amortization above $40 million beginning July 1, 2015, and ending in June 2032, subject to certain limitations. However, to the extent earnings thresholds are not achieved, no redemption payments are required. No redemption payments have been required to date.

Credit Agreement
In April 2021, we amended our Credit Agreement, decreasing the commitments under the facility from $1.4 billion to $1.2 billion and extending the maturity date to July 27, 2025. In August 2022, the Credit Agreement was amended to, among other things, provide an alternative reference rate for LIBOR. The Credit Agreement is available to fund capital expenditures, investments, acquisitions, distribution payments and working capital and for general partnership purposes. The Credit Agreement is also available to fund letters of credit up to a $50 million sub-limit, and it continues to provide for an accordion feature that allows us to increase the commitments under the Credit Agreement up to a maximum amount of $1.7 billion. As of December 31, 2022, we had outstanding borrowings of $668.0 million under the Credit Agreement, no letters of credit outstanding, and the available capacity was $532.0 million.

Our obligations under the Credit Agreement are collateralized by substantially all of our assets, and indebtedness under the Credit Agreement is guaranteed by our material wholly owned subsidiaries. The Credit Agreement requires us to maintain compliance with certain financial covenants consisting of total leverage, senior secured leverage and interest coverage. It also limits or restricts our ability to engage in certain activities. If, at any time prior to the expiration of the Credit Agreement, HEP obtains two investment grade credit ratings, the Credit Agreement will become unsecured and many of the covenants, limitations, and restrictions will be eliminated.

We may prepay all loans at any time without penalty, except for tranche breakage costs. If an event of default exists under the Credit Agreement, the lenders will be able to accelerate the maturity of all loans outstanding and exercise other rights and remedies. We were in compliance with all covenants under the Credit Agreement as of December 31, 2022.

Prior to the Investment Grade Date (as defined in the Credit Agreement), indebtedness under the Credit Agreement bears interest, at our option, at either (a) the Alternate Base Rate (as defined in the Credit Agreement) plus an applicable margin (ranging from 0.75% to 1.75%) or (b) Adjusted Term SOFR (net of our unrestricted cash and Liquid Investments (as defined in the Credit Agreement) at such time in an amount not to exceed $50.0 million) plus an applicable margin (ranging from 1.75% to 2.75%). In each case, the applicable margin is based upon the ratio of our funded debt (as defined in the Credit Agreement) to EBITDA (earnings before interest, taxes, depreciation and amortization, as defined in the Credit Agreement). The weighted-average interest rates on our Credit Agreement borrowings for the years ending December 31, 2022 and 2021, were 4.02% and 2.30%, respectively. Prior to the Investment Grade Date, we incur a commitment fee on the unused portion of the Credit Agreement at an annual rate ranging from 0.25% to 0.50% based upon the ratio of our funded debt (net of our unrestricted cash and Liquid Investments at such time in an amount not to exceed $50.0 million) to EBITDA for the four most recently completed fiscal quarters.

Senior Notes
On April 8, 2022, we closed a private placement of $400 million in aggregate principal amount of the 6.375% Senior Notes. The 6.375% Senior Notes were issued at par for net proceeds of approximately $393 million, after deducting the initial purchasers' discounts and commissions and offering expenses. The total net proceeds from the offering of the 6.375% Senior Notes were used to partially repay outstanding borrowings under the Credit Agreement, increasing our available liquidity.

As of December 31, 2022, we had $500 million in aggregate principal amount of 5% Senior Notes due in 2028 (the "5% Senior Notes," and together with the 6.375% Senior Notes, the "Senior Notes").

The Senior Notes are unsecured and impose certain restrictive covenants, including limitations on our ability to incur additional indebtedness, make investments, sell assets, incur certain liens, pay distributions, enter into transactions with affiliates, and enter into mergers. We were in compliance with the restrictive covenants for the Senior Notes as of December 31, 2022. At any time when the Senior Notes are rated investment grade by either Moody's or Standard & Poor's and no default or event of default exists, we will not be subject to many of the foregoing covenants. Additionally, we have certain redemption rights at varying premiums over face value under the Senior Notes.

Indebtedness under the Senior Notes is guaranteed by all of our existing wholly owned subsidiaries (other than Holly Energy Finance Corp. and certain immaterial subsidiaries).

Long-term Debt

The carrying amounts of our long-term debt are as follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Credit Agreement		
Amount outstanding	$ 668,000	$ 840,000
5% Senior Notes		
Principal	500,000	500,000
Unamortized debt issuance costs	(5,953)	(6,951)
	494,047	493,049
6.375% Senior Notes		
Principal	400,000	—
Unamortized debt issuance costs	(5,713)	—
	394,287	—
Total long-term debt	$ 1,556,334	$ 1,333,049

Long-term Contractual Obligations

The following table presents our long-term contractual obligations as of December 31, 2022.

		Payments Due by Period			
	Total	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years
			(In thousands)		
Long-term debt – principal	$ 1,568,000	$ —	$ 668,000	$ 400,000	$ 500,000
Long-term debt - interest	346,578	93,700	168,920	81,750	2,083
Site service fees	238,505	5,681	11,362	11,362	210,100
Pipeline finance lease	32,621	7,249	14,498	10,874	—
Right-of-way agreements and other	19,794	5,783	7,528	1,902	4,581
Total	$ 2,205,498	$ 112,413	$ 870,308	$ 505,888	$ 716,764

Long-term debt consists of outstanding principal under the Credit Agreement and the Senior Notes. Interest on the Credit Agreement is calculated using the rate in effect at December 31, 2022.

Site service fees consist of site service agreements with HF Sinclair, expiring in 2058 through 2066, for the provision of certain facility services and utility costs that relate to our assets located at HF Sinclair's refinery facilities. We are presenting obligations for the full term of these agreements; however, the agreements can be terminated with 180 day notice if we cease to operate the applicable assets.

The pipeline finance lease amounts above reflect the exercise of the second 10-year extension, expiring in 2027, on our lease agreement for the refined products pipeline between White Lakes Junction and Kuntz Station in New Mexico.

Most of our right-of-way agreements are renewable on an annual basis, and the right-of-way agreements payments above include only obligations under the remaining non-cancelable terms of these agreements at December 31, 2022. For the foreseeable future, we intend to continue renewing these agreements and expect to incur right-of-way expenses in addition to the payments listed.

Other contractual obligations include capital lease obligations related to vehicles leases, office space leases, and other.

Impact of Inflation

After being relatively moderate in recent years, PPI in the United States increased significantly in 2022 and 2021 (13.5% and 8.9%, respectively).

The substantial majority of our revenues are generated under long-term contracts that provide for increases or decreases in our rates and minimum revenue guarantees annually for increases or decreases in the PPI. These annual rate adjustments generally occur on July 1st each year based on the PPI or FERC index increase or decrease during the prior year. Certain of these contracts have provisions that limit the level of annual PPI percentage rate increases or decreases, and the majority of our rates do not decrease when PPI is negative. The substantial majority of our rates and minimum revenue guarantees used the 2021 PPI increase of 8.9% in the July 1, 2022 rate adjustment calculations.

A significant and prolonged period of high inflation or a significant and prolonged period of negative inflation could adversely affect our cash flows and results of operations if costs increase at a rate greater than the fees we charge our shippers. However, for the year ended December 31, 2022, the fees we charged our shippers increased at a rate greater than our inflationary cost increase.

Environmental Matters

Our operation of pipelines, terminals, and associated facilities in connection with the transportation and storage of refined products and crude oil is subject to stringent and complex federal, state, and local laws and regulations governing the discharge of materials into the environment, or otherwise relating to the protection of the environment. As with the industry generally, compliance with existing and anticipated laws and regulations increases our overall cost of business, including our capital costs to construct, maintain, and upgrade equipment and facilities. While these laws and regulations affect our maintenance capital expenditures and net income, we believe that they do not affect our competitive position given that the operations of our competitors are similarly affected. However, these laws and regulations, and the interpretation or enforcement thereof, are subject to frequent change by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of these laws and regulations on our operations. Violation of environmental laws, regulations, and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions, and construction bans or delays. A major discharge of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, subject us to substantial expense, including both the cost to comply with applicable laws and regulations and claims made by employees, neighboring landowners and other third parties for personal injury and property damage.

Contamination resulting from spills of refined products and crude oil is not unusual within the petroleum pipeline industry. Historic spills along our existing pipelines and terminals as a result of past operations have resulted in contamination of the environment, including soils and groundwater. Some environmental laws impose liability without regard to fault or the legality of the original act on certain classes of persons that contributed to the releases of hazardous substances or petroleum hydrocarbon substances into the environment. These persons include the owner or operator of the site or sites where the release occurred and companies that disposed of, or arranged for the disposal of, the hazardous substances found at the site. Such persons may be subject to strict, joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources, and for the costs of certain health studies. Site conditions, including soils and groundwater, are being evaluated at a few of our properties where operations may have resulted in releases of hydrocarbons and other wastes.

There are environmental remediation projects in progress, including assessment and monitoring activities, that relate to certain assets acquired from HF Sinclair. Under the Omnibus Agreement and certain transportation agreements and purchase agreements with HF Sinclair, HF Sinclair has agreed to indemnify us, subject to certain monetary and time limitations, for environmental noncompliance and remediation liabilities associated with certain assets transferred to us from HF Sinclair and occurring or existing prior to the date of such transfers.

We have an environmental agreement with Delek with respect to pre-closing environmental costs and liabilities relating to the pipelines and terminals acquired from Delek in 2005, under which Delek will indemnify us subject to certain monetary and time limitations.

As of December 31, 2022, we have an accrual of $19.5 million that relates to environmental clean-up projects for which we have assumed liability, including accrued environmental liabilities assumed in the Sinclair Transportation acquisition that have preliminarily been fair valued at $14.7 million as of the acquisition date, or for which the indemnity provided for by HF Sinclair has expired.

On July 8, 2022, the Osage pipeline, which carries crude oil from Cushing, Oklahoma to El Dorado, Kansas, suffered a release of crude oil. Our equity in earnings (loss) of equity method investments was reduced in the year ended December 31, 2022 by $17.6 million for our 50% share of incurred and estimated environmental remediation and recovery expenses associated with the release, net of our share of insurance proceeds received to date of $3.0 million. We expect Osage will receive additional insurance recoveries, which will be recorded as they are received. If our insurance policy pays out in full, our share of the remaining insurance coverage is expected to be $9.5 million. The pipeline resumed operations in the third quarter of 2022 and remediation efforts are underway.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions. We consider the following policies to be the most critical to understanding the judgments that are involved and the uncertainties that could impact our results of operations, financial condition and cash flows.

Revenue Recognition

Revenues are generally recognized as products are shipped through our pipelines and terminals, feedstocks are processed through our refinery processing units or other services are rendered. The majority of our contracts with customers meet the definition of a lease since (1) performance of the contracts is dependent on specified property, plant, or equipment and (2) the possibility is remote that one or more parties other than the customer will take more than a minor amount of the output associated with the specified property, plant, or equipment. Prior to the adoption of the new lease standard (see below), we bifurcated the consideration received between lease and service revenue. The new lease standard allows the election of a practical expedient whereby a lessor does not have to separate non-lease (service) components from lease components under certain conditions. The majority of our contracts meet these conditions, and we have made this election for those contracts. Under this practical expedient, we treat the combined components as a single performance obligation in accordance with Accounting Standards Codification ("ASC") 606, which largely codified ASU 2014-09, if the non-lease (service) component is the dominant component. If the lease component is the dominant component, we treat the combined components as a lease in accordance with ASC 842, which largely codified ASU 2016-02.

Several of our contracts include incentive or reduced tariffs once a certain quarterly volume is met. Revenue from the variable element of these transactions is recognized based on the actual volumes shipped as it relates specifically to rendering the services during the applicable quarter.

The majority of our long-term transportation contracts specify minimum volume requirements, whereby, we bill a customer for a minimum level of shipments in the event a customer ships below their contractual requirements. If there are no future performance obligations, we will recognize these deficiency payments in revenue.

In certain of these throughput agreements, a customer may later utilize such shortfall billings as credit towards future volume shipments in excess of its minimum levels within its respective contractual shortfall make-up period. Such amounts represent an obligation to perform future services, which may be initially deferred and later recognized as revenue based on estimated future shipping levels, including the likelihood of a customer's ability to utilize such amounts prior to the end of the contractual shortfall make-up period. We recognize these deficiency payments in revenue when we do not expect we will be required to satisfy these performance obligations in the future based on the pattern of rights projected to be exercised by the customer.

Leases

We adopted ASC 842 effective January 1, 2019, and elected to adopt using the modified retrospective transition method and practical expedients, both of which are provided as options by the standard and further defined below.

Lessee Accounting - At inception, we determine if an arrangement is or contains a lease. Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our payment obligation under the leasing arrangement. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use our estimated incremental borrowing rate ("IBR") to determine the present value of lease payments as most of our leases do not contain an implicit rate. Our IBR represents the interest rate which we would pay to borrow, on a collateralized basis, an amount equal to the lease payments over a similar term in a similar economic environment. We use the implicit rate when readily determinable.

Operating leases are recorded in operating lease right-of-use assets and current and noncurrent operating lease liabilities on our consolidated balance sheet. Finance leases are included in properties and equipment, current finance lease liabilities and noncurrent finance lease liabilities on our consolidated balance sheet.

When renewal options are defined in a lease, our lease term includes an option to extend the lease when it is reasonably certain we will exercise that option. Leases with a term of 12 months or less are not recorded on our balance sheet, and lease expense is accounted for on a straight-line basis. In addition, as a lessee, we separate non-lease components that are identifiable and exclude them from the determination of net present value of lease payment obligations.

Lessor Accounting - Customer contracts that contain leases are generally classified as either operating leases, direct finance leases or sales-type leases. We consider inputs such as the lease term, fair value of the underlying asset and residual value of the underlying assets when assessing the classification.

Goodwill and Long-Lived Assets
Goodwill represents the excess of our cost of an acquired business over the fair value of the assets acquired, less liabilities assumed. Goodwill is not amortized. We test goodwill at the reporting unit level for impairment annually and between annual tests if events or changes in circumstances indicate the carrying amount may exceed fair value. Our goodwill impairment testing first entails a comparison of our reporting unit fair values relative to their respective carrying values, including goodwill. If carrying value exceeds the estimated fair value for a reporting unit, we measure goodwill impairment as the excess of the carrying amount of the reporting unit over the estimated fair value of the reporting unit.

Our annual goodwill impairment testing for 2022 and 2021 was performed on a qualitative basis during the third quarters of 2022 and 2021. We assessed qualitative factors such as macroeconomic conditions, cost factors and reporting unit financial performance and determined it was not more likely than not that fair value of our reporting units was less than the respective carrying value. Therefore, in accordance with GAAP, further testing was not required.

During the first quarter of 2021, changes in our agreements with HFC related to our Cheyenne assets resulted in an increase in the carrying amount of our Cheyenne reporting unit due to sales-type lease accounting, which led us to determine indicators of potential goodwill impairment for our Cheyenne reporting unit were present.

The estimated fair value of our Cheyenne reporting unit was derived using a combination of income and market approaches. The income approach reflects expected future cash flows based on anticipated gross margins, operating costs and capital expenditures. The market approaches include both the guideline public company and guideline transaction methods. Both methods utilize pricing multiples derived from historical market transactions of other like-kind assets. These fair value measurements involve significant unobservable inputs (Level 3 inputs). See Note 6 for further discussion of Level 3 inputs.

Our interim impairment testing of our Cheyenne reporting unit goodwill identified an impairment charge of $11.0 million, which was recorded in the three months ended March 31, 2021.

Our annual goodwill testing for 2020 was performed on a quantitative basis during the third quarter of 2020. The estimated fair value of our reporting units derived using a combination of both income and market approaches as described above. Our annual testing of goodwill in 2020 identified an impairment charge of $35.7 million, which was recorded in the third quarter of 2020, related to our Cheyenne reporting unit.

We evaluate long-lived assets, including finite-lived intangible assets, for potential impairment by identifying whether indicators of impairment exist and, if so, assessing whether the long-lived assets are recoverable from estimated future undiscounted cash flows. The actual amount of impairment loss, if any, to be recorded is equal to the amount by which a long-lived asset’s carrying value exceeds its fair value.

Valuation of Business Combinations
We recognize and measure the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date. Any excess or surplus of the purchase consideration when compared to the fair value of the net tangible assets acquired, if any, is recorded as goodwill or gain from a bargain purchase. The fair value of assets and liabilities as of the acquisition date are often estimated using a combination of approaches, including the income approach, which requires us to project future cash flows and apply an appropriate discount rate; the cost approach, which requires estimates of replacement costs and depreciation and obsolescence estimates; and the market approach which uses market data and adjusts for entity-specific differences. We use all available information to make these fair value determinations and engage third-party consultants for valuation assistance. The estimates used in determining fair values are based on assumptions believed to be reasonable but which are inherently uncertain. Accordingly, actual results may differ materially from the projected results used to determine fair value.

Contingencies
We are subject to proceedings, lawsuits and other claims related to environmental, labor, product and other matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

RISK MANAGEMENT

The market risk inherent in our debt positions is the potential change arising from increases or decreases in interest rates as discussed below.

At December 31, 2022, we had an outstanding principal balance of $900.0 million on our Senior Notes. A change in interest rates generally would affect the fair value of the Senior Notes, but not our earnings or cash flows. At December 31, 2022, the fair value of our Senior Notes was $852.7 million. We estimate a hypothetical 10% change in the yield-to-maturity applicable to the Senior Notes at December 31, 2022, would result in a change of approximately $24.2 million in the fair value of the underlying Senior Notes.

For the variable rate Credit Agreement, changes in interest rates would affect cash flows, but not the fair value. At December 31, 2022, borrowings outstanding under the Credit Agreement were $668.0 million. A hypothetical 10% change in interest rates applicable to the Credit Agreement would not materially affect our cash flows.

At our election, certain borrowings under our variable rate Credit Agreement bear interest at a variable rate based on the secured overnight financing rate (“SOFR”) as administered by the Federal Reserve Bank of New York.

Our operations are subject to normal hazards of operations, including fire, explosion and weather-related perils. We maintain various insurance coverages, including business interruption insurance, subject to certain deductibles. We are not fully insured against certain risks because such risks are not fully insurable, coverage is unavailable, or premium costs, in our judgment, do not justify such expenditures.

We have a risk management oversight committee that is made up of members from our senior management. This committee monitors our risk environment and provides direction for activities to mitigate, to an acceptable level, identified risks that may adversely affect the achievement of our goals.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. See “Risk Management” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of market risk exposures that we have with respect to our long-term debt. We utilize derivative instruments to hedge our interest rate exposure, as discussed under “Risk Management.”

Since we do not own products shipped on our pipelines or terminalled at our terminal facilities, we do not have direct market risks associated with commodity prices.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON ITS ASSESSMENT OF THE PARTNERSHIP'S INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Holly Energy Partners, L.P. (the "Partnership") is responsible for establishing and maintaining adequate internal control over financial reporting.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the Partnership's internal control over financial reporting as of December 31, 2022, using the criteria for effective control over financial reporting established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management concluded that, as of December 31, 2022, the Partnership maintained effective internal control over financial reporting. Management's assessment of, and conclusion on, the effectiveness of internal control over financial reporting did not include the internal controls of the HEP Acquired Sinclair Businesses, that were acquired on March 14, 2022, as we are in the process of integrating operations of the HEP Acquired Sinclair Businesses, including internal controls over financial reporting. The HEP Acquired Sinclair Businesses accounted for approximately 26% of the Partnership's consolidated total assets and 5% of consolidated total revenues of the Partnership as of and for the year ended December 31, 2022.

The Partnership's independent registered public accounting firm has issued an attestation report on the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2022. That report appears on page 72.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Unitholders of Holly Energy Partners, L.P. and the Board of Directors of Holly Logistic Services, L.L.C.

Opinion on Internal Control Over Financial Reporting

We have audited Holly Energy Partners, L.P.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Holly Energy Partners, L.P. (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

As indicated in the accompanying Management's Report on its Assessment of the Partnership's Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the HEP Acquired Sinclair Businesses, which is included in the 2022 consolidated financial statements of the Partnership and constituted approximately 26% of consolidated total assets as of December 31, 2022 and 5% of consolidated total revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the HEP Acquired Sinclair Businesses.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Partnership as of December 31, 2022 and 2021, the related consolidated statements of income, cash flows, and equity for each of the three years in the period ended December 31, 2022, and the related notes of the Partnership, and our report dated February 28, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on its Assessment of the Partnership's Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas

February 28, 2023

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Unitholders of Holly Energy Partners, L.P. and the Board of Directors of Holly Logistic Services, L.L.C.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Holly Energy Partners, L.P. (the Partnership) as of December 31, 2022 and 2021, the related consolidated statements of income, cash flows, and equity for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Sales-Type Lease Accounting
Description of the Matter	As disclosed in Note 5 of the financial statements, the Partnership entered into new agreements and amended other agreements which met the criteria of sales-type leases. Under sales-type lease accounting, the lessor recognizes a net investment in the lease and derecognizes the underlying asset with any difference recorded as a gain or loss at the lease commencement date. During the year ended December 31, 2022, the Partnership recorded total net investment in leases of $234.7 million. Auditing management’s accounting for sales-type leases was complex and highly judgmental due to the estimation uncertainty in determining the fair value of the underlying leased assets at the commencement date of the leases. The fair value of the underlying leased assets is factored into the Partnership’s determination of the net investment in the leases. The fair value estimates for these assets were sensitive to significant assumptions including replacement cost as adjusted for physical deterioration. These assumptions have a significant effect on the fair value estimates of the assets acquired.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Partnership's evaluation of the lease classification and related accounting for the sales-type leases. For example, we tested controls over management's review of the significant inputs and assumptions used in estimating the fair value of the underlying leased assets. To test the Partnership's accounting for the sales-type leases, our audit procedures included, among others, evaluating the Partnership's selection of the valuation methodology, evaluating the significant assumptions used by the Partnership, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. We involved valuation specialists to assist with our evaluation of the methodologies used by the Partnership and significant assumptions included in the fair value estimates. Specifically, our valuation specialists assisted by comparing those assumptions to current industry and market data and developing an expected range of values based on significant inputs and assumptions to assess reasonableness of the Partnership's estimates.
	Valuation of Personal Property Assets in the Sinclair Transportation Company Acquisition
Description of the Matter	During 2022, the Partnership completed its acquisition of Sinclair Transportation Company for an aggregate $678.0 million in cash and common limited partner units, as disclosed in Note 2 to the consolidated financial statements. The transaction was accounted for as a business combination. Of the total assets acquired and liabilities assumed, the Partnership acquired $340.7 million of properties, plant, and equipment, which was made up of real and personal property. Auditing management's accounting for the acquisition of Sinclair Transportation Company was complex due to the significant estimation uncertainty in determining the fair value of certain properties, plant and equipment. In particular, the fair value estimates for Sinclair Transportation Company personal property were sensitive to significant assumptions including replacement cost as adjusted for physical deterioration. These assumptions have a significant effect on the fair value estimates of the assets acquired.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Partnership's controls over the valuation of the personal property assets related to the acquisition. For example, we tested controls over management's review of the valuation models and the underlying assumptions used to develop estimated values of these assets. To test the estimated fair value of the personal property, our audit procedures included, among others, evaluating the Partnership's selection of the valuation methodology, evaluating the significant assumptions used by the Partnership, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. We involved valuation specialists to assist with our evaluation of the methodologies used by the Partnership and significant assumptions included in the fair value estimates. Specifically, our valuation specialists assisted by comparing those assumptions to current industry and market data and developing an expected range of values based on significant inputs and assumptions to assess reasonableness of the Partnership's estimates.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2003.

Dallas, Texas

February 28, 2023

HOLLY ENERGY PARTNERS, L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands, except unit data)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents *(Cushing Connect VIEs: $2,147 and $8,881, respectively)*	$ 10,917	$ 14,381
Accounts receivable:		
Trade	16,344	12,745
Affiliates	63,459	56,154
	79,803	68,899
Prepaid and other current assets	12,397	11,033
Total current assets	103,117	94,313
Properties and equipment, net	1,388,888	1,329,028
Operating lease right-of-use assets	2,317	2,275
Net investment in leases *(Cushing Connect VIEs: $101,871 and $100,042, respectively)*	539,705	309,303
Intangible assets, net	59,300	73,307
Goodwill	342,762	223,650
Equity method investments *(Cushing Connect VIEs: $34,746 and $37,505, respectively)*	270,604	116,378
Deferred turnaround costs	24,154	2,632
Other assets	16,655	14,981
Total assets	$ 2,747,502	$ 2,165,867
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable:		
Trade *(Cushing Connect VIEs: $431 and $8,285, respectively)*	$ 26,753	$ 28,577
Affiliates	15,756	11,703
	42,509	40,280
Accrued interest	17,992	11,258
Deferred revenue	12,087	14,585
Accrued property taxes	5,449	4,542
Current operating lease liabilities	968	620
Current finance lease liabilities	4,389	3,786
Other current liabilities	2,430	1,781
Total current liabilities	85,824	76,852
Long-term debt	1,556,334	1,333,049
Noncurrent operating lease liabilities	1,720	2,030
Noncurrent finance lease liabilities	62,513	64,649
Other long-term liabilities	29,111	12,527
Deferred revenue	24,613	29,662
Class B unit	60,507	56,549
Equity:		
Partners' equity:		
Common unitholders (126,440,201 and 105,440,201 units issued and outstanding at December 31, 2022 and 2021, respectively)	857,126	443,017
Total partners' equity	857,126	443,017
Noncontrolling interests	69,754	147,532
Total equity	926,880	590,549
Total liabilities and equity	$ 2,747,502	$ 2,165,867

See accompanying notes.

HOLLY ENERGY PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per unit data)

	Years Ended December 31,		
	2022	2021	2020
Revenues:			
Affiliates	$ 438,280	$ 390,849	$ 399,809
Third parties	109,200	103,646	98,039
	547,480	494,495	497,848
Operating costs and expenses:			
Operations (exclusive of depreciation and amortization)	210,623	170,524	147,692
Depreciation and amortization	99,092	93,800	99,578
General and administrative	17,003	12,637	9,989
Goodwill impairment	—	11,034	35,653
	326,718	287,995	292,912
Operating income	220,762	206,500	204,936
Other income (expense):			
Equity in earnings (losses) of equity method investments	(260)	12,432	6,647
Interest expense	(82,560)	(53,818)	(59,424)
Interest income	91,406	29,925	10,621
Gain on sales-type lease	—	24,677	33,834
Loss on early extinguishment of debt	—	—	(25,915)
Gain on sale of assets and other	668	6,179	8,691
	9,254	19,395	(25,546)
Income before income taxes	230,016	225,895	179,390
State income tax expense	(111)	(32)	(167)
Net income	229,905	225,863	179,223
Allocation of net income attributable to noncontrolling interests	(13,122)	(10,917)	(8,740)
Net income attributable to the partners	216,783	214,946	170,483
Limited partners' per unit interest in earnings—basic and diluted	$ 1.77	$ 2.03	$ 1.61
Weighted average limited partners' units outstanding	122,298	105,440	105,440

Net income and comprehensive income are the same in all periods presented.
See accompanying notes.

HOLLY ENERGY PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31,		
	2022	2021	2020
Cash flows from operating activities			
Net income	$ 229,905	$ 225,863	$ 179,223
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	99,092	93,800	99,578
Gain on sale of assets	(209)	(5,567)	(1,015)
Gain on sales-type lease	—	(24,677)	(33,834)
Goodwill impairment	—	11,034	35,653
Amortization of deferred charges	3,929	3,757	3,319
Equity-based compensation expense	1,845	2,557	2,193
Equity in losses of equity method investments	19,769	—	1,084
Loss on early extinguishment of debt	—	—	25,915
(Increase) decrease in operating assets:			
Accounts receivable—trade	(594)	1,798	4,188
Accounts receivable—affiliates	(7,305)	(8,182)	1,744
Prepaid and other current assets	(254)	(255)	(1,272)
Increase (decrease) in operating liabilities:			
Accounts payable—trade	847	912	2,208
Accounts payable—affiliates	4,054	(6,417)	1,383
Accrued interest	6,734	366	(2,314)
Deferred revenue	(7,546)	(1,144)	(4,122)
Accrued property taxes	(66)	550	193
Other current liabilities	(141)	(724)	200
Turnaround expenditures	(24,953)	(2,500)	(132)
Other, net	5,942	2,924	1,435
Net cash provided by operating activities	331,049	294,095	315,627
Cash flows from investing activities			
Additions to properties and equipment	(38,964)	(89,995)	(59,283)
Acquisition of Sinclair Transportation	(328,955)	—	—
Purchase of interest in Cushing Connect Pipeline & Terminal	—	—	(2,438)
Investment in Osage Pipe Line Company, LLC	(13,000)	—	—
Proceeds from sales of assets	279	7,365	1,089
Distributions in excess of equity in earnings of equity investments	10,623	4,165	882
Net cash used for investing activities	(370,017)	(78,465)	(59,750)
Cash flows from financing activities			
Borrowings under credit agreement	510,000	480,500	258,500
Repayments of credit agreement borrowings	(682,000)	(554,000)	(310,500)
Redemption of senior notes	—	—	(522,500)
Proceeds from issuance of senior notes	400,000	—	500,000
Contributions from general partner	—	—	988
Contribution from noncontrolling interests	—	23,194	23,899
Distributions to HEP unitholders	(169,998)	(149,432)	(174,443)
Distributions to noncontrolling interests	(9,676)	(10,743)	(9,770)
Payments on finance leases	(3,743)	(3,549)	(3,602)
Purchase of units for incentive grants	(1,727)	(1,958)	(698)
Units withheld for tax withholding obligations	(636)	(590)	(334)
Deferred financing costs	(6,546)	(6,661)	(8,714)
Other	(170)	—	—
Net cash provided by (used for) financing activities	35,504	(223,239)	(247,174)
Cash and cash equivalents			
Increase (decrease) for the year	(3,464)	(7,609)	8,703
Beginning of year	14,381	21,990	13,287
End of year	$ 10,917	$ 14,381	$ 21,990
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ 72,316	$ 49,990	$ 58,138

See accompanying notes.

HOLLY ENERGY PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

	Common Units	Noncontrolling Interests	Total
Balance December 31, 2019	$ 381,103	$ 106,655	$ 487,758
Capital contribution-Cushing Connect	—	23,899	23,899
Capital contribution -Cheyenne	988	—	988
Distributions to HEP unitholders	(174,443)	—	(174,443)
Distributions to noncontrolling interests	—	(9,770)	(9,770)
Purchase of units for incentive grants	(698)	—	(698)
Amortization of restricted and performance units	2,193	—	2,193
Class B unit accretion	(3,458)	—	(3,458)
Other	(334)	—	(334)
Net income	173,941	5,282	179,223
Balance December 31, 2020	379,292	126,066	505,358
Capital contribution-Cushing Connect	—	23,194	23,194
Distributions to HEP unitholders	(149,432)	—	(149,432)
Distributions to noncontrolling interests	—	(10,743)	(10,743)
Purchase of units for incentive grants	(1,958)	—	(1,958)
Amortization of restricted and performance units	2,557	—	2,557
Class B unit accretion	(3,699)	—	(3,699)
Other	(2,388)	1,797	(591)
Net income	218,645	7,218	225,863
Balance December 31, 2021	443,017	147,532	590,549
Issuance of common units	349,020	—	349,020
Distributions to HEP unitholders	(169,998)	—	(169,998)
Distributions to noncontrolling interests	—	(9,676)	(9,676)
Acquisition of remaining UNEV interests	19,735	(78,010)	(58,275)
Purchase of units for incentive grants	(1,727)	—	(1,727)
Amortization of restricted and performance units	1,845	—	1,845
Class B unit accretion	(3,958)	—	(3,958)
Other	(1,549)	744	(805)
Net income	220,741	9,164	229,905
Balance December 31, 2022	857,126	69,754	926,880

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

Note 1: Description of Business and Summary of Significant Accounting Policies

Holly Energy Partners, L.P. (“HEP”), together with its consolidated subsidiaries, is a publicly held master limited partnership. We commenced operations on July 13, 2004, upon the completion of our initial public offering. On March 14, 2022 (the “Closing Date”), HollyFrontier Corporation (“HFC”) and HEP announced the establishment of HF Sinclair Corporation, a Delaware corporation (“HF Sinclair”), as the new parent holding company of HFC and HEP and their subsidiaries, and the completion of their respective acquisitions of Sinclair Oil Corporation (now known as Sinclair Oil LLC (“Sinclair Oil”)) and Sinclair Transportation Company LLC (“Sinclair Transportation”) from REH Company (formerly known as The Sinclair Companies, and referred to herein as “REH Company”). On the Closing Date, pursuant to that certain Business Combination Agreement, dated as of August 2, 2021 (as amended on March 14, 2022, the “Business Combination Agreement”), by and among HFC, HF Sinclair, Hippo Merger Sub, Inc., a wholly owned subsidiary of HF Sinclair (“Parent Merger Sub”), REH Company, and Hippo Holding LLC (now known as Sinclair Holding LLC), a wholly owned subsidiary of REH Company (the “Target Company”), HF Sinclair completed its acquisition of the Target Company by effecting (a) a holding company merger in accordance with Section 251(g) of the Delaware General Corporation Law whereby HFC merged with and into Parent Merger Sub, with HFC surviving such merger as a direct wholly owned subsidiary of HF Sinclair (the “HFC Merger”), and (b) immediately following the HFC Merger, a contribution whereby REH Company contributed all of the equity interests of the Target Company to HF Sinclair in exchange for shares of HF Sinclair, resulting in the Target Company becoming a direct wholly owned subsidiary of HF Sinclair (together with the HFC Merger, the “HFC Transactions”).

As of December 31, 2022, HF Sinclair and its subsidiaries owned a 47% limited partner interest and the non-economic general partner interest in HEP.

In connection with the closing of the HFC Transactions, HF Sinclair issued 60,230,036 shares of HF Sinclair common stock to REH Company, representing 27% of the pro forma equity of HF Sinclair with a value of approximately $2,149 million based on HFC’s fully diluted shares of common stock outstanding and closing stock price on March 11, 2022. References herein to HF Sinclair with respect to time periods prior to March 14, 2022 refer to HFC and its consolidated subsidiaries and do not include the Target Company, Sinclair Transportation or their respective consolidated subsidiaries. References herein to HF Sinclair with respect to time periods from and after March 14, 2022 refer to HF Sinclair and its consolidated subsidiaries, which includes the combined business operations of HFC, the Target Company, Sinclair Transportation and their respective consolidated subsidiaries.

Additionally, on the Closing Date, pursuant to that certain Contribution Agreement, dated August 2, 2021 (as amended on March 14, 2022, the “Contribution Agreement”) by and among REH Company, Sinclair Transportation and HEP, HEP acquired all of the outstanding equity interests of Sinclair Transportation from REH Company in exchange for 21 million newly issued common limited partner units of HEP (the “HEP Units”), representing 16.6% of the pro forma outstanding HEP Units with a value of approximately $349 million based on HEP’s fully diluted common limited partner units outstanding and closing unit price on March 11, 2022, and cash consideration equal to $329.0 million, inclusive of final working capital adjustments pursuant to the Contribution Agreement for an aggregate transaction value of $678.0 million (the “HEP Transaction” and together with the HFC Transactions, the “Sinclair Transactions”). Of the 21 million HEP Units, 5.29 million units are currently held in escrow to secure REH Company’s renewable identification numbers (“RINs”) credit obligations to HF Sinclair under Section 6.22 of the Business Combination Agreement. HF Sinclair, and not HEP, would be entitled to the HEP common units held in escrow in the event of REH Company’s breach of its RINs credit obligations under the Business Combination Agreement. The cash consideration was funded through a draw under HEP’s senior secured revolving credit facility. The HEP Transaction was conditioned on the closing of the HFC Transactions, which occurred immediately following the HEP Transaction.

References herein to HEP with respect to time periods prior to March 14, 2022, include HEP and its consolidated subsidiaries and do not include Sinclair Transportation and its consolidated subsidiaries (collectively, the “Acquired Sinclair Businesses”). References herein to HEP with respect to time periods from and after March 14, 2022 include the operations of the Acquired Sinclair Businesses.

In these consolidated financial statements, the words “we”, “our”, “ours” and “us” refer to HEP unless the context indicates otherwise.

Through our subsidiaries and joint ventures, we own and/or operate petroleum product and crude oil pipelines, terminal, tankage and loading rack facilities and refinery processing units that support the refining and marketing operations of HF Sinclair and other refineries in the Mid-Continent, Southwest and Northwest regions of the United States. Additionally, we own (a) a 50% interest in Osage Pipe Line Company, LLC ("Osage"), (b) a 50% interest in Cheyenne Pipeline LLC, (c) a 50% interest in Cushing Connect Pipeline & Terminal LLC, (d) a 25.06% interest in Saddle Butte Pipeline III, LLC and (e) a 49.995% interest in Pioneer Investments Corp. Following the HEP Transaction (see Note 2), we now own the remaining 25% interest in UNEV Pipeline, LLC and as a result, UNEV Pipeline, LLC is our wholly owned subsidiary.

On June 1, 2020, HFC announced plans to permanently cease petroleum refining operations at its Cheyenne refinery (the "Cheyenne Refinery") and to convert certain assets at that refinery to renewable diesel production. HFC subsequently began winding down petroleum refining operations at the Cheyenne Refinery on August 3, 2020.

On February 8, 2021, HEP and HFC finalized and executed new agreements for HEP's Cheyenne assets with the following terms, in each case effective January 1, 2021: (1) a ten-year lease with two five-year renewal option periods for HFC's (and now HF Sinclair's) use of certain HEP tank and rack assets in the Cheyenne Refinery to facilitate renewable diesel production with an annual lease payment of approximately $5 million, (2) a five-year contango service fee arrangement that will utilize HEP tank assets inside the Cheyenne Refinery where HFC (and now HF Sinclair) will pay a base tariff to HEP for available crude oil storage and HFC (and now HF Sinclair) and HEP will split any profits generated on crude oil contango opportunities and (3) HFC paid a $10 million one-time cash payment from HFC to HEP for the termination of the existing minimum volume commitment.

On April 1, 2021, we sold our 156-mile, 6-inch refined product pipeline that connected HF Sinclair's Navajo refinery to terminals in El Paso for gross proceeds of $7.0 million and recognized a gain on sale of $5.3 million.

We operate in two reportable segments, a Pipelines and Terminals segment and a Refinery Processing Unit segment. Disclosures around these segments are discussed in Note 16.

We generate revenues by charging tariffs for transporting petroleum products and crude oil through our pipelines, by charging fees for terminalling and storing refined products and other hydrocarbons, providing other services at our storage tanks and terminals and by charging fees for processing hydrocarbon feedstocks through our refinery processing units. We do not take ownership of products that we transport, terminal, store or process, and therefore, we are not exposed directly to changes in commodity prices.

Principles of Consolidation
The consolidated financial statements include our accounts and those of subsidiaries and joint ventures that we control through an ownership interest greater than 50% or through a controlling financial interest with respect to variable interest entities. All significant intercompany transactions and balances have been eliminated. Certain prior period balances have been reclassified for consistency with current year presentation.

Use of Estimates
The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statements of cash flows, we consider all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. The carrying amounts reported on the balance sheets approximate fair value due to the short-term maturity of these instruments.

Accounts Receivable
The majority of the accounts receivable are due from affiliates of HF Sinclair or independent companies in the petroleum industry. Credit is extended based on evaluation of the customer's financial condition, and in certain circumstances, collateral such as letters of credit or guarantees, may be required. We reserve for doubtful accounts based on our historical loss experience as well as expected credit losses from current economic conditions and management's expectations of future economic conditions. Credit losses are charged to the allowance for doubtful accounts when an account is deemed uncollectible and historically have been minimal.

Properties and Equipment
Properties and equipment are stated at cost. Properties and equipment acquired from HFC while under common control of HFC are stated at HFC's historical basis. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, primarily 15 to 25 years for terminal facilities and tankage, 25 to 30 years for pipelines, 25 years for refinery processing units and 3 to 10 years for corporate and other assets. We depreciate assets acquired under capital leases over the lesser of the lease term or the economic life of the assets. Maintenance, repairs and minor replacements are expensed as incurred. Costs of replacements constituting improvements are capitalized.

Intangible Assets
Intangible assets include transportation agreements and acquired customer relationship intangible assets. Intangible assets are stated at acquisition date fair value and are being amortized over their useful lives using the straight-line method.

Goodwill and Long-Lived Assets
Goodwill represents the excess of our cost of an acquired business over the fair value of the assets acquired, less liabilities assumed. Goodwill is not subject to amortization and is tested annually or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Our goodwill impairment testing first entails either a quantitative assessment or an optional qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine that based on the qualitative factors that it is more likely than not that the carrying amount of the reporting unit is greater than its fair value, a quantitative test is performed in which we estimate the fair value of the related reporting unit. If the carrying amount of a reporting unit exceeds its fair value, the goodwill of that reporting unit is impaired, and we measure goodwill impairment as the excess of the carrying amount of the reporting unit over the related fair value.

Indicators of Goodwill and Long-Lived Asset Impairment
Our annual goodwill impairment testing for 2022 and 2021 was performed on a qualitative basis during the third quarters of 2022 and 2021. We assessed qualitative factors such as macroeconomic conditions, industry considerations, cost factors and reporting unit financial performance and determined it was not more likely than not that the fair value of our reporting units were less than the respective carrying value. Therefore, in accordance with GAAP, further testing was not required.

During the first quarter of 2021, changes in our agreements with HFC related to our Cheyenne assets resulted in an increase in the carrying amount of our Cheyenne reporting unit due to sales-type lease accounting, which led us to determine indicators of potential goodwill impairment for our Cheyenne reporting unit were present.

The estimated fair value of our Cheyenne reporting unit was derived using a combination of income and market approaches. The income approach reflects expected future cash flows based on anticipated gross margins, operating costs, and capital expenditures. The market approaches include both the guideline public company and guideline transaction methods. Both methods utilize pricing multiples derived from historical market transactions of other like-kind assets. These fair value measurements involve significant unobservable inputs (Level 3 inputs). See Note 6 for further discussion of Level 3 inputs.

Our interim impairment testing of our Cheyenne reporting unit goodwill identified an impairment charge of $11.0 million, which was recorded in the three months ended March 31, 2021.

Our annual impairment testing for 2020 was performed on a quantitative basis during the third quarter of 2020. The estimated fair value of our reporting units were derived using a combination of both income and market approaches as described above. Our annual testing of goodwill in 2020 identified an impairment charge of $35.7 million, which was recorded in the third quarter of 2020, related to our Cheyenne reporting unit.

The following is a summary of our goodwill balances:

	December 31, 2022	December 31, 2021
	(In thousands)	
Goodwill	$ 389,448	$ 270,336
Accumulated impairment losses	(46,686)	(46,686)
	$ 342,762	$ 223,650

We evaluate long-lived assets, including finite-lived intangible assets, for potential impairment by identifying whether indicators of impairment exist and, if so, assessing whether the long-lived assets are recoverable from estimated future undiscounted cash flows. The actual amount of impairment loss, if any, to be recorded is equal to the amount by which a long-lived asset's carrying value exceeds its fair value.

Investment in Equity Method Investments

We account for our interests in noncontrolling joint venture interests using the equity method of accounting, whereby we record our pro-rata share of earnings of these companies, and contributions to and distributions from the joint ventures as adjustments to our investment balances. The difference between the cost of an investment and our proportionate share of the underlying equity in net assets recorded on the investee's books is allocated to the various assets and liabilities of the equity method investment.

The following table summarizes our recorded investments compared to our share of underlying equity for each investee. We are amortizing the differences as adjustments to our pro-rata share of earnings over the useful lives of the underlying assets of these joint ventures.

	Balance at December 31, 2022		
	Underlying Equity	Recorded Investment Balance	Difference
		(In thousands)	
Equity Method Investments			
Osage Pipe Line Company, LLC	$ 2,901	$ 29,773	$ (26,872)
Cheyenne Pipeline LLC	27,655	40,019	(12,364)
Cushing Connect Terminal Holdings LLC	49,915	34,746	15,169
Pioneer Investments Corp.	23,835	133,182	(109,347)
Saddle Butte Pipeline III, LLC	67,349	32,884	34,465
Total	$ 171,655	$ 270,604	$ (98,949)

	Balance at December 31, 2021		
	Underlying Equity	Recorded Investment Balance	Difference
		(In thousands)	
Equity Method Investments			
Osage Pipe Line Company, LLC	$ 9,996	$ 37,782	$ (27,786)
Cheyenne Pipeline LLC	28,557	41,091	(12,534)
Cushing Connect Terminal Holdings LLC	52,203	37,505	14,698
Total	$ 90,756	$ 116,378	$ (25,622)

Asset Retirement Obligations

We record legal obligations associated with the retirement of certain of our long-lived assets that result from the acquisition, construction, development and/or the normal operation of our long-lived assets. The fair value of the estimated cost to retire a tangible long-lived asset is recorded in the period in which the liability is incurred and when a reasonable estimate of the fair value of the liability can be made. For our pipeline assets, the right-of-way agreements typically do not require the dismantling, removal and reclamation of the right-of-way upon cessation of the pipeline service. Additionally, management is unable to predict when, or if, our pipelines and related facilities would become obsolete and require decommissioning. Accordingly, we have recorded no liability or corresponding asset related to an asset retirement obligation for the majority of our pipelines as both the amounts and timing of such potential future costs are indeterminable. For our remaining assets, at December 31, 2022 and 2021, we have asset retirement obligations of $10.5 million and $8.7 million, respectively, that are recorded under "Other long-term liabilities" in our consolidated balance sheets.

Class B Unit

Under the terms of the transaction to acquire HFC's 75% interest in UNEV, we issued to a subsidiary of HFC (now HF Sinclair) a Class B unit comprising a noncontrolling equity interest in a wholly owned subsidiary subject to redemption to the extent that HFC (now HF Sinclair) is entitled to a 50% interest in 75% of annual UNEV earnings before interest, income taxes, depreciation, and amortization above $40 million beginning July 1, 2015, and ending in June 2032, subject to certain limitations. However, to the extent earnings thresholds are not achieved, no redemption payments are required. No redemption payments have been required to date.

Pursuant to the terms of the transaction agreements, the Class B unit increases by the amount of each foregone incentive distribution and by a 7% factor compounded annually on the outstanding unredeemed balance through its expiration date. At our option, we may redeem, in whole or in part, the Class B unit at the current unredeemed value based on the calculation described. The Class B unit had a carrying value of $60.5 million at December 31, 2022, and $56.5 million at December 31, 2021.

Revenue Recognition

Revenues are generally recognized as products are shipped through our pipelines and terminals, feedstocks are processed through our refinery processing units or other services are rendered. The majority of our contracts with customers meet the definition of a lease since (1) performance of the contracts is dependent on specified property, plant, or equipment and (2) it is remote that one or more parties other than the customer will take more than a minor amount of the output associated with the specified property, plant, or equipment. Prior to the adoption of the new lease standard (see below), we bifurcated the consideration received between lease and service revenue. The new lease standard allows the election of a practical expedient whereby a lessor does not have to separate non-lease (service) components from lease components under certain conditions. The majority of our contracts meet these conditions, and we have made this election for those contracts. Under this practical expedient, we treat the combined components as a single performance obligation in accordance with Accounting Standards Codification ("ASC") 606, which largely codified ASU 2014-09, if the non-lease (service) component is the dominant component. If the lease component is the dominant component, we treat the combined components as a lease in accordance with ASC 842, which largely codified ASU 2016-02.

Several of our contracts include incentive or reduced tariffs once a certain quarterly volume is met. Revenue from the variable element of these transactions is recognized based on the actual volumes shipped as it relates specifically to rendering the services during the applicable quarter.

The majority of our long-term transportation contracts specify minimum volume requirements, whereby, we bill a customer for a minimum level of shipments in the event a customer ships below their contractual requirements. If there are no future performance obligations, we will recognize these deficiency payments in revenue.

In certain of these throughput agreements, a customer may later utilize such shortfall billings as credit towards future volume shipments in excess of its minimum levels within its respective contractual shortfall make-up period. Such amounts represent an obligation to perform future services, which may be initially deferred and later recognized as revenue based on estimated future shipping levels, including the likelihood of a customer's ability to utilize such amounts prior to the end of the contractual shortfall make-up period. We recognize these deficiency payments in revenue when we do not expect we will be required to satisfy these performance obligations in the future based on the pattern of rights projected to be exercised by the customer. During the years ended December 31, 2022, 2021 and 2020, we recognized $21.1 million, $17.5 million and $20.8 million, respectively, of these deficiency payments in revenue, of which $4.2 million, $0.5 million and $0.7 million, respectively, related to deficiency payments billed in prior periods. There was no deferred revenue reflected in our consolidated balance sheet related to shortfalls as of December 31, 2022.

We have other cost reimbursement provisions in our throughput/storage agreements providing that customers (including HF Sinclair) reimburse us for certain costs. Such reimbursements are recorded as revenue or deferred revenue depending on the nature of the cost. Deferred revenue is recognized over the remaining contractual term of the related throughput agreement.

Taxes billed and collected from our pipeline and terminal customers are recorded on a net basis with no effect on net income.

Leases

We adopted ASC 842 effective January 1, 2019, and elected to adopt using the modified retrospective transition method and practical expedients, both of which are provided as options by the standard and further defined below.

Lessee Accounting - At inception, we determine if an arrangement is or contains a lease. Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our payment obligation under the leasing arrangement. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use our estimated incremental borrowing rate ("IBR") to determine the present value of lease payments as most of our leases do not contain an implicit rate. Our IBR represents the interest rate which we would pay to borrow, on a collateralized basis, an amount equal to the lease payments over a similar term in a similar economic environment. We use the implicit rate when readily determinable.

Operating leases are recorded in operating lease right-of-use assets and current and noncurrent operating lease liabilities on our consolidated balance sheet. Finance leases are included in properties and equipment, current finance lease liabilities and noncurrent finance lease liabilities on our consolidated balance sheet.

When renewal options are defined in a lease, our lease term includes an option to extend the lease when it is reasonably certain we will exercise that option. Leases with a term of 12 months or less are not recorded on our balance sheet, and lease expense is accounted for on a straight-line basis. In addition, as a lessee, we separate non-lease components that are identifiable and exclude them from the determination of net present value of lease payment obligations.

Lessor Accounting - Customer contracts that contain leases are generally classified as either operating leases, direct finance leases or sales-type leases. We consider inputs such as the lease term, fair value of the underlying asset and residual value of the underlying assets when assessing the classification.

Environmental Costs

Environmental costs are expensed if they relate to an existing condition caused by past operations and do not contribute to current or future revenue generation. Liabilities are recorded when site restoration and environmental remediation, cleanup and other obligations are either known or considered probable and can be reasonably estimated. Such estimates require judgment with respect to costs, time frame and extent of required remedial and clean-up activities and are subject to periodic adjustments based on currently available information.

Under the Omnibus Agreement and certain transportation agreements and purchase agreements with HF Sinclair, HF Sinclair, has agreed to indemnify us, subject to certain monetary and time limitations, for environmental noncompliance and remediation liabilities associated with certain assets transferred to us from HF Sinclair, occurring or existing prior to the date of such transfers. We have an environmental agreement with Delek with respect to pre-closing environmental costs and liabilities relating to the pipelines and terminals acquired from Delek in 2005, under which Delek will indemnify us subject to certain monetary and time limitations. Environmental costs recoverable through insurance, indemnification agreements or other sources are included in other assets to the extent such recoveries are considered probable.

Income Tax

We are subject to the Texas margin tax that is based on our Texas sourced taxable margin. The tax is calculated by applying a tax rate to a base that considers both revenues and expenses and therefore has the characteristics of an income tax.

We are organized as a pass-through entity for U.S. federal income tax purposes. As a result, our partners are responsible for U.S. federal income taxes based on their respective share of taxable income.

Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the partnership agreement.

Accounting Pronouncement Adopted During the Periods Presented

Credit Losses Measurement

In June 2016, ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," was issued requiring measurement of all expected credit losses for certain types of financial instruments, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This standard was effective January 1, 2020. Adoption of the standard did not have a material impact on our financial condition, results of operations or cash flows.

Accounting Pronouncements - Not Yet Adopted

In October 2021, Accounting Standards Update 2021-08, "Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" was issued requiring that an acquiring entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification ("ASC") 606 – Revenue from Contracts with Customers. This standard is effective for fiscal years beginning after December 15, 2022, and early adoption is permitted. We will evaluate the impact of this standard, if applicable.

Note 2: Sinclair Acquisition

HEP Transaction

On March 14, 2022, pursuant to the Contribution Agreement, HEP acquired all of the outstanding equity interests of Sinclair Transportation in exchange for 21 million newly issued HEP Units, representing 16.6% of the pro forma outstanding HEP Units with a value of approximately $349 million based on HEP's fully diluted common limited partner units outstanding and closing unit price on March 11, 2022, and cash consideration equal to $329 million, inclusive of final working capital adjustments pursuant to the Contribution Agreement for an aggregate transaction value of $678 million. On the same date and immediately following the consummation of the HEP Transaction, pursuant to the Business Combination Agreement, REH Company contributed all of the equity interests of the Target Company to HF Sinclair in exchange for 60,230,036 shares of common stock in HF Sinclair, representing 27% of the pro forma equity of HF Sinclair with a value of approximately $2,149 million based on HF Sinclair's fully diluted shares of common stock outstanding and closing stock price on March 11, 2022.

On August 2, 2021, in connection with the Contribution Agreement, HEP, Holly Logistics Services, L.L.C., the ultimate general partner of HEP ("HLS") and Navajo Pipeline Co., L.P., the sole member of HLS (the "Sole Member"), entered into a unitholders agreement (the "Unitholders Agreement") by and among HEP, HLS, the Sole Member, REH Company and the stockholders of REH Company (each a "Unitholder" and collectively, the "Unitholders," and along with REH Company and each of their permitted transferees, the "REH Parties"), which became effective on the Closing Date.

Pursuant to the Unitholders Agreement, the REH Parties have the right to nominate, and have nominated, one person to the board of directors of HLS until such time that (x) the REH Parties beneficially own less than 10.5 million HEP Units or (y) the HEP Units beneficially owned by the REH Parties constitute less than 5% of all outstanding HEP Units. The Unitholders Agreement also subjects 15.75 million of the HEP Units issued to the REH Parties (the "Restricted Units") to a "lock-up" period commencing on the Closing Date, during which the REH Parties are prohibited from selling the Restricted Units, except for certain permitted transfers. One-third of such Restricted Units were released from such restrictions on the date that was six months after the closing, one-third of the Restricted Units will be released from such restrictions on the first anniversary of the Closing Date, and the remainder will be released from such restrictions on the date that is 15 months from the Closing Date.

Under the terms of the Contribution Agreement, HEP acquired Sinclair Transportation, which together with its subsidiaries, owned REH Company's integrated crude and refined products pipelines and terminal assets, including approximately 1,200 miles of integrated crude and refined product pipelines supporting the REH Company refineries and other third-party refineries, eight product terminals and two crude terminals with approximately 4.5 million barrels of operated storage. In addition, HEP acquired Sinclair Transportation's interests in three pipeline joint ventures for crude gathering and product offtake including: Saddle Butte Pipeline III, LLC (25.06% non-operated interest); Pioneer Pipeline (49.995% non-operated interest); and UNEV Pipeline (the 25% non-operated interest not already owned by HEP, resulting in UNEV Pipeline, LLC becoming a wholly owned subsidiary of HEP).

The HEP Transaction was accounted for as a business combination using the acquisition method of accounting, with the assets acquired and liabilities assumed at their respective acquisition date fair values at the Closing Date, with the excess consideration recorded as goodwill. The preliminary purchase price allocation resulted in the recognition of $119.1 million in goodwill.

The following tables present the purchase consideration and preliminary purchase price allocation to the assets acquired and liabilities assumed on March 14, 2022:

Purchase Consideration (in thousands except for per share amounts)		
HEP common units issued		21,000
Closing price per unit of HEP common units(1)	$	16.62
Purchase consideration paid in HEP common units		349,020
Cash consideration paid by HEP		325,000
Working capital adjustment payment by HEP(2)		3,955
Total cash consideration		328,955
Total purchase consideration	$	677,975

(1) Based on the HEP closing unit price on March 11, 2022.
(2) Net of cash acquired

	(In thousands)
Assets Acquired	
Accounts receivable	3,005
Prepaid and other current assets	59
Properties and equipment	340,682
Operating lease right-of-use assets	105
Other assets	3,500
Goodwill	119,112
Equity method investments	229,891
Total assets acquired	696,354
Liabilities Assumed	
Accounts payable	1,528
Accrued property taxes	973
Other current liabilities	789
Operating lease liabilities	33
Noncurrent operating lease liabilities	72
Other long-term liabilities	14,984
Total liabilities assumed	18,379
Net assets acquired	677,975

The fair value of properties, plants and equipment was based on the combination of the cost and market approaches. Key assumptions in the cost approach include determining the replacement cost by evaluating recently published data and adjusting replacement cost for physical deterioration, functional and economic obsolescence. We used the market approach to measure the value of certain assets through an analysis of recent sales or offerings of comparable properties.

The fair value of the equity method investments were based on a combination of valuation methods including discounted cash flows and the guideline public company method.

The fair values discussed above were based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements. See Note 6.

The fair values of all other current receivable and payables were equivalent to their carrying values due to their short-term nature.

These fair value estimates are preliminary and, therefore, the final fair values of assets acquired and liabilities assumed and the resulting effect on our financial position may change once all needed information has become available, and we finalize our valuations.

Our consolidated financial and operating results for the year ended December 31, 2022 reflected the Sinclair Transportation operations beginning March 14, 2022. Our results of operations included revenue, interest income from sales-type leases and net income of $28.3 million, $52.0 million and $58.1 million, respectively, for the period from March 14, 2022 through December 31, 2022, related to these operations.

For the year ended December 31, 2022, we incurred $2.4 million in incremental direct acquisition and integration costs that principally relate to legal, advisory and other professional fees and are presented as general and administrative expenses in our statements of operations.

The following unaudited pro forma combined condensed financial data for the years ended December 31, 2022 and 2021 was derived from our historical financial statements giving effect to the HEP Transaction as if it had occurred on January 1, 2021. The below information reflects pro forma adjustments based on available information and certain assumptions that we believe are reasonable, including the depreciation of Sinclair Transportation's fair-valued properties, plants and equipment.

Additionally, pro forma earnings include certain non-recurring charges, the substantial majority of which consist of transaction costs related to financial advisors, legal advisors, financial advisory and professional accounting services.

The pro forma results of operations do not include any contract adjustments to tariffs made after closing, cost savings or other synergies that may result from the HEP Transaction. The pro forma combined condensed financial data has been included for comparative purposes only and is not necessarily indicative of the results that might have occurred had the HEP Transaction taken place on January 1, 2021 and is not intended to be a projection of future results.

	Years Ended December 31,	
	2022	**2021**
Sales and other revenues	562,242	565,115
Net income attributable to the partners	218,006	240,509

Contemporaneous with the closing of the Sinclair Transactions, HEP and HFC amended certain intercompany agreements, including the master throughput agreement, to include within the scope of such agreements certain of the assets acquired by HEP pursuant to the Contribution Agreement.

Note 3: Investment in Joint Venture

On October 2, 2019, HEP Cushing LLC (“HEP Cushing”), a wholly owned subsidiary of HEP, and Plains Marketing, L.P. (“PMLP”), a wholly owned subsidiary of Plains All American Pipeline, L.P. (“Plains”), formed a 50/50 joint venture, Cushing Connect Pipeline & Terminal LLC (the “Cushing Connect Joint Venture”), for (i) the development and construction of a new 160,000 barrel per day common carrier crude oil pipeline (the “Cushing Connect Pipeline”) that connected the Cushing, Oklahoma crude oil hub to the Tulsa, Oklahoma refining complex owned by a subsidiary of HF Sinclair, and (ii) the ownership and operation of 1.5 million barrels of crude oil storage in Cushing, Oklahoma (the “Cushing Connect JV Terminal”). The Cushing Connect JV Terminal went in service during the second quarter of 2020, and the Cushing Connect Pipeline was placed into service during the third quarter of 2021. Long-term commercial agreements were entered into to support the Cushing Connect Joint Venture assets.

The Cushing Connect Joint Venture contracted with an affiliate of HEP to manage the construction and operation of the Cushing Connect Pipeline and with an affiliate of Plains to manage the operation of the Cushing Connect JV Terminal. The total Cushing Connect Joint Venture investment was generally shared equally among the partners. However, we were solely responsible for any Cushing Connect Pipeline construction costs that exceeded the budget by more than 10%. HEP's share of the cost of the Cushing Connect JV Terminal contributed by Plains and Cushing Connect Pipeline construction costs was approximately $74 million, including approximately $5 million of Cushing Connect Pipeline construction costs that exceeded the budget by more than 10% borne solely by HEP.

The Cushing Connect Joint Venture legal entities are variable interest entities (“VIEs”) as defined under GAAP. A VIE is a legal entity if it has any one of the following characteristics: (i) the entity does not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support; (ii) the at risk equity holders, as a group, lack the characteristics of a controlling financial interest; or (iii) the entity is structured with non-substantive voting rights. The Cushing Connect Joint Venture legal entities did not have sufficient equity at risk to finance their activities without additional financial support. Since HEP constructed and is operating the Cushing Connect Pipeline, HEP has more ability to direct the activities that most significantly impact the financial performance of the Cushing Connect Joint Venture and Cushing Connect Pipeline legal entities. Therefore, HEP consolidates those legal entities. We do not have the ability to direct the activities that most significantly impact the Cushing Connect JV Terminal legal entity, and therefore, we account for our interest in the Cushing Connect JV Terminal legal entity using the equity method of accounting. HEP's maximum exposure to loss as a result of its involvement with the Cushing Connect JV Terminal legal entity is not expected to be material due to the long-term terminalling agreements in place to support its operations.

With the exception of the assets of HEP Cushing, creditors of the Cushing Connect Joint Venture legal entities have no recourse to our assets. Any recourse to HEP Cushing would be limited to the extent of HEP Cushing's assets, which other than its investment in Cushing Connect Joint Venture, are not significant. Furthermore, our creditors have no recourse to the assets of the Cushing Connect Joint Venture legal entities.

Note 4: Revenues

Revenues are generally recognized as products are shipped through our pipelines and terminals, feedstocks are processed through our refinery processing units or other services are rendered. See Note 1 for further discussion of revenue recognition.

Disaggregated revenues are as follows:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Pipelines	$ 285,451	$ 263,110	$ 265,834
Terminals, tanks and loading racks	167,812	142,267	151,692
Refinery processing units	94,217	89,118	80,322
	$ 547,480	$ 494,495	$ 497,848

Affiliates and third parties revenues on our consolidated statements of income were composed of the following lease and service revenues:

	Years Ended December 31,		
	2022	2021	2020
	(In thousands)		
Lease revenues	$ 333,627	$ 336,062	$ 360,598
Service revenues	213,853	158,433	137,250
	$ 547,480	$ 494,495	$ 497,848

A contract liability exists when an entity is obligated to perform future services to a customer for which the entity has received consideration. Since HEP may be required to perform future services for deficiency payments received, the deferred revenues on our balance sheets were considered contract liabilities. A contract asset exists when an entity has a right to consideration in exchange for goods or services transferred to a customer. Our consolidated balance sheets included the contract assets and liabilities in the table below.

	December 31, 2022	December 31, 2021
	(In thousands)	
Contract assets	$ 6,672	$ 6,637
Contract liabilities	$ —	$ (4,185)

The contract assets and liabilities include both lease and service components. During the years ended December 31, 2022 and 2021, we recognized $4.2 million and $0.5 million, respectively, of revenue that was previously included in contract liability as of December 31, 2021 and 2020, respectively. During the twelve months ended December 31, 2022 and 2021, we also recognized $0.2 million and $0.3 million, respectively, of revenue included in contract assets at December 31, 2022 and 2021, respectively.

As of December 31, 2022, we expect to recognize $1.5 billion in revenue related to our unfulfilled performance obligations under the terms of our long-term throughput agreements and operating leases expiring in 2023 through 2037. These agreements provide for changes in the minimum revenue guarantees annually for increases or decreases in the Producer Price Index ("PPI") or Federal Energy Regulatory Commission ("FERC") index, with certain contracts having provisions that limit the level of the rate increases or decreases. We expect to recognize revenue for these unfulfilled performance obligations as shown in the table below (amounts shown in table include both service and lease revenues):

Years Ending December 31,	(In millions)
2023	301
2024	265
2025	184
2026	169
2027	136
Thereafter	401
Total	$ 1,456

Payment terms under our contracts with customers are consistent with industry norms and are typically payable within 10 to 30 days of the date of invoice.

Note 5: Leases

Lessee Accounting

As a lessee, we lease land, buildings, pipelines, transportation and other equipment to support our operations. These leases can be categorized into operating and finance leases.

Our leases have remaining terms of less than 1 year to 22 years, some of which include options to extend the leases for up to 10 years.

Finance Lease Obligations

We have finance lease obligations related to vehicle leases with initial terms of 33 to 48 months. The total cost of assets under finance leases was $7.6 million and $6.0 million as of December 31, 2022 and December 31, 2021, respectively, with accumulated depreciation of $4.0 million and $3.6 million as of December 31, 2022 and December 31, 2021, respectively. We include depreciation of finance leases in depreciation and amortization in our consolidated statements of income.

In addition, we have a finance lease obligation related to a pipeline lease with an initial term of 10 years with one remaining subsequent renewal option for an additional 10 years.

Supplemental balance sheet information related to leases was as follows (in thousands, except for lease term and discount rate):

	December 31, 2022	December 31, 2021
Operating leases:		
Operating lease right-of-use assets, net	$ 2,317	$ 2,275
Current operating lease liabilities	968	620
Noncurrent operating lease liabilities	1,720	2,030
Total operating lease liabilities	$ 2,688	$ 2,650
Finance leases:		
Properties and equipment	$ 7,649	$ 6,031
Accumulated amortization	(3,979)	(3,632)
Properties and equipment, net	$ 3,670	$ 2,399
Current finance lease liabilities	4,389	3,786
Noncurrent finance lease liabilities	62,513	64,649
Total finance lease liabilities	$ 66,902	$ 68,435
Weighted average remaining lease term (in years)		
Operating leases	4.6	5.8
Finance leases	13.9	15.0
Weighted average discount rate		
Operating leases	4.6%	4.8%
Finance leases	5.7%	5.6%

Supplemental cash flow and other information related to leases were as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows on operating leases	$ 1,062	$ 1,142
Operating cash flows on finance leases	$ 4,255	$ 4,104
Financing cash flows on finance leases	$ 3,743	$ 3,549

Maturities of lease liabilities were as follows:

	December 31, 2022	
	Operating	Finance
	(In thousands)	
2023	$ 1,028	$ 7,925
2024	608	7,504
2025	491	7,044
2026	326	7,165
2027	205	6,448
2027 and thereafter	318	61,038
Total lease payments	2,976	97,124
Less: Imputed interest	(288)	(30,222)
Total lease obligations	2,688	66,902
Less: Current lease liabilities	(968)	(4,389)
Long-term lease liabilities	$ 1,720	$ 62,513

The components of lease expense were as follows:

	Years Ended December 31,	
	2022	2021
	(In thousands)	
Operating lease costs	$ 1,048	$ 1,077
Finance lease costs		
Amortization of assets	877	803
Interest on lease liabilities	3,797	3,953
Variable lease cost	471	215
Total net lease cost	$ 6,193	$ 6,048

Lessor Accounting

As discussed in Note 1, the majority of our contracts with customers meet the definition of a lease. See Note 1 for further discussion of the impact of adoption of this standard on our activities as a lessor.

Substantially all of the assets supporting contracts meeting the definition of a lease have long useful lives, and we believe these assets will continue to have value when the current agreements expire due to our risk management strategy for protecting the residual fair value of the underlying assets by performing ongoing maintenance during the lease term. HF Sinclair, generally has the option to purchase assets located within HF Sinclair, refinery boundaries, including refinery tankage, truck racks and refinery processing units, at fair market value when the related agreements expire.

During the year ended December 31, 2022, we entered into new agreements, and amended other agreements, with HF Sinclair, related to our newly acquired Sinclair Transportation assets. Certain of these agreements met the criteria of sales-type leases. Under sales-type lease accounting, at the commencement date, the lessor recognizes a net investment in the lease, based on the estimated fair value of the underlying leased assets at contract inception, and derecognizes the underlying assets with the difference recorded as selling profit or loss arising from the lease. Because we recorded these assets at fair values under purchase price accounting, there was no gain or loss on these sales-type leases during the year ended December 31, 2022. The balance sheet impacts were composed of the following:

	(In thousands)
Net investment in leases	$ 234,736
Properties and equipment, net	(234,736)
Gain on sales-type leases	$ —

During the year ended December 31, 2021, we entered into new agreements, and amended other agreements, with HF Sinclair, related to our Cheyenne assets, Tulsa West lube racks, various crude tanks and new Navajo tanks, and the agreements we previously entered into relating to the Cushing Connect Pipeline became effective. These agreements met the criteria of sales-type leases. We recognized a gain on sales-type leases during the year ended December 31, 2021 composed of the following:

	(In thousands)
Net investment in leases	148,419
Properties and equipment, net	(130,301)
Deferred Revenue	6,559
Gain on sales-type leases	$ 24,677

These sales-type lease transactions, including the related gains, were non-cash transactions.

Lease income recognized was as follows:

	Years Ended December 31,	
	2022	**2021**
	(In thousands)	
Operating lease revenues	$ 310,968	$ 326,902
Direct financing lease interest income	2,115	2,089
Gain on sales-type leases	—	24,677
Sales-type lease interest income	89,285	27,836
Lease revenues relating to variable lease payments not included in measurement of the sales-type lease receivable	22,659	9,160

For our sales-type leases, we included customer obligations related to minimum volume requirements in guaranteed minimum lease payments. Portions of our minimum guaranteed pipeline tariffs for assets subject to sales-type lease accounting are recorded as interest income with the remaining amounts recorded as a reduction in net investment in leases. We recognized any billings for throughput volumes in excess of minimum volume requirements as variable lease payments, and these variable lease payments were recorded in lease revenues.

Annual minimum undiscounted lease payment receipts under our leases were as follows as of December 31, 2022:

	Operating	**Finance**	**Sales-type**
Years Ending December 31,		(In thousands)	
2023	$ 271,439	$ 2,243	$ 103,876
2024	241,746	2,226	100,580
2025	165,560	2,244	97,153
2026	151,015	2,262	97,153
2027	118,472	2,280	97,153
Thereafter	346,975	34,940	820,234
Total lease payment receipts	$ 1,295,207	46,195	1,316,149
Less: Imputed interest		(29,931)	(1,189,628)
		16,264	126,521
Unguaranteed residual assets at end of leases		—	402,934
Net investment in leases		$ 16,264	$ 529,455

Net investments in leases recorded on our balance sheet were composed of the following:

	December 31, 2022				December 31, 2021			
	Sales-type Leases		Direct Financing Leases		Sales-type Leases		Direct Financing Leases	
	(In thousands)				(In thousands)			
Lease receivables [1]	$	418,989	$	16,264	$	207,768	$	16,371
Unguaranteed residual assets		110,466		—		90,097		—
Net investment in leases	$	529,455	$	16,264	$	297,865	$	16,371

(1) Current portion of lease receivables included in prepaid and other current assets on the balance sheet.

Note 6: Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are derived using inputs (assumptions that market participants would use in pricing an asset or liability) including assumptions about risk. GAAP categorizes inputs used in fair value measurements into three broad levels as follows:

- (Level 1) Quoted prices in active markets for identical assets or liabilities.
- (Level 2) Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data.
- (Level 3) Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes valuation techniques that involve significant unobservable inputs.

Financial Instruments
Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and debt. The carrying amounts of cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturity of these instruments. Debt consists of outstanding principal under our revolving credit agreement (which approximates fair value as interest rates are reset frequently at current interest rates) and our fixed interest rate senior notes.

The carrying amounts and estimated fair values of our senior notes were as follows:

		December 31, 2022				December 31, 2021			
Financial Instrument	**Fair Value Input Level**	**Carrying Value**		**Fair Value**		**Carrying Value**		**Fair Value**	
		(In thousands)							
Liabilities:									
5% Senior Notes	Level 2	$	494,047	$	458,090	$	493,049	$	502,705
6.375% Senior Notes	Level 2		394,287		394,568		—		—
Total Liabilities		$	888,334	$	852,658	$	493,049	$	502,705

Level 2 Financial Instruments
Our senior notes are measured at fair value using Level 2 inputs. The fair value of the senior notes is based on market values provided by a third-party bank, which were derived using market quotes for similar type debt instruments. See Note 10 for additional information.

Non-Recurring Fair Value Measurements
The HEP Transaction was accounted for as a business combination using the acquisition method of accounting, with the assets acquired and the liabilities assumed at their respective acquisition date fair values at the Closing Date. The fair value

measurements were based on a combination of valuation methods including discounted cash flows, the guideline public company method, the market approach and obsolescence adjusted replacement costs, all of which are Level 3 inputs.

For the net investments in sales-type leases recognized during the years ended December 31, 2022 and 2021, the estimated fair value of the underlying leased assets at contract inception and the present value of the estimated unguaranteed residual asset at the end of the lease term are used in determining the net investment in leases and related gain on sales-type leases recorded. The asset valuation estimates include Level 3 inputs based on a replacement cost valuation method.

During the years ended December 31, 2021 and 2020, we recognized goodwill impairment based on fair value measurements utilized during our goodwill testing (see Note 1). The fair value measurements were based on a combination of valuation methods including discounted cash flows and the guideline public company and guideline transaction methods; all of which are Level 3 inputs.

Note 7: Properties and Equipment

The carrying amounts of our properties and equipment are as follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Pipelines, terminals and tankage	$ 1,567,359	$ 1,527,697
Refinery assets	353,998	348,882
Land and right of way	171,327	98,837
Construction in progress	23,027	26,446
Other	69,098	48,203
	2,184,809	2,050,065
Less accumulated depreciation	(795,921)	(721,037)
	$ 1,388,888	$ 1,329,028

Depreciation expense was $80.9 million, $79.2 million, and $85.0 million for the years ended December 31, 2022, 2021 and 2020, respectively, and includes depreciation of assets acquired under capital leases. Asset abandonment charges of $0.1 million, $1.1 million and $1.0 million for assets permanently removed from service were included in depreciation expense for the years ended December 31, 2022, 2021 and 2020, respectively.

Note 8: Intangible Assets

Intangible assets include transportation agreements and customer relationships that represent a portion of the total purchase price of certain assets acquired from Delek in 2005, from HFC in 2008 prior to HEP becoming a consolidated VIE of HFC, from Plains in 2017, and from other minor acquisitions in 2018.

The carrying amounts of our intangible assets are as follows:

	Useful Life	December 31, 2022	December 31, 2021
		(In thousands)	
Delek transportation agreement	30 years	$ 59,933	$ 59,933
HF Sinclair transportation agreements	10-15 years	75,131	75,131
Customer relationships	10 years	69,683	69,683
Other	20 years	50	50
		204,797	204,797
Less accumulated amortization		(145,497)	(131,490)
Intangible assets, net		$ 59,300	$ 73,307

Amortization expense was $14.0 million for the years ended December 31, 2022, 2021 and 2020, respectively. We estimate amortization expense to be $9.9 million for 2023, and $9.1 million for 2024, 2025, 2026 and 2027.

We have additional transportation agreements with HF Sinclair resulting from historical transactions consisting of pipeline, terminal and tankage assets contributed to us or acquired from HF Sinclair. These transactions occurred while we were a consolidated variable interest entity of HF Sinclair; therefore, our basis in these agreements is zero and does not reflect a step-up in basis to fair value.

Note 9: Employees, Retirement and Incentive Plans

Direct support for our operations is provided by Holly Logistic Services, L.L.C., ("HLS"), an HF Sinclair subsidiary, which utilizes personnel employed by HF Sinclair who are dedicated to performing services for us. Their costs, including salaries, bonuses, payroll taxes, benefits and other direct costs, are charged to us monthly in accordance with an omnibus agreement that we have with HF Sinclair. These employees participate in the retirement and benefit plans of HF Sinclair. Our share of retirement and benefit plan costs was $11.2 million, $8.7 million and $7.9 million for the years ended December 31, 2022, 2021 and 2020, respectively. These costs include retirement costs of $4.9 million, $3.7 million and $3.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Under HLS's secondment agreement with HF Sinclair (the "Secondment Agreement"), certain employees of HF Sinclair are seconded to HLS to provide operational and maintenance services for certain of our processing, refining, pipeline and tankage assets, and HLS reimburses HF Sinclair for its prorated portion of the wages, benefits, and other costs related to these employees.

We have a Long-Term Incentive Plan for employees and non-employee directors who perform services for us. The Long-Term Incentive Plan consists of five components: restricted or phantom units, performance units, unit options, unit appreciation rights and cash awards. Our accounting policy for the recognition of compensation expense for awards with pro-rata vesting (a significant proportion of our awards) is to expense the costs ratably over the vesting periods.

As of December 31, 2022, we have two types of unit-based awards outstanding, which are described below. The compensation cost charged against income was $1.9 million, $2.6 million and $2.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. We currently purchase units in the open market instead of issuing new units for settlement of all unit awards under our Long-Term Incentive Plan. As of December 31, 2022, 2,500,000 units were authorized to be granted under our Long-Term Incentive Plan, of which 773,014 have not yet been granted, assuming no forfeitures of the unvested units and full achievement of goals for the unvested performance units.

Phantom Units

Under our Long-Term Incentive Plan, we grant phantom units to non-employee directors and selected employees who perform services for us, with most awards vesting over a period of one to three years. Although full ownership of the units does not transfer to the recipients until the units vest, the recipients have distribution rights on these units from the date of grant.

The fair value of each phantom unit award is measured at the market price as of the date of grant and is amortized on a straight-line basis over the requisite service period for each separately vesting portion of the award.

A summary of phantom unit activity and changes during the year ended December 31, 2022, is presented below:

Phantom Units	Units	Weighted-Average Grant-Date Fair Value
Outstanding at January 1, 2022 (nonvested)	203,263	$ 14.85
Granted	84,705	18.57
Vesting and transfer of common units to recipients	(105,031)	16.88
Forfeited	(67,128)	13.26
Outstanding at December 31, 2022 (nonvested)	115,809	16.66

The grant date fair values of restricted or phantom units that were vested and transferred to recipients during the years ended December 31, 2022, 2021 and 2020 were $1.8 million, $2.1 million and $2.0 million, respectively. As of December 31, 2022, there was $1.3 million of total unrecognized compensation expense related to unvested phantom unit grants, which is expected to be recognized over a weighted-average period of 1.3 years. For the years ended December 31, 2021 and 2020, the grant date price applied to the number of restricted or phantom units awarded was $18.93 and $11.92, respectively.

Performance Units

Under our Long-Term Incentive Plan, we grant performance units to selected executives who perform services for us. Performance units granted are payable in common units at the end of a three-year performance period based upon meeting certain criteria over the performance period. Under the terms of our performance unit grants, some awards are subject to the growth in our distributable cash flow per common unit over the performance period while other awards are subject to “financial performance” and “market performance.” Financial performance is based on meeting certain earnings before interest, taxes, depreciation and amortization (“EBITDA”) targets, while market performance is based on the relative standing of total unitholder return achieved by HEP compared to peer group companies. The number of units ultimately issued under these awards can range from 0% to 200%.

Although common units are not transferred to the recipients until the performance units vest, the recipients have distribution rights with respect to the target number of performance units subject to the award from the date of grant at the same rate as distributions paid on our common units.

A summary of performance unit activity and changes for the year ended December 31, 2022, is presented below:

Performance Units	Units
Outstanding at January 1, 2022 (nonvested)	76,719
Granted	10,698
Vesting and transfer of common units to recipients	(35,441)
Forfeited	(9,124)
Outstanding at December 31, 2022 (nonvested)	42,852

The grant date fair values of performance units vested and transferred to recipients were $0.8 million, $0.4 million and $0.4 million for the years ended December 31, 2022, 2021 and 2020, respectively. Based on the weighted average fair value of performance units outstanding at December 31, 2022, of $0.7 million, there was $0.5 million of total unrecognized compensation expense related to nonvested performance units, which is expected to be recognized over a weighted-average period of 1.7 years.

During the year ended December 31, 2022, we paid $1.7 million for the purchase of our common units in the open market for the issuance and settlement of unit awards under our Long-Term Incentive Plan.

Note 10: Debt

Credit Agreement
In April 2021, we amended our senior secured revolving credit facility (the "Credit Agreement") decreasing the size of the facility from $1.4 billion to $1.2 billion and extending the maturity date to July 27, 2025. In August 2022, the Credit Agreement was amended to, among other things, provide an alternative reference rate for LIBOR. The Credit Agreement is available to fund capital expenditures, investments, acquisitions, distribution payments, working capital and for general partnership purposes. The Credit Agreement is also available to fund letters of credit up to a $50 million sub-limit and continues to provide for an accordion feature that allows us to increase commitments under the Credit Agreement up to a maximum amount of $1.7 billion.

Our obligations under the Credit Agreement are collateralized by substantially all of our assets, and indebtedness under the Credit Agreement is guaranteed by our material, wholly owned subsidiaries. The Credit Agreement requires us to maintain compliance with certain financial covenants consisting of total leverage, senior secured leverage, and interest coverage. It also limits or restricts our ability to engage in certain activities. If, at any time prior to the expiration of the Credit Agreement, HEP obtains two investment grade credit ratings, the Credit Agreement will become unsecured and many of the covenants, limitations, and restrictions will be eliminated.

We may prepay all loans at any time without penalty, except for tranche breakage costs. If an event of default exists under the Credit Agreement, the lenders will be able to accelerate the maturity of all loans outstanding and exercise other rights and remedies. We were in compliance with the covenants as of December 31, 2022.

Senior Notes
On April 8, 2022, we closed a private placement of $400 million in aggregate principal amount of 6.375% senior unsecured notes due in 2027 (the "6.375% Senior Notes"). The 6.375% Senior Notes were issued at par for net proceeds of approximately $393 million, after deducting the initial purchasers' discounts and commissions and estimated offering expenses. The total net proceeds from the offering of the 6.375% Senior Notes were used to partially repay outstanding borrowings under the Credit Agreement, increasing our available liquidity.

As of December 31, 2022, we had $500 million aggregate principal amount of 5% senior unsecured notes due in 2028 (the "5% Senior Notes," and together with the 6.375% Senior Notes, the "Senior Notes").

The Senior Notes are unsecured and impose certain restrictive covenants, including limitations on our ability to incur additional indebtedness, make investments, sell assets, incur certain liens, pay distributions, enter into transactions with affiliates, and enter into mergers. At any time when the Senior Notes are rated investment grade by either Moody's or Standard & Poor's and no default or event of default exists, we will not be subject to many of the foregoing covenants. Additionally, we have certain redemption rights at varying premiums over face value under the Senior Notes.

Indebtedness under the Senior Notes is guaranteed by all of our existing wholly owned subsidiaries (other than Holly Energy Finance Corp. and certain immaterial subsidiaries).

Long-term Debt

The carrying amounts of our long-term debt are as follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Credit Agreement		
Amount outstanding	$ 668,000	$ 840,000
5% Senior Notes		
Principal	500,000	500,000
Unamortized premium and debt issuance costs	(5,953)	(6,951)
	494,047	493,049
6.375% Senior Notes		
Principal	400,000	—
Unamortized premium and debt issuance costs	(5,713)	—
	394,287	—
Total long-term debt	$ 1,556,334	$ 1,333,049

Maturities of our long-term debt are as follows as of December 31, 2022:

Years Ending December 31,	(In thousands)
2023	$ —
2024	—
2025	668,000
2026	—
2027	400,000
Thereafter	500,000
Total	$ 1,568,000

Note 11: Commitments and Contingencies

We lease certain facilities and pipelines under operating leases and finance leases, most of which contain renewal options. These operating leases have various termination dates through 2041. See Note 5 for a schedule of annual minimum undiscounted lease payments under our leases as of December 31, 2022. As of December 31, 2022, we expect to receive aggregate payments totaling $0.8 million over the life of our noncancelable sublease of office space, expiring in 2026.

We also have other long-term contractual obligations consisting of long-term site service agreements with HF Sinclair, expiring in 2058 through 2066, for the provision of certain facility services and utility costs that relate to our assets located at HF Sinclair's refinery and renewable diesel facilities. We are presenting obligations for the full term of these agreements; however, the agreements can be terminated with 180 day notice if we cease to operate the applicable assets.

In addition, we have long-term contractual obligations associated with rights-of-way agreements, which have various termination dates through 2099. The related payments below include only obligations under the remaining non-cancelable terms of these agreements at December 31, 2022.

At December 31, 2022, these minimum future contractual obligations and other miscellaneous obligations having terms in excess of one year are as follows:

Years Ending December 31,	(In thousands)
2023	$ 8,856
2024	8,803
2025	7,030
2026	5,944
2027	5,943
Thereafter	214,367
Total	$ 250,943

We are a party to various legal and regulatory proceedings, none of which we believe will have a material adverse impact on our financial condition, results of operations or cash flows.

Note 12: Related Party Transactions

We serve many of HF Sinclair's refinery and renewable diesel facilities under long-term pipeline, terminal and tankage throughput agreements, and refinery processing unit tolling agreements expiring from 2023 to 2037, and revenues from these agreements accounted for approximately 80% of our total revenues for the year ended December 31, 2022. Under these agreements, HF Sinclair agrees to transport, store, and process throughput volumes of refined product, crude oil and feedstocks on our pipelines, terminals, tankage, loading rack facilities and refinery processing units that result in minimum annual payments to us. These minimum annual payments or revenues are generally subject to annual rate adjustments on July 1st each year based on increases or decreases in the Producer Price Index ("PPI") or FERC index. As of December 31, 2022, these agreements with HF Sinclair require minimum annualized payments to us of $452.6 million.

If HF Sinclair fails to meet its minimum volume commitments under the agreements in any quarter, it will be required to pay us the amount of any shortfall in cash by the last day of the month following the end of the quarter. Under certain of these agreements, a shortfall payment may be applied as a credit in the following four quarters after its minimum obligations are met.

Under certain provisions of the Omnibus Agreement, we pay HF Sinclair an annual administrative fee (currently $5.0 million) for the provision by HF Sinclair or its affiliates of various general and administrative services to us. In connection with the HEP Transaction, we paid HF Sinclair a temporary monthly fee of $62,500 from the Closing Date through November 30, 2022, relating to transition services provided to HEP by HF Sinclair. Neither the annual administrative fee nor the temporary monthly fee includes the salaries of personnel employed by HF Sinclair who perform services for us on behalf of HLS or the cost of their employee benefits, which are charged to us separately by HF Sinclair. Also, we reimburse HF Sinclair and its affiliates for direct expenses they incur on our behalf.

Related party transactions with HF Sinclair are as follows:

- Revenues received from HF Sinclair were $438.3 million, $390.8 million and $399.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.
- HF Sinclair charged us general and administrative services under the Omnibus Agreement of $4.5 million for the year ended December 31, 2022 and $2.6 million for each of the years ended December 31, 2021 and 2020.
- We reimbursed HF Sinclair for costs of employees supporting our operations of $78.2 million, $61.2 million and $55.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.
- HF Sinclair reimbursed us $14.7 million, $7.9 million and $10.0 million for the years ended December 31, 2022, 2021 and 2020, respectively, for expense and capital projects.
- We distributed $83.5 million in each of the years ended December 31, 2022 and 2021 and $95.2 million in the year ended December 31, 2020 to HF Sinclair as regular distributions on its common units.
- Accounts receivable from HF Sinclair were $63.5 million and $56.2 million at December 31, 2022 and 2021, respectively.

- Accounts payable to HF Sinclair were $15.8 million and $11.7 million at December 31, 2022 and 2021, respectively.
- Revenues for the years ended December 31, 2022, 2021 and 2020 include $0.4 million, $0.4 million and $0.5 million, respectively, of shortfall payments billed to HF Sinclair in 2021, 2020 and 2019, respectively. Deferred revenue in the consolidated balance sheets at December 31, 2021, includes $4.1 million, relating to certain shortfall billings to HF Sinclair.
- We received direct financing lease payments from HF Sinclair for use of our Artesia and Tulsa railyards of $2.2 million for the year ended December 31, 2022 and $2.1 million for each of the years ended December 31, 2021 and 2020.
- We recorded a gain on sales-type leases with HF Sinclair of $24.7 million during the year ended December 31, 2021, and we received sales-type lease payments of $91.6 million, $28.9 million and $9.5 million from HF Sinclair that were not included in revenues for the years ended December 31, 2022, 2021 and 2020, respectively.
- HEP and HFC reached an agreement to terminate the existing minimum volume commitments for HEP's Cheyenne assets and enter into new agreements, which were finalized and executed on February 8, 2021, with the following terms, in each case effective January 1, 2021: (1) a ten-year lease with two five-year renewal option periods for HFC’s (and now HF Sinclair's) use of certain HEP tank and rack assets in the Cheyenne Refinery to facilitate renewable diesel production with an annual lease payment of approximately $5 million, (2) a five-year contango service fee arrangement that will utilize HEP tank assets inside the Cheyenne Refinery where HFC (and now HF Sinclair) will pay a base tariff to HEP for available crude oil storage and HFC (and now HF Sinclair) and HEP will split any profits generated on crude oil contango opportunities and (3) HFC paid a $10 million one-time cash payment to HEP for the termination of the existing minimum volume commitment.

Contemporaneous with the closing of the Sinclair Transactions, HEP and HFC amended certain intercompany agreements, including the master throughput agreement, to include within the scope of such agreements certain of the assets acquired by HEP pursuant to the Contribution Agreement.

Note 13: Partners’ Equity, Income Allocations and Cash Distributions

At December 31, 2022, HF Sinclair held 59,630,030 of our common units, constituting a 47% limited partner interest in us and held the non-economic general partner interest.

Continuous Offering Program
We have a continuous offering program under which we may issue and sell common units from time to time, representing limited partner interests, up to an aggregate gross sales amount of $200 million. As of December 31, 2022, HEP had issued 2,413,153 units under this program, providing $82.3 million in gross proceeds. No units were issued under the program during the year ended December 31, 2022.

Allocations of Net Income
Net income attributable to the partners is allocated to the partners based on their weighted-average ownership percentage during the period.

Cash Distributions
We consider regular cash distributions to unitholders on a quarterly basis, although there is no assurance as to the future cash distributions since they are dependent upon future earnings, cash flows, capital requirements, financial condition and other factors.
Within 45 days after the end of each quarter, we distribute all of our available cash (as defined in our partnership agreement) to unitholders of record on the applicable record date. The amount of available cash generally is all cash on hand at the end of the quarter; less the amount of cash reserves established by our general partner to provide for the proper conduct of our business, comply with applicable laws, any of our debt instruments, or other agreements; or provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters; plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter.

On January 20, 2023, we announced our cash distribution for the fourth quarter of 2022 of $0.35 per unit. The distribution was payable on all common units and was paid February 13, 2023, to all unitholders of record on January 30, 2023.

We paid cash distributions totaling $170.0 million, $149.4 million and $174.4 million during the years ended December 31, 2022, 2021 and 2020, respectively.

Note 14: Net Income Per Limited Partner Unit

Basic net income per unit applicable to the limited partners is calculated as net income attributable to the partners, adjusted for participating securities' share in earnings, divided by the weighted average limited partners' units outstanding. Diluted net income per unit assumes, when dilutive, the issuance of the net incremental units from phantom units and performance units. To the extent net income attributable to the partners exceeds or is less than cash distributions, this difference is allocated to the partners based on their weighted-average ownership percentage during the period. Our dilutive securities are immaterial for all periods presented.
Net income per limited partner unit is computed as follows:

	Years Ended December 31,		
	2022	**2021**	**2020**
	(In thousands, except per unit data)		
Net income attributable to the partners	$ 216,783	$ 214,946	$ 170,483
Less: Participating securities' share in earnings	(408)	(736)	(387)
Net income attributable to common units	216,375	214,210	170,096
Weighted average limited partners' units outstanding	122,298	105,440	105,440
Limited partners' per unit interest in earnings - basic and diluted	$ 1.77	$ 2.03	$ 1.61

Note 15: Environmental

We expensed $2.0 million, $1.9 million and $1.6 million for the years ended December 31, 2022, 2021 and 2020, respectively, for environmental remediation obligations. The accrued environmental liability related to environmental clean-up projects for which we have assumed liability or for which indemnity provided by HF Sinclair has expired reflected in our consolidated balance sheets was $19.5 million and $3.9 million as of December 31, 2022 and 2021, respectively, of which $17.5 million and $2.4 million, respectively, were classified as other long-term liabilities. These accruals include remediation and monitoring costs expected to be incurred over an extended period of time.

Under the Omnibus Agreement and certain transportation agreements and purchase agreements with HF Sinclair and or its subsidiaries, HF Sinclair has agreed to indemnify us, subject to certain monetary and time limitations, for environmental noncompliance and remediation liabilities associated with certain assets transferred to us from HF Sinclair and its subsidiaries and occurring or existing prior to the date of such transfers.

Note 16: Operating Segments

Although financial information is reviewed by our chief operating decision makers from a variety of perspectives, they view the business in two reportable operating segments: (1) pipelines and terminals and (2) refinery processing units. These segments adhere to the accounting polices used for our consolidated financial statements. For a discussion of these accounting policies and a summary of our derivation of revenue, see Note 1.

Our pipelines and terminals segment includes our petroleum product and crude pipelines and terminal, tankage and loading rack facilities that support refining and marketing operations of HF Sinclair and other refineries in the Mid-Continent, Southwest and Northwest regions of the United States.

Our Refinery Processing Unit segment consists of five refinery processing units at two of HF Sinclair's refining facility locations.

Pipelines and terminals have been aggregated as one reportable segment as both pipelines and terminals (1) have similar economic characteristics, (2) similarly provide logistics services of transportation and storage of petroleum products, (3) similarly support the petroleum refining business, including distribution of its products, (4) have principally the same customers and (5) are subject to similar regulatory requirements.

We evaluate the performance of each segment based on its respective operating income. Certain general and administrative expenses and interest and financing costs are excluded from segment operating income as they are not directly attributable to a specific reportable segment. Identifiable assets are those used by the segment, whereas other assets are principally equity method investments, cash, deposits and other assets that are not associated with a specific reportable segment.

	Years Ended December 31,		
	2022	2021	2020
		(In thousands)	
Revenues:			
Pipelines and terminals - affiliate	$ 344,063	$ 301,731	$ 319,487
Pipelines and terminals - third-party	109,200	103,646	98,039
Refinery processing units - affiliate	94,217	89,118	80,322
Total segment revenues	$ 547,480	$ 494,495	$ 497,848
Segment operating income:			
Pipelines and terminals[1]	$ 202,908	$ 180,965	$ 176,611
Refinery processing units	34,857	38,172	38,314
Total segment operating income	237,765	219,137	214,925
Unallocated general and administrative expenses	(17,003)	(12,637)	(9,989)
Interest expense	(82,560)	(53,818)	(59,424)
Interest income	91,406	29,925	10,621
Loss on early extinguishment of debt	—	—	(25,915)
Equity in earnings (losses) of unconsolidated affiliates	(260)	12,432	6,647
Gain on sales-type leases	—	24,677	33,834
Gain on sale of assets and other	668	6,179	8,691
Income before income taxes	$ 230,016	$ 225,895	$ 179,390
Capital Expenditures:			
Pipelines and terminals	$ 33,071	$ 87,756	$ 59,108
Refinery processing units	5,893	2,239	175
Total capital expenditures	$ 38,964	$ 89,995	$ 59,283

	December 31, 2022	December 31, 2021
	(In thousands)	
Identifiable assets:		
Pipelines and terminals[2]	$ 2,152,159	$ 1,737,388
Refinery processing units	304,332	294,452
Other	291,011	134,027
Total identifiable assets	$ 2,747,502	$ 2,165,867

(1) Pipelines and terminals segment operating income included goodwill impairment charges of $11.0 million and $35.7 million for the years ended December 31, 2021 and December 31, 2020, respectively.

(2) Includes goodwill of $342.8 million and $223.7 million as of December 31, 2022 and 2021, respectively.

Note 17: Supplemental Guarantor/Non-Guarantor Financial Information

Obligations of HEP ("Parent") under the Senior Notes have been jointly and severally guaranteed by each of its direct and indirect 100% owned subsidiaries ("Guarantor Subsidiaries"). These guarantees are full and unconditional, subject to certain customary release provisions. These circumstances include (i) when a Guarantor Subsidiary is sold or sells all or substantially all of its assets, (ii) when a Guarantor Subsidiary is declared "unrestricted" for covenant purposes, (iii) when a Guarantor Subsidiary's guarantee of other indebtedness is terminated or released and (iv) when the requirements for legal defeasance or covenant defeasance or to discharge the senior notes have been satisfied.

The following financial information presents condensed consolidating balance sheets and statements of income of the Parent, the Guarantor Subsidiaries and the Non-Guarantor subsidiaries. The information has been presented as if the Parent accounted for its ownership in the Guarantor Subsidiaries, and the Guarantor Restricted Subsidiaries accounted for the ownership of the Non-Guarantor Non-Restricted Subsidiaries, using the equity method of accounting.

As a result of the HEP Transaction, UNEV Pipeline, LLC became a 100% owned subsidiary, and it was subsequently added as a guarantor of the obligations of HEP under the Senior Notes during the second quarter of 2022. UNEV Pipeline, LLC financial information has been included in the Guarantor Subsidiaries financial information for all periods presented.

Condensed Consolidating Balance Sheet

December 31, 2022	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Non-Restricted Subsidiaries	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,316	$ 4,454	$ 2,147	$ —	$ 10,917
Accounts receivable	—	79,689	1,453	(1,339)	79,803
Prepaid and other current assets	256	12,141	356	(356)	12,397
Total current assets	4,572	96,284	3,956	(1,695)	103,117
Properties and equipment, net	—	1,388,888	—	—	1,388,888
Operating lease right-of-use assets	—	2,317	—	—	2,317
Net investment in leases	—	539,705	101,871	(101,871)	539,705
Investment in subsidiaries	2,432,767	69,754	—	(2,502,521)	—
Intangible assets, net	—	59,300	—	—	59,300
Goodwill	—	342,762	—	—	342,762
Equity method investments	—	235,858	34,746	—	270,604
Deferred turnaround costs		24,154	—	—	24,154
Other assets	5,865	10,790	—	—	16,655
Total assets	$ 2,443,204	$ 2,769,812	$ 140,573	$ (2,606,087)	$ 2,747,502
LIABILITIES AND PARTNERS' EQUITY					
Current liabilities:					
Accounts payable	$ —	$ 43,303	$ 545	$ (1,339)	$ 42,509
Accrued interest	17,992	—	—	—	17,992
Deferred revenue	—	12,087	—	—	12,087
Accrued property taxes	—	5,449	—	—	5,449
Current operating lease liabilities	—	968	—	—	968
Current finance lease liabilities	—	6,560	—	(2,171)	4,389
Other current liabilities	117	1,793	520	—	2,430
Total current liabilities	18,109	70,160	1,065	(3,510)	85,824
Long-term debt	1,556,334	—	—	—	1,556,334
Noncurrent operating lease liabilities	—	1,720	—	—	1,720
Noncurrent finance lease liabilities	—	150,935	—	(88,422)	62,513
Other long-term liabilities	—	29,111	—	—	29,111
Deferred revenue	—	24,613	—	—	24,613
Class B unit	—	60,507	—	—	60,507
Equity - partners	868,760	2,432,767	69,754	(2,514,155)	857,126
Equity - noncontrolling interests	—		69,754	—	69,754
Total liabilities and partners' equity	$ 2,443,203	$ 2,769,813	$ 140,573	$ (2,606,087)	$ 2,747,502

Condensed Consolidating Balance Sheet

December 31, 2021	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Non-Restricted Subsidiaries	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,273	$ 4,227	$ 8,881	$ —	$ 14,381
Accounts receivable	—	68,768	2,833	(2,702)	68,899
Prepaid and other current assets	353	10,680	304	(304)	11,033
Total current assets	1,626	83,675	12,018	(3,006)	94,313
Properties and equipment, net	—	1,329,028	—	—	1,329,028
Operating lease right-of-use assets	—	2,275	—	—	2,275
Net investment in leases	—	309,301	100,032	(100,030)	309,303
Investment in subsidiaries	1,785,024	70,437	—	(1,855,461)	—
Intangible assets, net	—	73,307	—	—	73,307
Goodwill	—	223,650	—	—	223,650
Equity method investments	—	78,873	37,505	—	116,378
Deferred turnaround costs	—	2,632	—	—	2,632
Other assets	8,118	6,863	—	—	14,981
Total assets	$ 1,794,768	$ 2,180,041	$ 149,555	$ (1,958,497)	$ 2,165,867
LIABILITIES AND PARTNERS' EQUITY					
Current liabilities:					
Accounts payable	$ —	$ 34,566	$ 8,416	$ (2,702)	$ 40,280
Accrued interest	11,258	—	—	—	11,258
Deferred revenue	—	14,585	—	—	14,585
Accrued property taxes	—	4,542	—	—	4,542
Current operating lease liabilities	—	620	—	—	620
Current finance lease liabilities	—	5,566	—	(1,780)	3,786
Other current liabilities	3	1,513	265	—	1,781
Total current liabilities	11,261	61,392	8,681	(4,482)	76,852
Long-term debt	1,333,049	—	—	—	1,333,049
Noncurrent operating lease liabilities	—	2,030	—	—	2,030
Noncurrent finance lease liabilities	—	156,102	—	(91,453)	64,649
Other long-term liabilities	340	12,187	—	—	12,527
Deferred revenue	—	29,662	—	—	29,662
Class B unit	—	56,549	—	—	56,549
Equity - partners	450,118	1,785,024	70,437	(1,862,562)	443,017
Equity - noncontrolling interests	—	77,095	70,437	—	147,532
Total liabilities and partners' equity	$ 1,794,768	$ 2,180,041	$ 149,555	$ (1,958,497)	$ 2,165,867

Condensed Consolidating Statement of Income

Year Ended December 31, 2022	**Parent**	**Guarantor Restricted Subsidiaries**	**Non-Guarantor Non-Restricted Subsidiaries**	**Eliminations**	**Consolidated**
			(In thousands)		
Revenues:					
Affiliates	$ —	$ 438,280	$ —	$ —	$ 438,280
Third parties	—	109,200	—	—	109,200
	—	547,480	—	—	547,480
Operating costs and expenses:					
Operations (exclusive of depreciation and amortization)	—	206,945	3,678	—	210,623
Depreciation and amortization	—	99,092	—	—	99,092
General and administrative	3,777	13,226	—	—	17,003
	3,777	319,263	3,678	—	326,718
Operating income (loss)	(3,777)	228,217	(3,678)	—	220,762
Equity in earnings of subsidiaries	299,319	8,071	—	(307,390)	—
Equity in earnings of equity method investments	—	(3,585)	3,325	—	(260)
Interest expense	(78,759)	(20,296)	—	16,495	(82,560)
Interest income	—	91,406	16,495	(16,495)	91,406
Gain on sale of assets and other	—	668	—	—	668
	220,560	76,264	19,820	(307,390)	9,254
Income (loss) before income taxes	216,783	304,481	16,142	(307,390)	230,016
State income tax expense	—	(111)	—	—	(111)
Net income (loss)	216,783	304,370	16,142	(307,390)	229,905
Allocation of net income attributable to noncontrolling interests	—	(5,051)	(8,071)	—	(13,122)
Net income (loss) attributable to the Partnership	216,783	299,319	8,071	(307,390)	216,783

Condensed Consolidating Statement of Income

Year Ended December 31, 2021	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Non-Restricted Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Affiliates	$ —	$ 390,849	$ —	$ —	$ 390,849
Third parties	—	103,646	—	—	103,646
	—	494,495	—	—	494,495
Operating costs and expenses:					
Operations (exclusive of depreciation and amortization)	—	167,832	2,692	—	170,524
Depreciation and amortization	—	93,800	—	—	93,800
General and administrative	3,647	8,990	—	—	12,637
Goodwill Impairment	—	11,034	—	—	11,034
	3,647	281,656	2,692	—	287,995
Operating income (loss)	(3,647)	212,839	(2,692)	—	206,500
Equity in earnings of subsidiaries	275,558	2,532	—	(278,090)	—
Equity in earnings of equity method investments	—	8,897	3,535	—	12,432
Interest income	—	29,925	4,220	(4,220)	29,925
Interest expense	(49,864)	(8,174)	—	4,220	(53,818)
Gain on sales-type lease	—	31,778	—	(7,101)	24,677
Gain on sale of assets and other	—	6,179	—	—	6,179
	225,694	71,137	7,755	(285,191)	19,395
Income (loss) before income taxes	222,047	283,976	5,063	(285,191)	225,895
State income tax expense	—	(32)	—	—	(32)
Net income (loss)	222,047	283,944	5,063	(285,191)	225,863
Allocation of net income attributable to noncontrolling interests	—	(8,386)	(2,531)	—	(10,917)
Net income (loss) attributable to the Partnership	222,047	275,558	2,532	(285,191)	214,946

Condensed Consolidating Statement of Income

Year Ended December 31, 2020	Parent	Guarantor Restricted Subsidiaries	Non-Guarantor Non-Restricted Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues:					
Affiliates	$ —	$ 399,809	$ —	$ —	$ 399,809
Third parties	—	98,039	—	—	98,039
	—	497,848	—	—	497,848
Operating costs and expenses:					
Operations (exclusive of depreciation and amortization)	—	146,585	1,107	—	147,692
Depreciation and amortization	—	99,578	—	—	99,578
General and administrative	3,227	6,762	—	—	9,989
Goodwill Impairment	—	35,653	—	—	35,653
	3,227	288,578	1,107	—	292,912
Operating income (loss)	(3,227)	209,270	(1,107)	—	204,936
Equity in earnings (loss) of subsidiaries	254,608	219	—	(254,827)	—
Equity in earnings of equity method investments	—	5,105	1,542	—	6,647
Interest income	26	10,592	3	—	10,621
Interest expense	(55,298)	(4,126)	—	—	(59,424)
Gain on sales-type lease	—	33,834	—	—	33,834
Loss on extinguishment of debt	(25,915)	—	—	—	(25,915)
Gain on sale of assets and other	289	8,402	—	—	8,691
	173,710	54,026	1,545	(254,827)	(25,546)
Income (loss) before income taxes	170,483	263,296	438	(254,827)	179,390
State income tax expense	—	(167)	—	—	(167)
Net income (loss)	170,483	263,129	438	(254,827)	179,223
Allocation of net income attributable to noncontrolling interests	—	(8,521)	(219)	—	(8,740)
Net income (loss) attributable to the Partnership	170,483	254,608	219	(254,827)	170,483

Note 18: Osage Pipeline

On July 8, 2022, the Osage pipeline, which is owned by Osage (see Note 1) and carries crude oil from Cushing, Oklahoma to El Dorado, Kansas, suffered a release of crude oil. Our equity in earnings of equity method investments was reduced in the year ended December 31, 2022 by $17.6 million for our 50% share of incurred and estimated environmental remediation and recovery expenses associated with the release, net of our share of insurance proceeds received to date of $3.0 million. Any additional insurance recoveries will be recorded as they are received. If our insurance policy pays out in full, our share of the remaining insurance coverage is expected to be $9.5 million. As Osage is an equity method investment, its financial position and results are not consolidated into HEP financial statement line items. The financial impact of the Osage crude oil release is reflected on the consolidated balance sheets as a reduction in equity method investments and is reflected on the consolidated statement of income as a reduction in equity in earnings (loss) of equity method investments.

The pipeline resumed operations in the third quarter of 2022 and remediation efforts are underway. It may be necessary for Osage to accrue additional amounts for environmental remediation or other release-related expenses in future periods, but we cannot estimate those amounts at this time. Future costs and accruals could have a material impact on our results of operations and cash flows in the period recorded; however, we do not expect them to have a material impact on our financial position.

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

We have had no change in, or disagreement with, our independent registered public accounting firm on matters involving accounting and financial disclosure.

Item 9A. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Our principal executive officer and principal financial officer have evaluated, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act"), our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this annual report on Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance that the information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2022, at a reasonable level of assurance.

(b) Changes in internal control over financial reporting
There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

See Item 8 for "Management's Report on its Assessment of the Partnership's Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm."

Item 9B. Other Information

There have been no events that occurred in the fourth quarter of 2022 that would need to be reported on Form 8-K that have not been previously reported.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable

A

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Holly Logistic Services, L.L.C. (“HLS”), the general partner of HEP Logistics Holdings, L.P. (“HEP Logistics”), our general partner, manages our operations and activities. Neither our general partner nor our directors are elected by our unitholders. Unitholders are not entitled to directly or indirectly participate in our management or operations. The sole member of HLS, which is a subsidiary of HF Sinclair, appoints the directors of HLS to serve until their death, resignation or removal.

Our general partner owes a fiduciary duty to our unitholders. Our general partner is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically non-recourse to it. Whenever possible, our general partner intends to incur indebtedness or other obligations that are non-recourse.

Executive Officers

The following sets forth information regarding the executive officers of HLS as of February 15, 2023:

Name	Age	Position with HLS
Michael C. Jennings	57	Chief Executive Officer and President
John Harrison	44	Senior Vice President, Chief Financial Officer and Treasurer
Robert I. Jamieson	58	Senior Vice President and Chief Operating Officer
Vaishali S. Bhatia	40	Senior Vice President, General Counsel and Secretary

On January 13, 2023, the Board of Directors of HLS (the “Board”) appointed Robert I. Jamieson as Senior Vice President and Chief Operating Officer of HLS effective January 18, 2023. Mr. Jamieson is the only executive officer listed above who spends all of his professional time managing our business and affairs. The other executive officers listed above are also executive officers of HF Sinclair and devote as much of their professional time as is necessary to oversee the management of our business and affairs.

Information regarding Mr. Jennings is included below under “Directors.”

John Harrison has served as Senior Vice President, Chief Financial Officer and Treasurer of HLS since January 2020. Mr. Harrison previously served as Vice President, Finance, Investor Relations and Treasurer of HLS from October 2018 to January 2020. He has served as Vice President, Finance, Strategy and Treasurer of HF Sinclair since September 2020. Mr. Harrison previously served as Vice President, Finance, Investor Relations and Treasurer of HFC from September 2018 to September 2020. He previously served as Vice President and Treasurer of HLS and HFC from January 2017 to October 2018, Business Development Representative of HLS and HFC from April 2013 to December 2016, Assistant Treasurer of HLS and HFC from August 2012 to March 2013, Manager, Credit & Collections of HLS and HFC from March 2010 to August 2012, Supervisor, Credit & Collections of HLS and HFC from January 2007 to February 2010 and Financial Analyst of HLS and HFC from October 2005 to February 2007. Prior to joining Holly Corporation, Mr. Harrison worked in the Planning & Financial Management group at JPMorgan Chase & Co.

Robert I. Jamieson has served as Senior Vice President and Chief Operating Officer of HLS since January 2023. Mr. Jamieson previously served as Vice President, Pipeline Operations of HLS from March 2013 to January 2023. Prior to joining HLS, he held various roles of increasing responsibility in engineering and plant and pipeline operations over a 25 year period at Eagle Rock Energy Partners, L.P., Enterprise Products Partners L.P., Williams Energy Partners LP (now known as Magellan Midstream Partners, L.P.), and TC Energy Corporation (formerly known as TransCanada Corporation).

Vaishali S. Bhatia has served as Senior Vice President, General Counsel and Secretary of HLS since November 2019. She served as Chief Compliance Officer of HLS from August 2019 to January 2020, Acting General Counsel and Secretary of HLS from August 2019 to November 2019, Assistant General Counsel of HLS from May 2017 to August 2019, Assistant Secretary of HLS from January 2013 to August 2019 and Counsel of HLS from October 2011 to May 2017. Ms. Bhatia has also served as Senior Vice President, General Counsel and Secretary of HF Sinclair since November 2019. She served as Chief Compliance Officer of HFC from August 2019 to January 2020, Acting General Counsel and Secretary of HFC from August 2019 to November 2019, Assistant General Counsel of HFC from May 2017 to August 2019, Assistant Secretary of HFC from May 2012 to August 2019 and Counsel of HFC from October 2011 to May 2017. Prior to joining HFC, Ms. Bhatia was an associate at Jones Day.

Board Leadership Structure

The Board is responsible for selecting the Board leadership structure that is in the best interest of HLS and HEP. Currently, Mr. Jennings serves as Chairperson of the Board and as the Chief Executive Officer and President of HLS. Independent directors and management have different perspectives and roles in strategy development. The independent directors on the Board bring experience, oversight and expertise from outside HLS, HEP and the industry, while the Chief Executive Officer brings HLS and HEP experience and expertise. The Board believes the combined role of Chairperson of the Board and Chief Executive Officer working with the lead independent director (the "Presiding Director"), is in the best interest of unitholders at this time because the combined role for HLS provides balance between strategy development and independent oversight of management, both of which are particularly useful in HLS's role as general partner.

Chairperson of the Board

Mr. Jennings was selected by the directors of HLS to serve as the Chairperson of the Board. The Chairperson has the following responsibilities:

- designating and calling meetings of the Board;
- presiding at all Board meetings;
- consulting with management on Board and committee meeting agendas;
- facilitating teamwork and communication between the Board and management; and
- acting as a liaison between management and the Board.

Presiding Director

Larry R. Baldwin, an independent director, was appointed by the non-employee directors of HLS to serve as the Presiding Director of the Board. The Presiding Director has the following responsibilities:

- presiding at all executive sessions of the non-employee directors of the Board;
- consulting with management on Board and committee meeting agendas;
- facilitating teamwork and communication between the non-employee directors and management; and
- acting as a liaison in appropriate instances between management and the non-employee directors, including advising the Chairperson of the Board and Chief Executive Officer on the efficiency of the Board meetings

Persons wishing to communicate with the non-employee directors are invited to email the Presiding Director at presiding.director.HEP@hollyenergy.com or write to: Larry R. Baldwin, Presiding Director, c/o Secretary, Holly Logistic Services, L.L.C., 2828 N. Harwood, Suite 1300, Dallas, Texas 75201-1507. Communications to the Board generally may be sent by certified mail to Holly Logistic Services, L.L.C., 2828 N. Harwood, Suite 1300, Dallas, Texas 75201-1507, Attention: Secretary. The Secretary will forward all communication to the appropriate director or directors, other than those communications that are merely solicitations for products or services or relate to matters that are of a type that are clearly improper or irrelevant to the functioning of the Board or the business and affairs of HLS and HEP.

Risk Management

The Board has an active role in overseeing management of the risks affecting HLS and HEP. The Board regularly reviews information regarding HLS and HEP's credit, liquidity, business, operations and cybersecurity, as well as the risks associated with each. The Board committees are also engaged in overseeing risk associated with HLS and HEP.

- The Compensation Committee oversees the management of risks relating to HLS's compensation plans and arrangements.
- The Audit Committee oversees management of financial reporting and controls risks.

- The Conflicts Committee oversees specific matters that it or the Board believes may involve conflicts of interest with HF Sinclair.

While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is ultimately responsible for the risk management of HLS and HEP and is regularly informed on these matters through committee and senior management presentations.

The sole member of HLS manages risks associated with the independence of the Board. The Board also receives input and reports from HLS's risk management oversight committee on management's views of the risks facing HLS and HEP. The risk management oversight committee is made up of management personnel, none of whom serve on the Board and all of whom have a range of different backgrounds, skills and experiences with regard to the operational, financial and strategic risk profile of HLS and HEP. The risk management oversight committee supports the efforts of the Board and the Board committees to monitor and evaluate guidelines and policies governing HLS's and HEP's risk assessment and management.

Director Qualifications

The Board believes that it is necessary for each of HLS's directors to possess a range of relevant skills, expertise, knowledge and diversity of opinion. When searching for new candidates, the sole member of HLS considers the evolving needs of the Board and searches for candidates that fill any current or anticipated future needs. The Board also believes that all directors must possess a considerable amount of business management, business leadership and educational experience. In evaluating the suitability of individual director candidates, the sole member of HLS first considers a candidate's management experience and then considers issues of judgment, background, stature, conflicts of interest, integrity, ethics, industry knowledge, ability to commit adequate time to the Board, and commitment to the goal of maximizing unitholder value. The sole member of HLS also considers diversity of race, gender expression and identity, age, sexual orientation, ethnicity, knowledge, experience, viewpoints, geography, and other demographics. In considering candidates for the Board, the sole member of HLS considers the entirety of each candidate's credentials in the context of these standards. All our directors bring to the Board executive leadership experience derived from their service in many areas.

Pursuant to the Governance Guidelines of HLS and HEP, a director must submit his or her resignation to the Board on the date on which the director will attain the age of 75 or greater. If the resignation is accepted by the Board, the resignation will be effective no later than 12 months from when it was submitted.

Director Independence

The Board has determined that Larry R. Baldwin, Christine B. LaFollette, James H. Lee and Eric L. Mattson meet the applicable criteria for independence under the currently applicable rules of the New York Stock Exchange ("NYSE"). Mr. Jennings is not independent because he is an officer of HLS and an employee of HF Sinclair. Mr. Petersen is not independent because he provided certain consulting services to HF Sinclair in 2022 pursuant to a consulting agreement he entered into with HF Sinclair on the closing of the Sinclair Transactions and received compensation for his services in the aggregate amount of $120,000. Mr. Petersen's consulting agreement expired in October 2022 according to its terms and was approved by the Audit Committee as a related party transaction under Item 404(a) of Regulation S-K.

Audit Committee. The Audit Committee of HLS is currently composed of three directors, Messrs. Baldwin, Lee and Mattson. The Board has determined that each member of the Audit Committee is "independent" as defined by the NYSE listing standards and Rule 10A-3 of the Securities Exchange Act of 1934 (the "Exchange Act").

Conflicts Committee. The Conflicts Committee of HLS is currently composed of three directors, Messrs. Baldwin and Mattson and Ms. LaFollette. The Board has determined that each member of the Conflicts Committee is "independent" as defined by the NYSE listing standards and Rule 10A-3 of the Exchange Act, as required by the Conflicts Committee Charter.

Compensation Committee. The Compensation Committee of HLS is currently composed of four directors, Messrs. Jennings, Lee and Petersen and Ms. LaFollette. The Board has determined that Mr. Lee and Ms. LaFollette are "independent" as defined by the NYSE listing standards. Because we are a master limited partnership, Rule 303A.05 of the NYSE Listed Company Manual, which requires a publicly traded company to have a compensation committee composed entirely of independent directors, does not apply to us.

Code of Business Conduct and Ethics

HLS has adopted a Code of Business Conduct and Ethics (the "Code") that applies to all of its officers, directors and employees, including HLS's principal executive officer, principal financial officer, and principal accounting officer. The purpose of the Code is to, among other things, affirm HLS's and HEP's commitment to a high standard of integrity and ethics. The Code sets forth a common set of values and standards to which all of HLS's officers, directors and employees must adhere. We will post information regarding an amendment to, or a waiver from, the Code on our website.

Copies of our Governance Guidelines, Audit Committee Charter, Compensation Committee Charter, and the Code are available on our website at www.hollyenergy.com. Copies of these documents may also be obtained free of charge upon written request to Holly Energy Partners, L.P., Attention: Vice President, Investor Relations, 2828 N. Harwood, Suite 1300, Dallas, Texas, 75201-1507.

The Board, Its Committees and Director Compensation

Directors

Currently, the Board consists of six directors.

Michael C. Jennings Director since October 2011. Age 57.

Principal Occupation: Chief Executive Officer and President of HLS and Chief Executive Officer of HF Sinclair.

Business Experience: Mr. Jennings has served as Chief Executive Officer of HLS since January 2020 and as President of HLS since September 2022. He has served as the Chairperson of the Board of HLS since November 2017. Mr. Jennings previously served as Chief Executive Officer of HLS from January 2014 to November 2016 and as President of HLS from October 2015 to February 2016. Mr. Jennings has served as Chief Executive Officer of HF Sinclair since January 2020. Mr. Jennings also served as President of HFC from January 2020 to November 2021, as Executive Vice President of HFC from November 2019 to January 2020, as Executive Chairman of HFC from January 2016 to January 2017 and as the Chief Executive Officer and President of HFC from the merger of Holly Corporation and Frontier Oil Corporation in July 2011 to January 2016. Mr. Jennings previously served as the President and Chief Executive Officer of Frontier Oil Corporation from 2009 until the merger in July 2011 and as the Executive Vice President and Chief Financial Officer of Frontier Oil Corporation from 2005 to 2009.

Additional Directorships: Mr. Jennings currently serves as a director of HF Sinclair. Mr. Jennings served as Chairperson of the Board of HFC from January 2017 to February 2019 and January 2013 to January 2016. Mr. Jennings served as a director of FTS International, Inc. from January 2019 to November 2020, as a director and Chairman of the Board of Montage Resources and its predecessor entities from May 2016 to November 2019, and as a director of ION Geophysical Corporation from December 2010 until February 2019. He served as a director of Frontier Oil Corporation from 2008 until the merger in July 2011 and as Chairman of the board of directors of Frontier Oil Corporation from 2010 until the merger in July 2011.

Qualifications: Mr. Jennings provides valuable and extensive industry knowledge and experience. His knowledge of the day-to-day operations of HF Sinclair is a significant resource for the Board and facilitates discussions between the Board and HF Sinclair management.

Larry R. Baldwin Director since May 2016. Age 70.

Principal Occupation: Former Partner at Deloitte LLP.

Business Experience: Mr. Baldwin was employed for 41 years as an auditor by Deloitte LLP and predecessor firms, including 31 years as a partner, prior to retiring from such position in May 2015. While he was a partner at Deloitte LLP, Mr. Baldwin held a number of practice management positions.

Qualifications: Mr. Baldwin brings to the Board his audit, accounting and financial reporting expertise, which also qualify him as an audit committee financial expert. Due to his audit and practice management experience with Deloitte LLP, Mr. Baldwin possesses business, industry and management expertise that provide valuable insight to the Board and the management of HEP.

Christine B. LaFollette Director since March 2018. Age 70.

Principal Occupation: Partner Emeritus at Akin Gump Strauss Hauer & Feld LLP.

Business Experience: Ms. LaFollette served as Partner at Akin Gump Strauss Hauer & Feld LLP from June 2004 until her retirement in December 2020. Beginning in January 2021, Ms. LaFollette was named Partner Emeritus at Akin Gump Strauss Hauer & Feld LLP. Prior to that, Ms. LaFollette served as a Partner at King & Spalding LLP from 1997 to June 2004, as a Partner at Andrews & Kurth LLP from 1987 to 1997 and as an associate at Andrews & Kurth LLP from 1980 to 1987.

Qualifications: Ms. LaFollette's experience as a transactional and securities attorney provides her with valuable insight into corporate finance, global compliance, and governance matters. In addition, Ms. LaFollette brings to the Board a broad range of experiences and skills as a result of her involvement in numerous charitable, community and civic activities.

James H. Lee Director since November 2017. Age 74.

Principal Occupation: Managing General Partner and Principal Owner of Lee, Hite & Wisda Ltd.

Business Experience: Mr. Lee has served as the Managing General Partner of Lee, Hite & Wisda Ltd., a private company with investments in oil and gas working, royalty and mineral interests, since founding the firm in 1984.

Additional Directorships: Mr. Lee currently serves as a director of HF Sinclair. He served as a director of Frontier Oil Corporation from 2000 until July 2011.

Qualifications: Mr. Lee brings to the Board his extensive experience as a consultant and investor in the oil and gas industry, which provides him with significant insights into relevant industry issues.

Eric L. Mattson Director since March 2018. Age 71.

Principal Occupation: Former Executive Vice President, Finance of Select Energy Services, Inc.

Business Experience: Mr. Mattson served as Executive Vice President, Finance of Select Energy Services, Inc., a provider of total water solutions to the U.S. unconventional oil and gas industry, from November 2016 until his retirement in March 2018 and served as Executive Vice President and Chief Financial Officer of Select Energy Services, Inc. from November 2008 through January 2016. Prior to that, Mr. Mattson served as Senior Vice President and Chief Financial Officer of VeriCenter, Inc., a private provider of managed hosting services, from 2003 until its acquisition in August 2007. Mr. Mattson worked as an independent consultant from November 2002 to October 2003. Mr. Mattson served as the Chief Financial Officer of Netrail, Inc., a private Internet backbone and broadband service provider, from September 1999 until November 2002. From July 1993 until May 1999, Mr. Mattson served as Senior Vice President and Chief Financial Officer of Baker Hughes Incorporated, a provider of products and services to the oil, gas and process industries. Mr. Mattson joined Baker International, Inc. in 1980, and served in a number of capacities, including Treasurer, prior to the merger of Baker International, Inc. and Hughes Tool Company in 1987, at which time he became Vice President and Treasurer of Baker Hughes, Inc., a position he held until 1993.

Additional Directorships: Mr. Mattson has served as a director of National Oilwell Varco, Inc. since March 2005 (having served as a director of Varco (and its predecessor, Tuboscope Inc.) from January 1994 until its merger with National Oilwell Varco in March 2005). He served as a director of Rex Energy Corporation from April 2010 until November 2018.

Qualifications: Mr. Mattson brings strong executive leadership skills and financial and risk management experience to the Board. His knowledge of the oil industry as well as the financial and capital markets enables him to provide critical insight to the Board.

Mark A. Petersen Director since March 2022. Age 61.

Principal Occupation: Former Vice President, Transportation of Sinclair Oil LLC (formerly known as Sinclair Oil Corporation) and former Director and President of each of Sinclair Trucking Company LLC and Sinclair Transportation.

Business Experience: Mr. Petersen served as Vice President, Transportation of Sinclair Oil LLC from January 2010 until the acquisition of Sinclair Oil LLC by HF Sinclair in March 2022 and Director and President of each of Sinclair Trucking Company LLC and Sinclair Transportation from August 2009 until the acquisition of Sinclair Trucking Company LLC by HF Sinclair and the acquisition of Sinclair Transportation by HEP, in each case, in March 2022. He also previously served as an officer and director of certain other Sinclair Transportation subsidiaries and joint ventures. Mr. Petersen first joined Sinclair in 1989 as a Project Engineer and held roles of increasing responsibility thereafter.

Qualifications: Mr. Petersen brings extensive experience in the midstream sector and significant experience leading pipeline and terminal facility expansions and acquisitions to the Board.

Unitholders Agreement: Pursuant to the Unitholders Agreement (as defined below), REH Company nominated Mark Petersen for service as the REH Company designee on the Board. Please see "Item 13. Certain Relationships and Related Transactions, and Director Independence - Related Party Transactions with REH Company" for a discussion of the terms of Mr. Petersen's appointment pursuant to the Unitholders Agreement.

None of our directors reported any litigation for the period from 2013 to 2023 that is required to be reported in this Annual Report on Form 10-K. There are no family relationships among any of our directors or executive officers.

The Board

Under the HLS Governance Guidelines, Board members are expected to prepare for, attend and participate in all meetings of the Board and Board committees on which they serve. During 2022, the Board held eleven meetings. Each director attended at least 75% of the total number of meetings of the Board and committees on which he or she served.

Board Committees

The Board currently has three standing committees:

- an Audit Committee;
- a Compensation Committee; and
- a Conflicts Committee.

Each of these committees operates under a written charter adopted by the Board.

During 2022, the Audit Committee held twelve meetings, the Conflicts Committee held five meetings, and the Compensation Committee held four meetings.

The Board appoints committee members annually. The following table sets forth the current composition of our committees:

Name	Audit Committee	Compensation Committee	Conflicts Committee
Larry R. Baldwin	x (Chair)		x
Michael C. Jennings		x [(1)]	
Christine B. LaFollette		x (Chair)	x
James H. Lee	x	x	
Eric L. Mattson	x		x (Chair)
Mark A. Petersen		x	

(1) Mr. Jennings served as Chairperson of the Compensation Committee for a portion of 2022 from January 1, 2022 to April 27, 2022.

Audit Committee

The functions of the Audit Committee pursuant to its charter include the following:

- selecting, compensating, retaining and overseeing our independent registered public accounting firm and conducting an annual review of the independence and performance of that firm;
- confirming with the independent registered public accounting firm its compliance with the partner rotation requirements established by the SEC;
- reviewing and evaluating the lead partner of the independent registered public accounting firm;
- reviewing the scope and the planning of the annual audit performed by the independent registered public accounting firm;
- overseeing matters related to the internal audit function;
- reviewing and discussing with the internal auditor any issues that the internal auditor believes warrant the Audit Committee's attention, any significant reports to management prepared by the internal auditor and any responses from management;
- reviewing the audit report issued by the independent registered public accounting firm;
- reviewing HEP's annual and quarterly financial statements with management and the independent registered public accounting firm;
- discussing with management HEP's significant financial risk exposures and the actions management has taken to monitor and control such exposures;
- reviewing and, if appropriate, approving transactions involving conflicts of interest, including related party transactions, consistent with the Code and Related Party Transaction Policy;
- reviewing the Related Party Transaction Policy on an annual basis;
- reviewing and discussing HEP's internal controls over financial reporting with management and the independent registered public accounting firm;
- establishing procedures for the receipt, retention and treatment of complaints received by HEP regarding accounting, internal accounting controls or accounting matters, potential violations of applicable laws, rules and regulations or of our codes, policies and procedures;

- reviewing the type and extent of any non-audit work to be performed by the independent registered public accounting firm and its compatibility with their continued objectivity and independence, and to the extent consistent, pre-approving all non-audit services to be performed;
- reviewing and approving the Audit Committee Report to be included in the Annual Report on Form 10-K; and
- reviewing the adequacy of the Audit Committee charter on an annual basis.

Each current member of the Audit Committee has the ability to read and understand fundamental financial statements. The Board has determined that Mr. Baldwin meets the requirements of an "audit committee financial expert" as defined by the rules of the SEC.

Conflicts Committee

The functions of the Conflicts Committee include reviewing specific matters that the Board or the Conflicts Committee believes may involve conflicts of interest with HF Sinclair. The Conflicts Committee determines if the resolution of the conflict of interest is fair and reasonable to HEP. Any matters approved by the Conflicts Committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties it may owe us or our unitholders. In addition, the Conflicts Committee reviews the adequacy of the Conflicts Committee charter on an annual basis.

Compensation Committee

The functions of the Compensation Committee pursuant to its charter include:

- reviewing and approving the goals and objectives of HLS and HEP relevant to the compensation of the officers of HLS for whom the Compensation Committee determines compensation;
- determining compensation for the officers of HLS for whom the Compensation Committee determines compensation;
- reviewing director compensation and making recommendations to the Board regarding the same;
- overseeing the preparation of the Compensation Discussion and Analysis to be included in the Annual Report and preparing the Compensation Committee Report to be included in the Annual Report;
- reviewing the Company's executive compensation plans with respect to behavioral, operational and other risks;
- administering and making recommendations to the Board with respect to HEP's equity plan and HLS's annual incentive plan; and
- reviewing the adequacy of the Compensation Committee charter on an annual basis.

Since the Compensation Committee is not comprised of all independent directors, equity awards, including performance goals applicable to such awards, if applicable, are approved by the full Board.

In January 2018, the Compensation Committee engaged Meridian Compensation Partners, LLC ("Meridian"), as the compensation consultant, to provide advice relating to executive, non-employee director compensation, including benchmarking of the compensation peer group for non-employee director compensation, and employee long-term equity incentive awards. At the time the Compensation Committee selected Meridian as its independent compensation consultant, and during the first quarter of every year since engaging Meridian, the Compensation Committee has assessed the independence of Meridian pursuant to SEC rules and considered, among other things, whether Meridian provides any other services to HLS or us, the fees paid by us to Meridian as a percentage of Meridian's total revenues, the policies of Meridian that are designed to prevent any conflict of interest between Meridian, the Compensation Committee, HLS and us, any personal or business relationship between Meridian and a member of the Compensation Committee or one of HLS's executive officers and whether Meridian owned any of our common units. In addition to the foregoing, the Compensation Committee annually receives an independence letter from Meridian, as well as other documentation addressing the firm's independence. Meridian reports exclusively to the Compensation Committee and does not provide any additional services to HLS or us. The Compensation

Committee has discussed these considerations and has concluded that Meridian is independent and that neither we nor HLS have any conflicts of interest with Meridian.

Report of the Audit Committee for the Year Ended December 31, 2022

Management of Holly Logistic Services, L.L.C. is responsible for Holly Energy Partners, L.P.'s system of internal controls over financial reporting. The Audit Committee selected, and the Board approved the selection of, Ernst & Young LLP as Holly Energy Partners, L.P.'s independent registered public accounting firm to audit the books, records and accounts of Holly Energy Partners, L.P. for the year ended December 31, 2022. Ernst & Young LLP is responsible for performing an independent audit of Holly Energy Partners, L.P.'s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB") and to issue a report thereon. The Audit Committee also is responsible for selecting, engaging and overseeing the work of the independent registered public accounting firm, which reports directly to the Audit Committee, and evaluating its qualifications and performance. Among other things, to fulfill its responsibilities, the Audit Committee:

- reviewed and discussed Holly Energy Partners, L.P.'s quarterly unaudited consolidated financial statements and its audited annual consolidated financial statements for the year ended December 31, 2022 with management and Ernst & Young LLP, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements, including those in management's discussion and analysis thereof;

- discussed with Ernst & Young LLP the matters required to be discussed by the applicable requirements of the PCAOB, the SEC and the NYSE;

- discussed with Ernst & Young LLP matters relating to its independence and received the written disclosures and letter from Ernst & Young LLP required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning the firm's independence;

- discussed with Holly Energy Partners, L.P.'s internal auditors and Ernst & Young LLP the overall scope and plans for their respective audits and met with the internal auditors and Ernst & Young LLP, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls and the overall quality of Holly Energy Partners, L.P.'s financial reporting; and

- considered whether Ernst & Young LLP's provision of non-audit services to Holly Energy Partners, L.P. is compatible with the auditor's independence.

The Audit Committee charter requires the Audit Committee to approve in advance all audit and non-audit services to be provided by our independent registered public accounting firm. All fees for audit, audit-related and tax services as well as all other fees presented under Item 14 "Principal Accountant Fees and Services" were approved by the Audit Committee in accordance with its charter.

Based on the foregoing review and discussions and such other matters the Audit Committee deemed relevant and appropriate, the Audit Committee recommended to the Board that the audited consolidated financial statements of Holly Energy Partners, L.P. for the year ended December 31, 2022 be included in Holly Energy Partners, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2022 for filing with the SEC.

Members of the Audit Committee:
Larry R. Baldwin, Chairperson
James H. Lee
Eric L. Mattson

Director Compensation

The Compensation Committee annually evaluates the compensation program for members of the Board who are not officers or employees of HLS or HF Sinclair ("non-employee directors"). Directors who also serve as officers or employees of HLS or HF Sinclair do not receive additional compensation for serving on the Board. We reimburse directors for all reasonable expenses incurred in attending Board and Board committee meetings and director continuing education sessions upon submission of appropriate documentation. No meeting fees are paid for Board or Board committee meetings.

For 2022, non-employee directors were entitled to receive an annual cash retainer, payable in cash, in addition to an annual equity retainer in the form of an award of phantom units described in the table below.

Larry R. Baldwin has served as Presiding Director of HLS since February 2020 when Mr. Jennings, Chairperson of the Board of HLS, became an executive officer of HF Sinclair and HLS. As an executive officer of HF Sinclair and HLS, Mr. Jennings does not receive any compensation for his service on the Board.

In October 2022, the Board approved non-employee director compensation for 2023. There were no changes from 2022. The awards that were granted in October 2022 (for 2023 services) were in the form of phantom units.

	Compensation in 2022	Compensation in 2023
Annual cash retainer	$ 100,000	$ 100,000
Annual cash retainer for the Presiding Director	$ 25,000	$ 25,000
Annual equity retainer (1)	$ 115,000	$ 115,000
Annual cash retainer for the Chairperson of the Board (2)	$ 75,000	$ 75,000
Annual cash retainer for Chairperson of committees (2)	$ 25,000	$ 25,000

(1) The annual award is comprised of a number of phantom units equal to the annual equity retainer divided by the closing price of a common unit on the date of grant, with the number of phantom units rounded up in the case of fractional shares.

(2) As an executive officer of HF Sinclair and HLS, Mr. Jennings does not receive any compensation for serving as Chairperson of the Board and did not receive any compensation for the portion of the 2022 fiscal year during which he served as Chairperson of the Compensation Committee of HLS.

Annual Equity Awards

Non-employee directors receive an annual equity award grant under the Holly Energy Partners, L.P. Amended and Restated Long-Term Incentive Plan (the "Long-Term Incentive Plan") in the form of phantom units, with the number of awards calculated as described above. Continued service on the Board through the vesting date, which is approximately one year following the date of grant, is required for the awards to vest. Vesting of all unvested units will accelerate upon a change in control of HF Sinclair, HLS, HEP or HEP Logistics. In addition, vesting of unvested units will accelerate on a pro-rata basis upon the director's death, total and permanent disability or retirement. Directors are entitled to receive all distribution equivalents paid with respect to outstanding awards, and these distribution equivalents are paid at approximately the same time as distributions are paid on our common units. The distribution equivalents are not subject to forfeiture.

Non-Qualified Deferred Compensation

Non-employee directors are eligible to participate in the HF Sinclair Corporation Executive Nonqualified Deferred Compensation Plan, which is not tax-qualified under Section 401 of the Internal Revenue Code and allows participants to defer receipt of certain compensation (the "NQDC Plan"). The NQDC Plan allows non-employee directors the ability to defer up to 100% of their cash retainers for a calendar year. Participating directors have full discretion over how their contributions to the NQDC Plan are invested among the investment options. Earnings on amounts contributed to the NQDC Plan are calculated in the same manner and at the same rate as earnings on actual investments. Neither HLS nor HF Sinclair subsidizes a participant's earnings under the NQDC Plan.

Mr. Petersen was the only non-employee director who participated in the NQDC Plan in 2022. For additional information on the NQDC Plan, see "Compensation Discussion and Analysis–Overview of 2022 Executive Compensation Components and Decisions–Retirement and Benefit Plans–Deferred Compensation Plan" and the narrative preceding the "Nonqualified Deferred Compensation Table."

Unit Ownership and Retention Policy for Directors

Our directors, other than those who serve as officers of HLS, are subject to the HEP unit ownership and retention policy. Pursuant to the policy, each director is required to hold during service on the Board common units equal in value to at least three times the annual equity retainer paid to non-employee directors. Each subject director is required to meet the applicable requirements within five years of first being subject to the policy.

Directors are also required to continuously own sufficient units to meet the unit ownership and retention requirements once attained. Until directors meet the requirements, they will be required to hold 25% of the units received from any equity award. If a director attains compliance with the policy and subsequently falls below the requirement because of a decrease in the price of our common units, the director will be deemed in compliance provided that the director retains the units then held.

As of December 31, 2022, all of our then-current directors were in compliance with the unit ownership and retention policy.

Anti-Hedging and Anti-Pledging Policy

All of our directors are subject to our Insider Trading Policy, which, among other things, prohibits directors from entering into short sales or hedging or pledging our common units and HF Sinclair common stock. The anti-hedging policy contained in our Insider Trading Policy specifically prohibits directors and their designees from purchasing financial instruments or otherwise engaging in transactions that hedge or offset or are designed to hedge or offset any decrease in the market value of HEP or HF Sinclair securities (or derivatives thereof), including through, among other mechanisms, the purchase of financial instruments (such as prepaid variable forward contracts, equity swaps, collars, and exchange funds) or other transactions that are designed to hedge or offset any decrease in the market value of our securities. Additionally, all employees, including our named executive officers, are prohibited from holding our securities in a margin account or otherwise pledging our securities as collateral for a loan.

Director Compensation Table

The table below sets forth the compensation earned in 2022 by each of the non-employee directors of HLS:

Name [1]	**Fees Earned or Paid in Cash**	**Unit Awards** [2] [3]	**Total**
Larry R. Baldwin	$ 150,000	$ 115,005	$ 265,005
Christine B. LaFollette	$ 116,896	$ 115,005	$ 231,901
James H. Lee	$ 100,000	$ 115,005	$ 215,005
Eric L. Mattson	$ 125,000	$ 115,005	$ 240,005
Mark A. Petersen [3]	$ 79,722	$ 190,043	$ 269,765

(1) Mr. Jennings is not included in this table because he received no additional compensation for his service on the Board during 2022, since he was an executive officer of HF Sinclair and HLS. The compensation paid by HF Sinclair to Mr. Jennings in 2022 will be shown in HF Sinclair's 2023 Proxy Statement. A portion of the compensation paid to Mr. Jennings by HF Sinclair in 2022 is allocated to the services he performed for us in his capacity as an executive officer of HLS and is disclosed in the "Summary Compensation Table" below.

(2) With the exception of Mr. Petersen, reflects the aggregate grant date fair value of 6,150 phantom units granted to the non-employee directors on October 25, 2022 (the "2023 Director Awards"), computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"), determined without regard to forfeitures. See Note 9 to our consolidated financial statements for the fiscal year ended December 31, 2022, for a discussion of the assumptions used in determining the FASB ASC Topic 718 grant date fair value of these awards.

Because the 2023 Director Awards were granted during 2022, they are reported in the "Unit Awards" column of the Director Compensation Table for 2022 rather than 2023 in accordance with SEC rules. The annual phantom unit awards for the 2022 fiscal year were granted on October 27, 2021 and were reported in the "Unit Awards" column of the Director Compensation Table for 2021 rather than 2022 in accordance with SEC rules.

The 2023 Director Awards vest on December 1, 2023, subject to continued service on the Board. As of December 31, 2022, these are the only phantom units held by our non-employee directors. For additional information regarding the annual phantom unit grants, please refer to the "Director Compensation" narrative above.

(3) Mr. Petersen was appointed to the HLS Board on March 15, 2022. He received a pro-rated cash retainer for the portion of the 2022 fiscal year that he served as a non-employee director of HLS, all of which he elected to defer pursuant to the NQDC Plan described above under "NonQualified Deferred Compensation Plan." There are no earnings reported for Mr. Petersen for any portion of the 2022 year with respect to the NQDC Plan, as no earnings are deemed to be above-market or preferential for that plan. Subsequent to Mr. Petersen's appointment, on April 27, 2022, he received a pro-rated equity award of 4,313 phantom units that vested on December 1, 2022 to compensate him for the portion of the 2022 fiscal year that he served as a non-employee director of HLS (the "Pro-rated 2022 Director Award"). On October 25, 2022, Mr. Petersen also received a 2023 Director Award for the 2023 fiscal year. Therefore, the amount reported for Mr. Petersen in the "Unit Awards" column in the table above reflects the aggregate grant date fair value of this Pro-rated 2022 Director Award and his 2023 Director Award, each computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"), determined without regard to forfeitures.

Item 11. Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about our compensation objectives and policies for the HLS executive officers who are our “Named Executive Officers” for 2022 to the extent the Compensation Committee and the Board, or our Chief Executive Officer determines the compensation of these individuals and about the compensation for our other Named Executive Officers that is allocated to us pursuant to Compensation Committee action or SEC rules. In addition, the Compensation Discussion and Analysis is intended to place in perspective the information contained in the executive compensation tables that follow this discussion and provide a description of our policies relating to reimbursement to HF Sinclair and HLS for compensation expenses.

Overview

We are managed by HLS, the general partner of HEP Logistics, our general partner. HLS is a subsidiary of HF Sinclair. The employees providing services to us are either provided by HLS, which utilizes people employed by HF Sinclair to perform services for us, or seconded to us by subsidiaries of HF Sinclair, as we do not have any employees.

For 2022, our “Named Executive Officers” were:

Name	Position with HLS in 2022
Michael C. Jennings	Chief Executive Officer and President
John Harrison	Senior Vice President, Chief Financial Officer and Treasurer
Vaishali S. Bhatia	Senior Vice President, General Counsel and Secretary
Mark T. Cunningham(1)	Former Senior Vice President, Operations and Engineering
Richard L. Voliva III(2)	Former President

(1) Mr. Cunningham retired as Senior Vice President, Operations and Engineering of HLS effective February 18, 2022 (referred to herein as his “Retirement”). See the section below titled “Potential Payments Upon Termination or Change in Control - Retirement & Consulting Arrangements with Mr. Cunningham” for additional information regarding his

Retirement. Although he was no longer employed at the end of the 2022 year, he is still deemed to be a Named Executive Officer pursuant to SEC disclosure rules.

(2) HLS and Richard L. Voliva III, President of HLS, agreed to a mutual separation effective September 15, 2022. As a result of Mr. Voliva's separation, the Board appointed Michael C. Jennings as President of HLS, effective as of September 15, 2022. See the section below titled "Potential Payments Upon Termination or Change in Control - Mutual Separation Agreement with Mr. Voliva" for additional information regarding his separation. Although he was no longer employed at the end of the 2022 year, he is still deemed to be a Named Executive Officer pursuant to SEC disclosure rules.

During the period of their employment during 2022, certain of our Named Executive Officers were also officers of HF Sinclair or provided services to HF Sinclair. During 2022:

- Prior to his Retirement, Mr. Cunningham spent all of his professional time managing our business and affairs and did not provide any services to HF Sinclair.
- Messrs. Jennings and Harrison and Ms. Bhatia, and prior to his separation, Mr. Voliva, who we generally refer to as the “HF Sinclair Shared Officers,” also served as executive officers of HF Sinclair and devoted as much of their professional time as was necessary to oversee the management of our business and affairs. All compensation paid to such executive officers by HF Sinclair is paid and determined by HF Sinclair, without input from the Compensation Committee. For 2022, Mr. Voliva was the only HF Sinclair Shared Officer that received direct compensation from us as discussed below.

As noted above, Mr. Jamieson was appointed to the position of Senior Vice President and Chief Operating Officer during the 2023 year and is listed as an executive officer in other sections of this annual report. However, due to the timing of his appointment, he is not deemed to be a Named Executive Officer for the 2022 year.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of the Board are Messrs. Jennings, Lee and Petersen and Ms. LaFollette. Mr. Jennings also serves as the Chief Executive Officer and President of HLS. Mr. Petersen was nominated to serve on the Board by REH Company pursuant to the terms of the Unitholders Agreement and provided consulting services to HF Sinclair in 2022 pursuant to the terms of a consulting agreement with HF Sinclair, each of which are discussed in detail under Item 13 of this Annual Report on Form 10-K entitled “Certain Relationships and Related Transactions, and Director Independence.” With the exception of the relationships disclosed for Mr. Petersen, none of the members who served on the Compensation Committee at any time during 2022 had any relationship requiring disclosure under Item 13 of this Annual Report on Form 10-K entitled “Certain Relationships and Related Transactions, and Director Independence.” No executive officer of HLS served as a member of the compensation committee of another entity that had an executive officer serving as a member of our Board or our Compensation Committee. No executive officer of HLS served as a member of the board of another entity that had an executive officer serving as a member of our Compensation Committee, except that Mr. Jennings also serves as the Chief Executive Officer of HF Sinclair.

Fees and Reimbursements for Compensation of Named Executive Officers

- *Administrative Fee Covers HF Sinclair Shared Officers.* Under the terms of the Omnibus Agreement we pay an annual administrative fee to HF Sinclair (currently $5.0 million) for the provision of general and administrative services for our benefit, which may be increased or decreased as permitted under the Omnibus Agreement. The administrative services covered by the Omnibus Agreement include, without limitation, the costs of corporate services provided to us by HF Sinclair such as accounting, tax, information technology, human resources, in-house legal support and office space, furnishings and equipment. None of the services covered by the administrative fee are assigned any particular value individually. Although the administrative fee covers the services provided to us by the Named Executive Officers who are HF Sinclair Shared Officers, no portion of the administrative fee is specifically allocated to services provided by those Named Executive Officers to us. Rather, the administrative fee generally covers services provided to us by HF Sinclair and, except as described below, there is no reimbursement by us for the specific costs of such services. Typically we reflect our allocated amounts into cash compensation columns of the Summary Compensation Table, namely within the Base Salary column. For the 2022 year, the portion of compensation for certain Named Executive Officers exceeded base salaries, so there was a portion of compensation allocations that were reported in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table reflecting amounts earned pursuant to the HF Sinclair annual incentive bonus plan. A discussion of the non-equity incentive compensation payable by HF Sinclair will be disclosed in HF Sinclair's 2023 Proxy Statement. See Item 13, "Certain Relationships and Related Transactions, and Director Independence" of this Annual Report on Form 10-K for additional discussion of our relationships and transactions with HF Sinclair.

- *Reimbursements for Compensation of Dedicated HLS Officers.* Under the Omnibus Agreement, we also reimburse HF Sinclair for certain expenses incurred on our behalf, such as for salaries and employee benefits for certain personnel employed by HF Sinclair who perform services for us on behalf of HLS, including the dedicated HLS officers, as described in greater detail below. The partnership agreement provides that our general partner will determine the expenses that are allocable to us. In 2022, we reimbursed HF Sinclair for 100% of the compensation expenses incurred by HF Sinclair for salary, bonus, retirement and other benefits provided to Mr. Cunningham. With respect to equity compensation paid by us to Mr. Cunningham and Mr. Voliva, HLS purchases the units delivered pursuant to awards under our Long-Term Incentive Plan, and we reimburse HLS for the purchase price of the units.

Compensation Decisions for Dedicated HLS Officers

- *Generally.* The Compensation Committee, pursuant to its charter, determines cash and bonus compensation only for HLS's Chief Executive Officer, President or Chief Financial Officer if such officers are solely dedicated to HLS and are not HF Sinclair Shared Officers. During 2022, HLS's Chief Executive Officer, President and Chief Financial Officer were HF Sinclair Shared Officers, and as a result, the Compensation Committee did not set cash and bonus compensation for any executive officer. For 2022, the Compensation Committee made compensation recommendations, which were subsequently approved by the Board, for Mr. Cunningham only with respect to the terms of his consulting arrangement with HLS following his Retirement. The terms of Mr. Cunningham's consulting arrangement with HLS are described in the section below titled "Potential Payments Upon Termination or Change in Control - Retirement & Consulting Arrangements with Mr. Cunningham." All other compensation provided to Mr. Cunningham for 2022, other than with respect to pension and retirement benefits as described below, was determined by the Chief Executive Officer and President of HLS and is reported, in accordance with SEC rules, in the tables that follow.

- *Pension and Retirement Benefits.* The Compensation Committee does not review or approve pension or retirement benefits for any of the Named Executive Officers. Rather, all pension and retirement benefits provided to the executives are the same pension and retirement benefits that are provided to employees of HF Sinclair generally, and such benefits are sponsored and administered entirely by HF Sinclair without input from HLS or the Compensation Committee. The pension and retirement benefits provided to Mr. Cunningham in 2022 are described below and were charged to us monthly in accordance with the Omnibus Agreement.

Allocation of Compensation and Compensation Decisions for HF Sinclair Shared Officers

- *Generally.* HF Sinclair makes all decisions regarding the compensation paid to the HF Sinclair Shared Officers, which compensation is covered by the administrative fee under the Omnibus Agreement (and therefore not subject to reimbursement by us); however, in accordance with SEC rules, for purposes of these disclosures, a portion of the compensation paid by HF Sinclair to the HF Sinclair Shared Officers for 2022 is allocated to the services they performed for us during 2022. The allocation was made based on the assumption that each of Messrs. Jennings and Harrison and Ms. Bhatia, and Mr. Voliva, prior to his separation, spent, in the aggregate, the following percentage of his or her professional time on our business and affairs in 2022:

Name	Percentage of Time
Michael C. Jennings	25%
John Harrison	25%
Richard L. Voliva III	35%
Vaishali S. Bhatia	25%

Because HF Sinclair made all decisions regarding the compensation paid to Messrs. Jennings, Voliva and Harrison and Ms. Bhatia for 2022, except for the decision regarding Mr. Voliva's participation in HEP's annual cash incentive program as a result of his expanded responsibilities with HLS and HEP in 2022, those decisions are not discussed in this Compensation Discussion and Analysis. The total compensation paid by HF Sinclair to Messrs. Jennings and Voliva and Ms. Bhatia in 2022 will be disclosed in HF Sinclair ’s 2023 Proxy Statement. The compensation paid by HF Sinclair to Mr. Harrison is discussed and disclosed in the tables that follow.

Objectives of Compensation Program

Our compensation program is designed to attract and retain talented and productive executives who are motivated to protect and enhance our long-term value for the benefit of our unitholders. Our objective is to be competitive with our industry and encourage high levels of performance from our executives.

In supporting our objectives, in applicable years, the Compensation Committee considers the cash compensation to be received by the dedicated HLS officers when determining equity compensation for the dedicated HLS officers; however, the Compensation Committee has not adopted any formal policies for allocating compensation among salary, bonus and long-term equity compensation.

In the fourth quarter of 2021, the Compensation Committee, with the assistance of the Chief Executive Officer and President, reviewed the consulting arrangement for Mr. Cunningham with a goal of retaining his expertise to facilitate an orderly transition of his responsibilities following his Retirement. In addition, in the fourth quarter of 2021, the Chief Executive Officer reviewed the contributions and responsibilities of Mr. Voliva, and made the decision that Mr. Voliva would participate in HEP’s annual incentive cash compensation program for 2022 in light of his increased responsibilities for HLS and HEP following Mr. Cunningham’s Retirement.

Role of the Compensation Consultant and the Compensation Committee in the Compensation Setting Process

Since 2018, the Compensation Committee has retained Meridian, a consulting firm specializing in executive compensation, to advise the Compensation Committee on matters related to executive and non-employee director compensation, including benchmarking of the compensation peer group for non-employee director compensation, and long-term equity incentive awards. The Compensation Consultant provided the Compensation Committee with market data, updates on related trends and developments, advice on program design, and input on compensation decisions for executive officers and non-employee directors. As discussed above under “The Board, Its Committees and Director Compensation–Board Committees–Compensation Committee,” the Compensation Committee has concluded that we do not have any conflicts of interest with Meridian.

The Compensation Committee generally makes compensation decisions for a given fiscal year in the fourth quarter of the prior year. The Compensation Consultant does not have authority to determine the ultimate compensation paid to executive officers or non-employee directors, and the Compensation Committee is under no obligation to utilize the information provided by the Compensation Consultant when making compensation decisions. The Compensation Consultant provides external context and other input to the Compensation Committee prior to the Compensation Committee approving salaries and fees, awarding bonuses and equity compensation or establishing awards for the upcoming year. Meridian provided information and advice to the Compensation Committee in 2021 and 2022 with respect to matters related to executive compensation related trends, regulatory and legislative developments, review of the compensation benchmarking peer group and performance peer group for long-term incentive plan performance comparisons, benchmarking of non-employee director compensation, and development of a severance pay plan. The Compensation Committee is aware that Meridian is also providing similar services to the compensation committee at HF Sinclair but our Compensation Committee manages its relationship with Meridian independently of the relationship that Meridian has with the HF Sinclair compensation committee. The aggregate amount of fees HLS paid to Meridian for the services it engaged Meridian to perform during the 2022 fiscal year was approximately $26,213. The aggregate amount of fees HF Sinclair paid to Meridian for the services it engaged Meridian to perform during the 2022 fiscal year was approximately $278,686.

The Compensation Committee, pursuant to its charter, determines cash and annual incentive compensation for only HLS’s Chief Executive Officer, President or Chief Financial Officer, if such officers are solely dedicated to HLS and are not HF Sinclair Shared Officers. For all HLS officers who are eligible to receive equity awards under HEP’s equity plans, the Compensation Committee will review and recommend to the Board for approval, long-term equity incentive compensation.

Review of Market Data

Market pay levels are one of many factors considered by the Compensation Committee in setting equity compensation for the Named Executive Officers. In 2021, the Compensation Committee reviewed comparison data provided by the Compensation Consultant with respect to annual incentive levels and long-term incentive levels as one point of reference in evaluating the reasonableness and competitiveness of the incentive compensation paid to our executive officers as compared to companies with which we compete for executive talent. In addition, the Compensation Committee reviewed such data to evaluate whether our incentive compensation reflects practices of comparable companies of generally similar size and scope of operations. The Compensation Consultant obtained market information primarily from SEC filings of publicly traded companies that the Compensation Consultant and the Compensation Committee consider appropriate peer group companies and, from time to time, from published compensation surveys (such as the *Liquid Pipeline Roundtable Compensation Survey*). The purpose of the peer group is to provide a frame of reference with respect to executive equity compensation at companies of generally comparable size and scope of operations, rather than to set specific benchmarks for the compensation provided to the Named Executive Officers. We select peer group companies that we believe provide relevant data points for our consideration.

The peer group used in determining 2022 equity compensation included the following companies, which are representative of the companies with which we compete for talent:

Antero Midstream Corporation	Enable Midstream Partners, LP
Black Stone Minerals, L.P.	EnLink Midstream, LLC
Callon Petroleum Company	Phillips 66 Partners LP
Centennial Resource Development, Inc.	Shell Midstream Partners, L.P.
Crestwood Equity Partners LP	Summit Midstream Partners, LP
Delek Logistics Partners, LP	

The peer group used for 2022 compensation was reduced by one company from the peer group used with respect to 2021 compensation due to merger activity and recommendations from the Compensation Consultant.

For years in which we make the compensation decisions for our executive officers, our objective generally is to position pay at levels approximately in the middle range of market practice, taking into account median levels derived from our peer group analysis. Following advice from the Compensation Consultant, we consider our salary and non-salary compensation components relative to the median compensation levels generally within the peer group rather than to an exact percentile above or below the median. For these purposes, if compensation is generally within plus or minus 20% of the market median, it is considered to be in the middle range of the market. As noted, however, this market analysis is just one of many factors considered when making overall compensation decisions for our executives.

Role of Named Executive Officers in Determining Executive Compensation

In making executive equity compensation decisions for Named Executive Officers that are solely dedicated to HLS, the Compensation Committee typically reviews the total compensation provided in the prior year, overall performance and market data provided by the Compensation Consultant. The Compensation Committee also considers recommendations by the Chief Executive Officer and President and other factors in determining the appropriate final equity compensation amounts to recommend to the Board.

Various members of management facilitate the Compensation Committee's consideration of equity compensation for Named Executive Officers by providing data for the Compensation Committee's review. This data includes, but is not limited to, performance evaluations, performance-based compensation provided to the Named Executive Officers in previous years, tax-related considerations and accounting-related considerations. Given the day-to-day familiarity that management has with the work performed, the Compensation Committee values management's recommendations, although no Named Executive Officer has authority to determine or comment on compensation decisions directly related to himself or herself. Due to the planned transition of his responsibilities effective January 1, 2022 in preparation for his Retirement, no long-term equity compensation was recommended for Mr. Cunningham for 2022. To assist with the orderly transition of Mr. Cunningham's responsibilities following his Retirement, management recommended and the Compensation Committee reviewed and made a recommendation to the Board, which subsequently approved, the terms of a consulting arrangement between HLS and Mr. Cunningham for a period of 12 months commencing on February 19, 2022. See the section below titled "Potential Payments Upon Termination or Change in Control - Retirement & Consulting Arrangements with Mr. Cunningham" for a discussion of the terms of Mr. Cunningham's consulting arrangement with HLS.

In the fourth quarter of 2021, the Chief Executive Officer and President were separate individuals. The Chief Executive Officer set 2022 compensation for his direct reports who were solely dedicated to HLS and who did not serve as President of HLS, and the President set 2022 compensation for his direct reports who were solely dedicated to HLS and who did not serve as Chief Financial Officer of HLS. In September 2022, the Board delegated authority to the Chief Executive Officer to negotiate, and to a subcommittee of the Compensation Committee to approve, the final terms of Mr. Voliva's mutual separation agreement, specifically as it related to accelerated vesting of his outstanding phantom unit award and 2022 annual cash incentive bonus, each of which are discussed further below.

Overview of 2022 Executive Compensation Components and Decisions

Mr. Cunningham was the only Named Executive Officer solely dedicated to HLS during 2022. In addition to the consulting compensation and accelerated vesting of long-term equity incentive compensation described further below in the section titled "Potential Payments Upon Termination or Change in Control - Retirement & Consulting Arrangements with Mr. Cunningham*"* the components of compensation received by Mr. Cunningham in 2022 are as follows:

- base salary;
- annual incentive cash bonus compensation;
- severance and change in control benefits;
- health and retirement benefits; and
- perquisites.

Each of these components is described in further detail in the narratives and/or tables that follow.

In addition, in the fourth quarter of 2021, the Chief Executive Officer reviewed the contributions and responsibilities of Mr. Voliva, then President of HLS and an HF Sinclair Shared Officer, and determined that Mr. Voliva would participate in HEP's annual incentive cash bonus compensation program for 2022 in light of his increased responsibilities for HLS and HEP following Mr. Cunningham's Retirement. The terms of Mr. Voliva's annual incentive cash bonus award and the determination of his final payout upon his separation are discussed below in the section titled "Annual Incentive Cash Bonus Compensation."

Base Salary

Base salary for Mr. Cunningham for 2022 was determined by the then-current President of HLS in the fourth quarter of 2021. The President considered Mr. Cunningham's position, performance in 2021, and the forthcoming transition of his responsibilities to four different individuals at HLS, effective January 1, 2022, in preparation for his Retirement. Following a review of the various factors listed above, Mr. Cunningham's 2022 base salary remained unchanged from 2021 at $342,505.

Annual Incentive Cash Bonus Compensation

The performance period for HEP's 2022 annual incentive cash bonus program commenced on October 1, 2021 and ended on September 30, 2022. Target awards and performance metrics for the 2022 annual incentive cash bonus program for Mr. Cunningham were determined by the then-current President of HLS in the fourth quarter of 2021.

Historically, HF Sinclair Shared Officers have not participated in HEP's annual incentive cash bonus program. However, in October 2021, the Chief Executive Officer reviewed the contributions of Mr. Voliva, then President of HLS and an HF Sinclair Shared Officer, and determined that Mr. Voliva would participate in HEP's 2022 annual incentive cash bonus program in light of his increased responsibilities for HLS and HEP in 2022 following Mr. Cunningham's Retirement.

As Mr. Voliva was an HF Sinclair Shared Officer and did not receive a separate base salary solely for his contributions to HLS and HEP in 2022, the Chief Executive Officer set his target bonus opportunity at $400,000, based on a target bonus percentage of 100% and subject to the financial, operational and strategic and individual performance measures applicable to other participants in the annual incentive cash bonus program as described below.

Any annual incentive cash bonus compensation granted by HF Sinclair for 2022 to any of the HF Sinclair Shared Officers will be disclosed in HF Sinclair's 2023 Proxy Statement to the extent such individuals are "named executive officers" of HF Sinclair for the 2022 fiscal year.

The following table sets forth the minimum, target and maximum award opportunities for Mr. Cunningham (as a percentage of annual base salary) and Mr. Voliva (as a percentage of his $400,000 target bonus opportunity) for 2022, and the portion of the target award opportunity that is allocated to each performance measure (as a percentage of his annual base salary for Mr. Cunningham and as a percentage of target bonus opportunity for Mr. Voliva). The target percentages for Mr. Cunningham were unchanged from the 2021 year. Mr. Voliva did not participate in the annual incentive cash bonus program in the 2021 year.

Name	Award Opportunities			Allocation Among Performance Measures (as a percentage of annual base salary or target bonus, as applicable)		
	Minimum	Target	Maximum	Financial Measures	Operational Measures	Strategic and Individual Measures
Mark T. Cunningham	22.5%	45.0%	90.0%	18%	18%	9%
Richard L. Voliva III	50%	100%	200%	40%	40%	20%

The financial measures are weighted equally with the operational measures. Awards are capped to avoid encouraging an excessive short-term focus, potentially at the expense of long-term performance.

To facilitate timely determination of award payouts, the measurement period for each of the above metrics covers four consecutive quarters starting with the fourth quarter of the preceding year (2021) and ending with the third quarter of the following year (2022).

These awards were subject to our achievement of specified levels of performance with respect to financial, operational and strategic and individual performance measures. The following table sets forth the various components for each measure.

Performance Measure (percentage of the annual bonus awards)	Components (percentage of each performance measure)	How It's Measured (percentage of each component)
Financial (40%)	EBITDA	Cumulative EBITDA performance of HEP vs. Cumulative Target for HEP
Operational (40%)	• Environmental, Health and Safety (40%)(1) • Reliability (35%) (2) • Operating Expense vs. Budget (25%) (3)	• Recordable Injury Rate • Lost Time Injuries • Vehicle Incidents • Employee Based Environmental Releases • Solomon Liquid Pipeline Availability
Strategic and Individual (20%)	Relevant individual metrics for each named executive officer	Mark T. Cunningham • Safety and environmental • Capital project management Richard L. Voliva III • Sinclair Integration • Operations Success and Commercial Development • Cash Generation and Return to Unitholders

(1) The EHS metric is divided into the following four equally weighted measures:
- Recordable Injury Rate, which is based on the number of employees out of 100 that have been involved in a recordable event.
- Lost Time Injury, which is based on the number of injuries causing an employee to miss work.
- Vehicle Incidents, which is based on the number of incidents generating greater than $5,000 of property damage per 1,000,000 miles driven by HEP employees.
- Employee Based Environmental Releases, which is based on loss of containment caused by an employee that is reportable to either a state or federal agency.

(2) The reliability metric is based on the weighted average Solomon Liquid Pipeline Availability.

(3) Operating Expense includes all direct and controllable cash operating costs, which includes Selling, General and Administrative (SG&A) costs. Budgeted costs exclude asset write-downs, impairments, inventory valuation charges, unbudgeted litigation and legal settlement costs, environmental charges resulting from events which occurred prior to the beginning of the performance period, variable energy and utility costs, and unbudgeted bonus expenses and costs

related to unbudgeted new capital assets brought online and acquisitions made during the period. The metric is based on the actual cash operating expense of each segment versus the budgeted cash operating expense for each segment.

Financial Measures

The table below sets forth the threshold, target and maximum performance levels for each financial measure and the actual results for the financial measures in 2022:

Metric	**Threshold (50%)**	**Target (100%)**	**Maximum (200%)**	**Actual for 2022**	**Percent of Target Bonus Achievement**
EBITDA (in millions)	$323	$340	$357	$373	200%

Payouts are interpolated between threshold and target and target and maximum.

Operational Measures

The table below sets forth the threshold, target and maximum performance levels for each operational measures and the actual results for the operational measures in 2022:

Metric	**Threshold (50%)**	**Target (100%)**	**(200)%**	**Maximum (250%)**	**Actual for 2022**	**Percent of Target Bonus Achievement**
EH&S						**138%**
Recordable Injury Rate	1.0	0.80	0.60	0	1.21	0%
Lost Time Injuries	2	1	n/a	0	1	100%
Vehicle Incidents	1.8	1.4	1.0	0	0.33	200%
Employee Based Environmental Releases	3	2	1	0	0	250%

Payouts are interpolated between thresholds and targets and target up to a 200% payout. To achieve a maximum payout, no incidents are allowed.

Metric	**Threshold (50%)**	**Target (100%)**	**Maximum (200%)**	**Actual for 2022**	**Percent of Target Bonus Achievement**
Reliability	98.0% Available	98.75% Available	≥ 99.5% Available	99.65%	**200%**
Operating Expense	5% over Budget	Budget	5% or more under Budget	20.4% over Budget	**0%**

Payouts are interpolated between threshold and target and target and maximum.

The total percent of target bonus achieved for the operational measures was 135%.

Strategic and Individual Performance Measures

In addition to the measures mentioned above, a portion of the awards for Messrs. Cunningham and Voliva was based on the Chief Executive Officer’s evaluation of their strategic and individual performance during the year. Messrs. Cunningham and Voliva were deemed to have achieved 100% and 110%, respectively, of their target bonus for the strategic and individual performance measures.

<u>2022 Performance</u>

The following table sets forth Mr. Cunningham's target bonus as a percentage of base salary and the actual payouts to Mr. Cunningham for 2022 as a percentage of base salary earned by Mr. Cunningham during the 2022 performance period. Mr. Cunningham's 2022 annual incentive cash bonus was pro-rated for the portion of the 2022 performance period he served as an employee prior to his Retirement. The table below sets forth Mr. Voliva's target bonus as a percentage of the $400,000 target bonus opportunity set by the Chief Executive Officer in October 2021 and the actual payouts Mr. Voliva received pursuant to his Separation Agreement (as defined below) as a percentage of his target bonus opportunity, using estimates in effect at the time of his separation.

Name	Target Bonus	Financial Measures	Operational Measures	Strategic and Individual Measures	Percentage of Base Salary Earned	Percentage of Target Bonus Earned
Mark T. Cunningham	45%	61%	61%	30%	69%	152%
Richard L. Voliva III	100%	60%	60%	30%	N/A	150%

Long-Term Equity Incentive Compensation

The Long-Term Incentive Plan was adopted by the Board in August 2004 with the objective of:

- promoting our interests by providing equity incentive compensation awards to eligible individuals;
- enhancing our ability to attract and retain the services of individuals who are essential for our growth and profitability;
- encouraging those individuals to devote their best efforts to advancing our business; and
- aligning the interests of those individuals with the interests of our unitholders.

In determining the appropriate amount and type of long-term equity incentive awards to be granted each year, the Compensation Committee and the Board consider the executive's position, scope of responsibility, base salary and available compensation information for executives in comparable positions in similar companies. Our goal is to reward the creation of value and strong performance with variable compensation dependent on that performance.

The Compensation Committee and the Board typically grant long-term equity incentive awards to dedicated HLS officers on an annual basis. Annual long-term equity incentive award grants are made in the fourth quarter of the year preceding the year to which the award relates, in order to align the timing of the long-term equity incentive award grants with the timing of the other compensation decisions made for the dedicated HLS officers. However, due to Mr. Cunningham's planned Retirement, management did not recommend, and the Board did not grant, a long-term equity incentive award to Mr. Cunningham in October 2021 for the 2022 year.

In connection with Mr. Cunningham's Retirement, (i) 2,092 phantom units granted under his 2019 and 2020 phantom unit awards vested on a pro rata basis in an amount attributable to the portion of the service period Mr. Cunningham completed during the applicable vesting period and the remainder of the unvested phantom unit awards were forfeited and (ii) 10,889 performance units granted under his 2019 and 2020 performance unit awards vested on a pro rata basis in an amount attributable to the portion of the service period Mr. Cunningham completed during the applicable vesting period multiplied by the target number of performance units awarded and the remainder of the unvested 2019 and 2020 performance unit awards were forfeited. His vested phantom unit and performance unit awards settled six months following his Retirement Date (as defined below) as Mr. Cunningham was subject to certain executive officer level deferral requirements imposed by Section 409A of the Code. The terms of Mr. Cunningham's 2019 and 2020 phantom unit and performance unit awards were previously disclosed in Part III of our Annual Report on Form 10-K for the periods ending December 31, 2019 and December 31, 2020, respectively.

It is generally our practice not to make long-term equity incentive award grants to the HF Sinclair Shared Officers. Any equity compensation awards granted by HF Sinclair for 2022 to any of the HF Sinclair Shared Officers will be disclosed in HF Sinclair's 2023 Proxy Statement to the extent such individuals are "named executive officers" of HF Sinclair for the 2022 year.

Acquisition of Common Units for Long-Term Incentive Plan Awards

Common units delivered in connection with long-term equity incentive awards may be common units acquired by HLS on the open market, common units already owned by HLS, common units acquired by HLS directly from us or any other person or any combination of the foregoing. We currently do not hold treasury units. HLS is entitled to reimbursement by us for the cost of acquiring the common units utilized for the grant or settlement of long-term equity incentive awards.

Retirement and Other Benefits

Our Named Executive Officers participate in certain retirement plans sponsored and maintained by HF Sinclair. The cost of retirement benefits for dedicated HLS officers is charged monthly to us in accordance with the terms of the Omnibus Agreement. The terms of these benefit arrangements are described below.

Defined Contribution Plan

For 2022, Mr. Cunningham was eligible to participate in the HF Sinclair Corporation 401(k) Retirement Savings Plan, a tax qualified defined contribution plan (the "401(k) Plan"). Employees may contribute amounts between 0% and 75% of their eligible compensation to the 401(k) Plan. Employee contributions that were made on a tax-deferred basis were generally limited to $20,500 for 2022, with employees 50 years of age or over able to make additional tax-deferred contributions of $6,500.

For 2022, all employees received an employer retirement contribution to the 401(k) Plan of 3% to 8% of the participating employee's eligible compensation under the 401(k) Plan, subject to applicable Internal Revenue Code limitations, based on years of service, as follows:

Years of Service	**Retirement Contribution (as percentage of eligible compensation)**
Less than 5 years	3%
5 to 10 years	4%
10 to 15 years	5.25%
15 to 20 years	6.5%
20 years and over	8%

In addition to the retirement contribution, in 2022, employees received employer matching contributions to the 401(k) Plan equal to 100% of the first 6% of the employee's eligible compensation contributed to the 401(k) plan up to compensation limits. Matching contributions vest immediately, and retirement contributions are subject to a three-year cliff-vesting period.

The 401(k) Plan benefits for Mr. Cunningham were charged to us in 2022 pursuant to the Omnibus Agreement.

Deferred Compensation Plan

In 2022, Mr. Cunningham was eligible to participate in the NQDC Plan. The NQDC Plan provides certain management and other highly compensated employees an opportunity to defer compensation in excess of qualified retirement plan limitations on a pre-tax basis and accumulate tax-deferred earnings to achieve their financial goals.

Participants in the NQDC Plan can contribute between 1% and 50% of their eligible earnings, which includes base salary and bonuses, to the NQDC Plan. Participants in the NQDC Plan may also receive certain employer-provided contributions, matching restoration contributions, retirement restoration contributions, and nonqualified nonelective contributions. Matching restoration contributions and retirement restoration contributions represent contribution amounts that could not be made under the 401(k) Plan due to Internal Revenue Code limitations on tax-qualified plans. Participants in the NQDC Plan are entitled to make independent deferral elections to the NQDC Plan and the 401(k) Plan, regardless of whether the individual has met the contribution limitations under the 401(k) Plan. See the narrative preceding the "Nonqualified Deferred Compensation Table" for additional information regarding these contributions and the other terms and conditions of the NQDC Plan.

The NQDC Plan benefits for Mr. Cunningham were charged to us in 2022 pursuant to the Omnibus Agreement.

Other Benefits and Perquisites

Our Named Executive Officers are eligible to participate in the same health and welfare benefit plans, including medical, dental, life insurance, and disability programs sponsored and maintained by HF Sinclair, that are generally made available to all full-time employees of HF Sinclair. Health and welfare benefits for Mr. Cunningham were charged to us in 2022 pursuant to the Omnibus Agreement. In August 2022, Mr. Cunningham received a retiree health contribution of $25,645, representing 50% of his COBRA rate for the high deductible health plan/no health savings account option for the tier of coverage in effect under the HF Sinclair medical plan at the time of his Retirement multiplied by 36. As a highly compensated employee, payment of Mr. Cunningham's contribution was deferred pursuant to Section 409A of the Code and paid to him in a lump sum cash payment

It is the Compensation Committee's policy to provide only limited perquisites to our Named Executive Officers. We provided a reserved parking space for Mr. Cunningham in 2022. In addition, we may also reimburse our executive officers for limited entertainment expenses that we deem to serve a business purpose and provide personal benefits to our executive officers in limited circumstances associated with executive team-building and strategy planning events.

Change in Control Agreements

Neither we nor HLS has entered into any employment agreements with any of the Named Executive Officers. On February 14, 2011, the Board adopted the Holly Energy Partners, L.P. Change in Control Policy (the "Change in Control Policy") and the related form of Change in Control Agreement for certain officers of HLS (each, a "Change in Control Agreement"). The Change in Control Agreements contain "double-trigger" payment provisions that require not only a change in control of HF Sinclair, HLS or HEP, but also a qualifying termination of the executive's employment within a specified period of time following the change in control in order for an officer to be entitled to benefits. We believe the Change in Control Agreements provide for management continuity in the event of a change in control and provide competitive benefits for the recruitment and retention of executives.

We entered into a Change in Control Agreement with Mr. Voliva, effective as of April 28, 2014, and Mr. Cunningham, effective as of February 14, 2011, in accordance with the Change in Control Policy. The Change in Control Agreement with Mr. Voliva was terminated effective October 31, 2016 when Mr. Voliva entered into a Change in Control Agreement with HF Sinclair. The Change in Control Agreement with Mr. Cunningham was terminated effective February 18, 2022 when Mr. Cunningham retired.

HF Sinclair entered into Change in Control Agreements with Messrs. Jennings, Voliva and Harrison and Ms. Bhatia, which were in effect during 2022 and the costs of which are fully borne by HF Sinclair (the "HF Sinclair Change in Control Agreements"). Payments and benefits under the HF Sinclair Change in Control Agreements are triggered only upon a change in control of HF Sinclair. The HF Sinclair Change in Control Agreement with Mr. Voliva was terminated effective September 15, 2022 when Mr. Voliva separated. The material terms, and the qualification, of the potential amounts payable under the HF Sinclair Change in Control Agreements with Mr. Jennings and Ms. Bhatia will be described in HF Sinclair's 2023 Proxy Statement.

Severance Pay Plan

On October 25, 2022, the Board adopted the Severance Pay Plan pursuant to which members of senior management or other executives whose services are solely dedicated to HLS, as designated by HLS, will be eligible to receive the severance benefits provided for under the Severance Pay Plan, pursuant to the terms and conditions of the Severance Pay Plan and the individual participation agreements which will specify the terms and conditions for each eligible participant and shall govern to the extent such terms vary from the Severance Pay Plan. The Severance Pay Plan was not applicable to any Named Executive Officers during the 2022 year, although we are including a description of the potential benefits that we put in place for future dedicated HLS Named Executive Officers. HF Sinclair has its own severance pay plan applicable to HF Sinclair Shared Officers, which will be disclosed in HF Sinclair's 2023 Proxy Statement, as applicable.

Unless otherwise specified in an individual participation agreement, upon a termination without Cause (as defined below) by HLS, the participant will be eligible to receive the following benefits:

- a cash payment, payable in 12 monthly installments, equal to a percentage of such participant's annual base salary, plus the amount of bonus, if any, that would have been paid under the annual cash incentive compensation program (paid as if HLS had achieved target level of performance for the year of the participant's termination); and

- continuation coverage for the individual and his or her eligible dependents under our group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, for twelve months at active employee rates, unless such coverage is earlier terminated in accordance with the terms of the Severance Pay Plan.

The applicable percentage of annual base salary and bonus (if any) will be determined based on the officer's pay grade classification in accordance with the following chart:

E3 (CEO)	200% + 100% target bonus
E1, E2	100% + 100% target bonus
M5	100%

Pursuant to the Severance Pay Plan, a termination for "Cause" means (a) an act or acts of dishonesty by a participant constituting a felony or serious misdemeanor and resulting or intended to result directly in gain or personal enrichment at the expense of HLS or any subsidiary; (b) gross or willful and wanton negligence in the performance of a participant's material and substantial duties of employment with HLS and its subsidiaries; or (c) a participant's conviction of a felony involving moral turpitude. The existence of Cause shall be determined by HLS, in its sole and absolute discretion.

Unit Ownership and Retention Policy for Executives

The Board, the Compensation Committee and our executive officers recognize that ownership of our common units is an effective means by which to align the interests of our officers with those of our unitholders. The dedicated HLS officers are subject to the HEP unit ownership and retention policy. The unit retention requirement for Mr. Cunningham prior to his Retirement was as follows:

Executive Officer	Value of Units
Mark T. Cunningham	1x Base Salary

Each covered officer is required to meet the applicable requirements within five years of first being subject to the policy. Officers are required to continuously own sufficient units to meet the unit ownership and retention requirements once attained. Until the officers attain compliance with the unit ownership and retention policy, the officers will be required to hold 25% of the units received from any equity award, net of any units used to pay the exercise price or tax withholdings. If an officer attains compliance with the unit ownership and retention policy and subsequently falls below the requirement because of a decrease in the price of our common units, the officer will be deemed in compliance provided that the officer retains the units then held.

As of his Retirement Date, Mr. Cunningham was in compliance with the HEP unit ownership and retention policy. As of December 31, 2022, there were no Named Executive Officers subject to the HEP unit ownership and retention policy.

Anti-Hedging and Anti-Pledging Policy

All of our employees, including our Named Executive Officers, are subject to our Insider Trading Policy, which, among other things, prohibits employees from entering into short sales or hedging or pledging shares of our common units and HF Sinclair common stock. The anti-hedging policy contained in our Insider Trading Policy specifically prohibits employees, including our named executive officers, and their designees from purchasing financial instruments or otherwise engaging in transactions that hedge or offset or are designed to hedge or offset any decrease in the market value of HEP or HF Sinclair securities (or derivatives thereof), including through, among other mechanisms, the purchase of financial instruments (such as prepaid variable forward contracts, equity swaps, collars, and exchange funds) or other transactions that are designed to hedge or offset any decrease in the market value of our securities. Additionally, all employees, including our named executive officers, are prohibited from holding our securities in a margin account or otherwise pledging our securities as collateral for a loan.

Tax and Accounting Implications

We account for equity compensation expenses under the rules of FASB ASC Topic 718, which requires us to estimate and record an expense for each award of equity compensation over the vesting period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued. The Compensation Committee has taken into account the tax implications to us in its decision to grant long-term equity incentive compensation awards in the form of phantom units and performance units as opposed to options or unit appreciation rights.

Recoupment of Compensation

In October 2021, the Board revised its formal clawback policy originally adopted by the Board in 2018 (the "Clawback Policy") to expand the applicability of the policy to former employees who are determined to have engaged in conduct in violation of the policy during their employment and to add a misconduct prong permitting the clawback of compensation for employees and former employees who are determined to have engaged in Misconduct (as defined below). The Clawback Policy provides that upon the occurrence of a material restatement of our financial statements (other than due to a change in accounting policy or applicable law) or upon certain acts of Misconduct, the Board may recover bonus and other incentive and equity based compensation (the "Incentive Compensation") awarded to Board appointed officers of HLS and our subsidiaries. The Clawback Policy applies to both current and former employees who are Board appointed officers of HLS and our subsidiaries; provided, however, that the Clawback Policy only applies to Incentive Compensation awarded on or after November 1, 2021 for Board appointed officers who are former employees.

In the case of a material restatement of our financial statements (other than due to a change in accounting policy or applicable law), the Board may recover Incentive Compensation that was paid or awarded during the 24-month period preceding the restatement from such officers. In the event of such material restatement, if the Incentive Compensation would have been lower had it been calculated based on such restated results, the Compensation Committee may (as determined in its sole discretion and to the extent permitted by governing law and as appropriate under the circumstances) seek to recover for our benefit all or a portion of such Incentive Compensation awarded to any covered employee. In determining whether to seek recovery, the Compensation Committee may take into account any considerations as it deems appropriate, including whether the error was caused by intentional misconduct or fraud. The amount of any recovery and the source of such recovery (whether from unvested equity compensation or future compensation payable to the covered employee) will be determined in the sole discretion of the Compensation Committee.

In any instance in which a current Board appointed officer of HLS or our subsidiaries or a former Board appointed officer employed by HLS or our subsidiaries at any point during the twelve-month period preceding the date the Compensation Committee is notified of an event of Misconduct, which is defined to include any of the following acts or events (each an act of "Misconduct"):

- an act or acts of dishonesty constituting a felony or serious misdemeanor and resulting or intended to result directly in gain or personal enrichment at the expense of HLS, HEP or any of its subsidiaries;
- gross or willful and wanton negligence in the performance of such officer's material and substantial duties of employment with HLS, HEP and its subsidiaries; or
- conviction of a felony involving moral turpitude;

the Compensation Committee may (as determined in its sole discretion and to the extent permitted by governing law and as appropriate under the circumstances) cause HLS to (a) seek recovery of Incentive Compensation that such officer was awarded or vested within the prior 24-month period or at any time during or following the Misconduct and/or (b) cancel such officer's unvested, unearned or unsettled Incentive Compensation without consideration; provided, however, that recoupment of Incentive Compensation from former employees only applies to Incentive Compensation awarded on or after November 1, 2021.

Additionally, equity awards granted to Named Executive Officers are subject to the terms of the Long-Term Incentive Plan, which states that such awards may be cancelled, repurchased and/or recouped to the extent required by applicable law or any clawback policy that we adopt. In addition, the award agreements for our outstanding long-term incentive compensation awards state that the award and amounts paid or realized with respect to the award may be subject to reduction, cancellation, forfeiture or recoupment to the extent required by applicable law or any clawback policy that we adopt.

Compensation Committee Report

The Compensation Committee of the Holly Logistic Services, L.L.C. Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Form 10-K.

Members of the Compensation Committee:
Christine B. LaFollette, Chairperson

Michael C. Jennings
James H. Lee
Mark A. Petersen

Executive Compensation

The following executive compensation tables and related information are intended to be read together with the more detailed disclosure regarding our executive compensation program presented under the caption "Compensation Discussion and Analysis."

Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of the Named Executive Officers for the years specified to the extent such compensation is allocable to us pursuant to SEC rules.

Name and Principal Position	Year	Salary	Unit Awards (1)	Non-Equity Incentive Plan Compensation (2)	All Other Compensation (3)	Total
Michael C. Jennings Chief Executive Officer and President (4)	2022	$ 1,250,000	$ —	$ 2,200,326	$ —	$ 3,450,326
	2021	1,084,154	—	1,210,579	—	2,294,733
	2020	1,148,308	—	380,911	—	1,529,219
John Harrison Senior Vice President, Chief Financial Officer and Treasurer (5)	2022	$ 310,923	$ —	$ 3,817	$ —	$ 314,740
	2021	272,373	—	—	—	272,373
	2020	219,362	—	—	—	219,362
Vaishali S. Bhatia Senior Vice President, General Counsel and Secretary (4)	2022	$ 540,000	$ —	$ 261,278	$ —	$ 801,278
	2021	476,567	$ —	129,149	—	605,716
	2020	403,077	—	8,364	—	411,441
Mark T. Cunningham Former Senior Vice President, Operations and Engineering	2022	$ 52,729	$ —	$ 92,121	$ 550,603	$ 695,453
	2021	343,791	—	247,083	73,660	664,534
	2020	336,066	332,449	187,697	65,898	922,110
Richard L. Voliva III Former President (4)	2022	$ 572,378	$ —	$ 713,965	$ —	$ 1,286,343
	2021	697,604	—	463,122	—	1,160,726
	2020	680,192	650,010	366,219	—	1,696,421

(1) Represents the aggregate grant date fair value of awards of equity awards made in the year indicated computed in accordance with FASB ASC Topic 718, determined without regard to forfeitures, and does not reflect the actual value that may be recognized by the executive. See Note 9 to our consolidated financial statements for the fiscal year ended December 31, 2022 for a discussion of the assumptions used in determining the FASB ASC Topic 718 grant date fair value of these awards.

For Mr. Cunningham, awards for the 2021 fiscal year granted in October 2020 are reported in the "Unit Awards" column of the Summary Compensation Table for 2020, in accordance with SEC rules. Mr. Cunningham did not receive an award for the 2022 year due to his Retirement in February 2022.

For Mr. Voliva, the award reflected in 2020 was a grant of phantom units in recognition of his contributions to HLS for the 2020 fiscal year, including his advancement of business development opportunities and his oversight of growth projects.

(2) Generally represents the annual incentive amount, if any, paid under our annual incentive cash bonus program. The 2022 award amounts under our annual incentive cash bonus program are described above in greater detail under "Compensation Discussion and Analysis–Overview of 2022 Executive Compensation Components and Decisions–Annual Incentive Cash Bonus Compensation." See Note 4 to the Summary Compensation Table for a discussion of the amounts reported as "Non-Equity Incentive Plan Compensation" with respect to Messrs. Jennings, Voliva and Harrison and Ms. Bhatia for 2022. Although these amounts are reported in the "Non-Equity Incentive Plan Compensation" column, they represent incentive

compensation determined by and earned pursuant to the HF Sinclair annual incentive bonus program, with the exception of Mr. Voliva whose reported amount includes: (i) a 2022 annual incentive cash bonus of $600,000 under our annual incentive cash bonus program paid pursuant to the terms of his Separation Agreement and (ii) an allocation of compensation determined by and earned pursuant to the HF Sinclair annual incentive bonus program in the amount of $113,965. Although Mr. Voliva's annual incentive cash bonus amount was determined prior to the end of the original performance period, the amount was determined based on the estimate of what he had earned at that time, therefore, this is reported as a payment of his regular annual incentive bonus rather than as a separation payment.

(3) For 2022, includes the compensation as described under “All Other Compensation” below.

(4) During 2022, each of these officers split their professional time between HF Sinclair and us, and all compensation paid to the officer for 2022 was determined and paid by HF Sinclair, with the exception of the 2022 HEP annual incentive cash bonus paid by HLS to Mr. Voliva of $600,000 (which is reported in the table for Mr. Voliva under the "Non-equity Incentive Plan Compensation" column). In accordance with SEC rules, for purposes of these disclosures, a portion of the total compensation paid by HF Sinclair to these officers for 2022 is allocated to the services the officer performed for us during 2022. The allocation was made based on the assumption that each officer spent, in the aggregate, approximately the following percentage of his professional time in 2022 on our business and affairs:

Name	Percentage of Time
Michael C. Jennings	25%
Richard L. Voliva III	35%
Vaishali S. Bhatia	25%

With the exception of the 2022 HEP annual incentive cash bonus paid to Mr. Voliva of $600,000 (which is also reported in the table for Mr. Voliva under the “Non-equity Incentive Plan Compensation” column), only the designated percentage of the total amount of compensation each officer received from HF Sinclair for 2022 has been reported in this table, and the allocated amount has been solely attributed in the table above to the officer’s base salary and non-equity incentive plan compensation. This amount represents the aggregate dollar value of total compensation paid to the officer by HF Sinclair (including base salary, non-equity incentive plan compensation, equity awards and other compensation), calculated pursuant to SEC rules, multiplied by the percentage set forth next to his name above. The total compensation paid by HF Sinclair to Messrs. Jennings and Voliva and Ms. Bhatia (including the portion of their salary and non-equity incentive compensation reported in this table), and a discussion of how the total amount of the officer’s non-equity incentive plan compensation for 2022 was determined, will be disclosed in HF Sinclair’s 2023 Proxy Statement. Mr. Harrison is not expected to be a named executive officer with respect to HF Sinclair, therefore, his compensation arrangements are described in Note 5 below.

(5) During 2022, Mr. Harrison split his professional time between HF Sinclair and us, and all compensation paid to him for 2022 was determined and paid by HF Sinclair. In accordance with SEC rules, for purposes of these disclosures, a portion of the total compensation paid by HF Sinclair to him for 2022 is allocated to the services he performed for us during 2022. The allocation was made based on the assumption that he spent, in the aggregate, approximately 25% of his professional time in 2022 on our business and affairs.

As a result, only the designated percentage of the total amount of compensation Mr. Harrison received from HF Sinclair for 2022 has been reported in this table, and the allocated amount has been solely attributed in the table above to his base salary. This amount represents the aggregate dollar value of total compensation paid to him by HF Sinclair (including base salary, bonus, non-equity incentive plan compensation, equity awards and other compensation), calculated pursuant to SEC rules, multiplied by 25%. The total compensation paid by HF Sinclair to Mr. Harrison in 2022 (including the portion of his salary reported in this table) is as follows: (i) salary of $310,923 for the entirety of 2022, (ii) a one-time discretionary bonus of $25,000 relating to a successful corporate acquisition consummated in 2022, (iii) a retention bonus of $100,000, (iv) stock awards of $347,527, which reflect the aggregate grant date fair value of awards of restricted stock units and performance share units granted by HF Sinclair to Mr. Harrison in November 2022 (2,661 restricted stock units and 2,661 performance share units (at target), based on a grant date closing price of $62.64 for HF Sinclair’s common stock), calculated in accordance with FASB ASC Topic 718, (v) a cash incentive award pursuant to the Long-Term Incentive Plan of $166,668, which vests over a three-year period in increments of one-third starting on December 1, 2023, (vi) $236,482 pursuant to HF Sinclair’s 2022 annual incentive cash compensation program, (vii) $38,125 in 401(k) plan matching contributions and retirement contributions in 2022, and (viii) $34,236 in NQDC Plan matching contributions and retirement contributions in 2022. For additional information regarding HF Sinclair’s compensation arrangements, please refer to HF Sinclair’s 2023 Proxy Statement.

All Other Compensation

The table below describes the components of the compensation included in the “All Other Compensation” column for 2022 in the Summary Compensation Table above.

Name (1)	401(k) Plan Company Matching Contributions	401(k) Plan Retirement Contributions	NQDC Plan Company Matching Contributions	NQDC Plan Retirement Contributions	Other (2)	Total
Michael C. Jennings	—	—	—	—	—	—
John Harrison	—	—	—	—	—	—
Vaishali S. Bhatia	—	—	—	—	—	—
Mark T. Cunningham	$ 3,162	$ 3,939	$ —	$ —	$ 543,502	$ 550,603
Richard L. Voliva III	—	—	—	—		—

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(1) The value of the perquisites provided by us to our Named Executive Officers in 2022 did not exceed $10,000 in the aggregate, and therefore, in accordance with SEC rules, are not included in the table above or described in this footnote.

(2) Includes an employer retiree health contribution paid to Mr. Cunningham in cash six months following his Retirement in the amount of $25,645 and consulting services fees paid to Mr. Cunningham following his Retirement in 2022 pursuant to the terms of his Consulting Agreement in the amount of $517,857. See the section below titled "Potential Payments Upon Termination or Change in Control - Retirement & Consulting Arrangements with Mr. Cunningham" for more information.

Grants of Plan-Based Awards

The following table sets forth information about plan-based awards granted to our Named Executive Officers under our equity and non-equity incentive plans during 2022. In this table, awards are abbreviated as “AICP” for the annual incentive cash awards under our annual incentive cash bonus compensation program.

Annual long-term equity incentive awards are made once each year in the fourth quarter of the year preceding the year to which the award relates in order to align the timing of the long-term equity incentive award grants with the timing of the other compensation decisions made for our executive officers. However, none of our Named Executive Officers received equity plan-based awards from us during 2022 for the 2023 fiscal year.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards				
Name	Type	Grant Date	Threshold	Target	Maximum	Threshold	Target	Maximum	All Other Equity Awards	Grant Date Fair Value
Michael C. Jennings	—	—	—	—	—	—	—	—	—	—
John Harrison	—	—	—	—	—	—	—	—	—	—
Vaishali S. Bhatia	—	—	—	—	—	—	—	—	—	—
Mark T. Cunningham	AICP		$31,122	$62,244	$124,488					
Richard L. Voliva III [(1)]	AICP	—	$200,000	$400,000	$800,000	—	—	—	—	—

(1) Represents the potential payouts for awards granted under our annual incentive cash compensation program, which were subject to achieving certain performance targets with respect to financial measures, operational measures and strategic and individual measures. Amounts reported (a) in the “Threshold” column reflect 50% of the Named Executive Officer’s target award opportunity under the annual incentive cash compensation program, which, in accordance with SEC rules, is the minimum amount payable for a certain level of performance under the award, (b) in the “Target” column reflect 100% of the Named Executive Officer’s target award opportunity under the annual incentive cash compensation program, which is the target amount payable under the award, and (c) in the “Maximum” column reflect 200% of the Named Executive Officer’s target award opportunity under the annual incentive cash compensation program, which is the maximum amount payable under the award. If less than minimum levels of performance, as described in the “Threshold” column, are attained with respect to the financial measures, operational measures and strategic and individual measures under the annual incentive cash bonus compensation program, then 0% of the Named Executive Officer’s target award opportunity will be earned. The performance targets and target awards are described under “Compensation Discussion and Analysis–Overview of 2022 Executive Compensation Components and Decisions–Annual Incentive Cash Bonus Compensation.” Although these awards were granted in the fourth quarter of 2021, they represent the 2022 Annual Incentive Plan awards and any payouts with respect to these awards are reported in the “Non-Equity Incentive Plan Compensation” column of the

Summary Compensation Table for 2022. Amounts paid to Messrs. Jennings, Harrison and Voliva (in addition to the award reported in the table above) and Ms. Bhatia for 2022 were earned and paid pursuant to the HF Sinclair annual incentive bonus program and are not included in this Grants of Plan-Based Awards table. A full discussion and reporting of the amounts paid to Messrs. Jennings and Voliva and Ms. Bhatia will be disclosed in HF Sinclair's 2023 Proxy Statement. The amount paid to Mr. Harrison is reported in Note 5 to the Summary Compensation Table above.

Outstanding Equity Awards at Fiscal Year End

As of December 31, 2022, none of our Named Executive Officers held any outstanding equity awards under our Long-Term Incentive Plan. A full discussion and reporting of the outstanding HF Sinclair equity awards held by our Named Executive Officers will be disclosed in HF Sinclair's 2023 Proxy Statement to the extent such persons are "named executive officers" of HF Sinclair.

Option Exercises and Units Vested

The following table provides information regarding the vesting in 2022 of phantom unit and/or performance unit awards held by the Named Executive Officers. Messrs. Jennings and Harrison and Ms. Bhatia do not currently hold any equity awards under our Long-Term Incentive Plan, and they did not have any equity awards under our Long-Term Incentive Plan that vested during 2022. The table below does not reflect any information regarding the vesting in 2022 of any HF Sinclair equity awards held by any of our Named Executive Officers, a full discussion and reporting of those awards will be disclosed in HF Sinclair's 2023 Proxy Statement to the extent such persons are "named executive officers" of HF Sinclair. To date, we have not granted any unit options.

The value realized from the vesting of restricted unit and phantom unit awards is generally equal to the closing price of our common units on the vesting date (or, if the vesting date is not a trading day, on the trading day immediately following the vesting date, unless provided otherwise by the applicable award agreement) multiplied by the number of units acquired on vesting. The value is calculated before payment of any applicable withholding or other income taxes.

	Unit Awards	
Named Executive Officer	**Number of Units Acquired on Vesting**	**Value Realized on Vesting**
Michael C. Jennings	—	—
John Harrison	—	—
Vaishali S. Bhatia	—	—
Mark T. Cunningham (1)	12,981	$229,634
Richard L. Voliva III (2)	14,956	$249,616

(1) Includes common units that became payable to Mr. Cunningham as a result of the accelerated vesting of outstanding equity awards that Mr. Cunningham held on his Retirement Date (as defined below), of which 2,092 represented phantom units and 10,889 represented performance units for which vesting was accelerated. His vested phantom unit and performance unit awards settled six months following his Retirement Date, as Mr. Cunningham was subject to certain executive officer level deferral requirements imposed by Section 409A of the Code.

(2) Includes common units that became payable to Mr. Voliva as a result of the accelerated vesting of an outstanding phantom unit award held by Mr. Voliva pursuant to the terms of his Separation Agreement. His vested phantom unit award settled on the eighth day following the date of execution of his Separation Agreement. See the section below titled "Potential Payments upon Termination or Change of Control - Mutual Separation Agreement with Mr. Voliva" for additional information.

Nonqualified Deferred Compensation

In 2022, all of the Named Executive Officers participated in the NQDC Plan. The NQDC Plan is a nonqualified plan (i.e., not tax-qualified under Section 401 of the Code) that, in 2022, functioned as a pour-over plan, allowing key employees to defer tax on income in excess of Internal Revenue Code limits that apply under the 401(k) Plan. For 2022, the annual deferral contribution limit under the 401(k) Plan was $20,500, and the annual compensation limit was $305,000. Deferral elections made by eligible employees under the NQDC Plan apply to the total amount of eligible earnings the employees want to contribute across both the 401(k) Plan and the NQDC Plan. Participants in the NQDC Plan are entitled to make independent deferral elections to the NQDC Plan and the 401(k) Plan prior to meeting the contribution limitations under the 401(k) Plan. Federal and state income taxes are generally not payable on income deferred under the NQDC Plan until funds are withdrawn. Eligible participants may make salary deferral contributions between 1% and 50% of eligible earnings to the NQDC Plan. Eligible earnings include base pay, bonuses and overtime, but exclude extraordinary pay such as severance, accrued vacation, equity compensation and certain other items.

Eligible participants may make salary deferral contributions between 1% and 50% of eligible earnings to the NQDC Plan. Eligible earnings include base pay, bonuses and overtime, but exclude extraordinary pay such as severance, accrued vacation, equity compensation and certain other items. For 2022, the catch-up contribution limit was $6,500. Deferral elections are irrevocable for an entire plan year and must be made prior to December 31 of the year immediately preceding the plan year. Elections will carry over to the next plan year unless changed or otherwise revoked.

Participants in the NQDC Plan are eligible to receive a matching restoration contribution with respect to their elective deferrals made up to 6% of the participant's eligible earnings for the plan year in excess of the limits under Section 401(k) of the Internal Revenue Code. These matching restoration contributions are fully vested at all times. In addition, participants are eligible for a retirement restoration contribution ranging from 3% to 8% of the participant's eligible earnings for the plan year in excess of the limits under Section 401(k) of the Internal Revenue Code, based on years of service, as follows:

Years of Services	**Retirement Contribution (as percentage of eligible compensation)**
Less than 5 years	3%
5 to 10 years	4%
10 to 15 years	5.25%
15 to 20 years	6.5%
20 years and over	8%

Retirement restoration contributions are subject to a three-year cliff vesting period and will become fully vested in the event of the participant's death or a change in control. Participants may also receive nonqualified nonelective contributions under the NQDC Plan, which contributions may be subject to a vesting schedule determined at the time the contributions are made.

Participating employees have full discretion over how their contributions to the NQDC Plan are invested among the offered investment options, and earnings on amounts contributed to the NQDC Plan are calculated in the same manner and at the same rate as earnings on actual investments. Neither HLS nor HF Sinclair subsidizes a participant's earnings under the NQDC Plan. During 2022, the investment options offered under the NQDC Plan were the same as the investment options available to participants in the 401(k) Plan, except as follows:

- the 401(k) Plan offers the TRP Target Date Retirement Fund for 2065, JP Morgan MCG, MFS Institutional International Equity, Mid Cap Value R1 Fund, Principal Stable Value Z Fund, Wilmington Emerging Markets R1 Fund, Principal Self-Directed Brokerage Account, and the stock of HF Sinclair and BP PLC; and

- the NQDC Plan instead offers the Invesco Oppenheimer International Growth R6 Fund, American Century Mid-Cap Value I Fund, Hartford SmallCap Growth Y Fund and Vanguard Federal Money Market Investor Fund.

The following table lists the investment options for the NQDC Plan in 2022 with the 2022 annual rate of return for each fund:

Investment Funds	Rate of Return
American Century Mid-Cap Value I Fund	(1.22)%
Fidelity Contrafund	(28.26)%
Harbor Capital Appreciation Inst Fund	(37.72)%
Hartford SmallCap Growth Y Fund	(28.82)%
Invesco Developing Markets R6 Fund	(24.85)%
Invesco Oppenheimer International Growth R6 Fund	(27.00)%
PIMCO Total Return Instl Fund	(14.09)%
Principal LargeCap S&P 500 Index Inst Fund	(18.23)%
Principal MidCap S&P 400 Index Inst Fund	(13.22)%
Principal SmallCap S&P 600 Index Inst Fund	(16.36)%
T. Rowe Price Retirement 2005 Fund	(13.66)%
T. Rowe Price Retirement 2010 Fund	(14.00)%
T. Rowe Price Retirement 2015 Fund	(14.17)%
T. Rowe Price Retirement 2020 Fund	(14.66)%
T. Rowe Price Retirement 2025 Fund	(15.67)%
T. Rowe Price Retirement 2030 Fund	(16.98)%
T. Rowe Price Retirement 2035 Fund	(18.04)%
T. Rowe Price Retirement 2040 Fund	(18.86)%
T. Rowe Price Retirement 2045 Fund	(19.11)%
T. Rowe Price Retirement 2050 Fund	(19.17)%
T. Rowe Price Retirement 2055 Fund	(19.24)%
T. Rowe Price Retirement 2060 Fund	(19.28)%
Vanguard Equity-Income Adm. Fund	0.00%
Vanguard Federal Money Market Investor Fund	1.55%
Vanguard Total Bond Market Index Institutional Fund	(13.15)%
Vanguard Total International Stock Index Institutional Fund	(15.98)%

Benefits under the NQDC Plan may be distributed upon the earliest to occur of a separation from service (subject to a six month payment delay for certain specified employees under Section 409A of the Internal Revenue Code), the participant's death, a change in control or a specified date selected by the participant in accordance with the terms of the NQDC Plan. Benefits are distributed from the NQDC Plan in the form of a lump sum payment or, in certain circumstances if elected by the participant, in the form of annual installments for up to a five-year period.

Nonqualified Deferred Compensation Table

The NQDC Plan benefits for Mr. Cunningham were charged to us in 2022 pursuant to the Omnibus Agreement. The following table provides information regarding all contributions to, and the year-end balance of, the NQDC Plan account for Mr. Cunningham. Even though Messrs. Jennings, Harrison, Voliva and Ms. Bhatia were also participants in the NQDC Plan in 2022, we have not provided any disclosure with respect to their NQDC Plan benefits since those benefits were entirely paid for by HF Sinclair during 2022. Additional information regarding the NQDC Plan, and participation in the NQDC Plan by Messrs. Jennings and Voliva and Ms. Bhatia will be provided in HF Sinclair's 2023 Proxy Statement.

Name	Executive Contributions in 2022 (1)	Company Contributions in 2022 (2)	Aggregate Earnings in 2022	Aggregate Withdrawals/ Distributions in 2022	Aggregate Balance at December 31, 2022 (3)
Michael C. Jennings	—	—	—	—	—
John Harrison	—	—	—	—	—
Vaishali S. Bhatia	—	—	—	—	—
Mark T. Cunningham	$3,636	—	($63,572)	$292,231	$1,176,580
Richard L. Voliva III	—	—	—	—	—

(1) The amounts reported were deferred at the election of the Named Executive Officer and are also included in the amounts reported in the “Salary,” “Bonus” and/or “Non-Equity Incentive Plan Compensation” columns of the Summary Compensation Table for 2022.

(2) These amounts are also included in the “All Other Compensation” column of the Summary Compensation Table for 2022.

(3) The aggregate balance for Mr. Cunningham reflects the cumulative value, as of December 31, 2022, of his and employer-provided contributions to the NQDC Plan for his account, and any earnings on these amounts, since he began participating in the NQDC Plan in 2012. We reported executive and company contributions for Mr. Cunningham in the Summary Compensation Table in the following aggregate amounts:

Name	2022	Years Prior to 2022
Mark T. Cunningham	$3,636	$1,294,045

Potential Payments upon Termination or Change in Control

We had a Change in Control Agreement with Mr. Cunningham until his Retirement and we maintain the Long-Term Incentive Plan, which provides for potential severance compensation and/or accelerated vesting of equity compensation in the event of a termination of employment following a change in control or under other specified circumstances. However, as of December 31, 2022, none of our Named Executive Officers were eligible for benefits from us pursuant to a Change in Control Agreement, our Long-Term Incentive Plan, or the new Severance Pay Plan adopted in 2022.

Change in Control Agreements

HF Sinclair entered into a Change in Control Agreement with each of Messrs. Jennings, Voliva and Harrison and Ms. Bhatia. Mr. Voliva’s HF Sinclair Change in Control Agreement terminated upon his separation on September 15, 2022. Payments and benefits under the HF Sinclair Change in Control Agreements are triggered only upon certain termination events in connection with a change in control of HF Sinclair. A summary of the terms of the HF Sinclair Change in Control Agreements, and a quantification of potential benefits under the HF Sinclair Change in Control Agreement with Mr. Jennings and Ms. Bhatia, will be disclosed in HF Sinclair’s 2023 Proxy Statement.

We entered into a Change in Control Agreement with Mr. Cunningham, effective as of February 14, 2011, and his agreement terminated effective upon his retirement on February 18, 2022. We entered into a Change in Control Agreement with Mr. Voliva, effective as of April 28, 2014, and such agreement terminated on October 31, 2016 when he entered into a Change in Control Agreement with HF Sinclair. Therefore, as of February 18, 2022, there are no Change in Control Agreements that we currently maintain with a Named Executive Officer.

Long-Term Equity Incentive Awards

None of our Named Executive Officers have an outstanding long-term equity incentive award that was granted under the Long-Term Incentive Plan.

Mutual Separation Agreement with Mr. Voliva

HLS and Mr. Voliva agreed to a mutual separation effective September 15, 2022 (the “Separation Date”). As discussed above, Mr. Voliva was an HF Sinclair Shared Officer prior to his separation. In connection with Mr. Voliva’s separation, HF Sinclair, HollyFrontier Corporation (“HFC”), HLS, HollyFrontier Payroll Services, Inc., and HEP, on behalf of themselves and their respective parents, subsidiaries and affiliates, and Mr. Voliva entered into a Mutual Separation Agreement and Release dated September 15, 2022 (the “Separation Agreement”). The Separation Agreement set forth the terms of his separation compensation approved by the Board and included the following compensation paid to Mr. Voliva: (i) as a result of his provision of services to HEP and HLS during substantially all of the 2022 performance period ending on September 30, 2022, he received a 2022 annual incentive cash bonus of $600,000, which was 150% of his target bonus of $400,000 and was estimated to be at or near the expected actual payout for the 2022 performance period at the time of his separation, and (ii) pro rata vesting of his outstanding phantom unit award, resulting in the vesting of 14,956 phantom units granted to him in October 2020.

As a result of Mr. Voliva’s prior position with HF Sinclair, the terms of the Separation Agreement included, and Mr. Voliva received from HF Sinclair, a separation payment equal to one year of salary of $715,000 to be paid in twelve monthly installments, a one-time cash payment of $100,000, a 2022 annual incentive cash bonus from HF Sinclair in the amount of $965,250, and pro rata vesting of his HF Sinclair equity awards, resulting in the vesting of 23,953 HF Sinclair restricted stock units and 48,971 HF Sinclair performance share units as of his Separation Date.

The foregoing severance and bonus payments are subject to Mr. Voliva not later revoking the Separation Agreement, which contains non-solicitation, non-compete, non-disparagement and confidentiality covenants from Mr. Voliva that were still in effect as of December 31, 2022.

Retirement & Consulting Arrangements with Mr. Cunningham

On October 27, 2021, Mr. Cunningham notified the Board that he was retiring from all officer positions and as an employee at HLS and its subsidiaries, effective February 18, 2022 (the "Retirement Date"). In preparation for his Retirement, his responsibilities were transferred to four different individuals at HLS, effective January 1, 2022, rather than replacing his role with a single individual. Due to his expertise, history with HLS, involvement in current projects and the need to orderly transition his duties and knowledge to other individuals at HLS, Mr. Cunningham agreed to serve as a consultant to HLS and its subsidiaries for a twelve-month period following his Retirement Date. The terms of this consulting arrangement were included in a consulting agreement entered into between HLS and Mr. Cunningham on October 28, 2021, which became effective on February 19, 2022 (the "Consulting Agreement"). The Consulting Agreement expired pursuant to its terms on February 19, 2023, but was still in effect on December 31, 2022. Pursuant to the Consulting Agreement, Mr. Cunningham received a payment of $50,000 per calendar month to provide up to 40 hours per month of services to HLS and its subsidiaries. The Consulting Agreement also included an obligation for Mr. Cunningham to keep information about HLS and its subsidiaries obtained during his time as a consultant confidential. During 2022, Mr. Cunningham received consulting fees from HLS pursuant to the Consulting Agreement in the aggregate amount of $517,857.

The outstanding equity awards that Mr. Cunningham held on his Retirement Date received accelerated vesting. A total of 2,092 of his phantom units and 10,889 of his performance units were accelerated, for an aggregate value of $229,634 as of his Retirement Date. His vested phantom unit and performance unit awards settled six months following his Retirement Date, as Mr. Cunningham was subject to certain executive officer level deferral requirements imposed by Section 409A of the Code.

Compensation Practices as They Relate To Risk Management

Although a significant portion of the compensation provided to the Named Executive Officers is performance-based, we believe our compensation programs do not encourage excessive and unnecessary risk taking by executive officers (or other employees) because these programs are designed to encourage employees to remain focused on both our short- and long-term operational and financial goals.

While annual cash-based incentive bonus awards play an appropriate role in the executive compensation program, the Compensation Committee believes that payment determined based on an evaluation of our performance on a variety of measures, including comparing our performance over the last year to our past performance, mitigates excessive risk-taking that could produce unsustainable gains in one area of performance at the expense of our overall long-term interests. In addition, we set performance goals that we believe are reasonable in light of our past performance and market conditions.

For Named Executive Officers performing all of their services for us, an appropriate part of total compensation is fixed, while another portion is variable and linked to performance. A portion of the variable compensation we provide is comprised of long-term incentives. A portion of the long-term incentives we provide is in the form of phantom units subject to time-based vesting conditions, which retains value even in a depressed market, so executives are less likely to take unreasonable risks. With respect to our performance units, payouts result in some compensation at levels below full target achievement, in lieu of an "all or nothing" approach. Further, our unit ownership guidelines require certain of our executives to hold at least a specified level of units (in addition to unvested and unsettled equity-based awards), which aligns an appropriate portion of their personal wealth to our long-term performance and the interests of our unitholders.

Also, our Clawback Policy requires the return of annual and long-term incentive compensation for:

- the occurrence of a material financial restatement (other than due to a change in accounting policy or applicable law);
- certain acts of dishonesty constituting a felony or serious misdemeanor and resulting or intending to result directly in gain or personal enrichment at the expense of HLS, HEP or any of its subsidiaries;
- gross or willful and wanton negligence in the performance of material and substantial duties of employment with HLS, HEP and its subsidiaries; and
- felony convictions involving moral turpitude.

Based on the foregoing and our annual review of our compensation programs, we do not believe that our compensation policies and practices are reasonably likely to have a material adverse effect on us or our unitholders.

CEO Pay Ratio

The employees providing services to us are either provided by HLS, which utilizes people employed by HF Sinclair to perform services for us, or seconded to us by subsidiaries of HF Sinclair, as we do not have any employees for purposes of the pay ratio rules. Rather than providing a pay ratio disclosure that contemplates no employees, we have determined that the disclosure that would be most aligned with the spirit of the pay ratio rules and that would provide our unitholders with more meaningful information would be to provide a ratio using the median employee from the HF Sinclair employee population. As a result, we have used the same median employee that was identified by HF Sinclair following HF Sinclair's examination of the 2022 taxable wages for all individuals who were employed by HF Sinclair in the U.S. and Canada on December 15, 2022.

HF Sinclair identified the median employee by examining the 2022 taxable wages for all of its U.S. and Canadian employees, including its CEO, who were employed by HF Sinclair on December 15, 2022. HF Sinclair included all U.S. and Canadian employees, whether employed on a full-time, part-time, temporary or seasonal basis. As of December 15, 2022, HF Sinclair employed 5,005 such persons. As permitted by the SEC rules, HF Sinclair excluded its 231 employees located in China, Germany, the Netherlands and the U.K. since those employees comprise less than 5% of HF Sinclair's 5,236 worldwide employees. HF Sinclair did not make any assumptions, adjustments or estimates with respect to the taxable wages other than deducting stock vesting from the taxable wages, and HF Sinclair did not annualize the wages for any employees that were not employed by HF Sinclair for all of 2022. HF Sinclair believes the use of taxable wages is the most appropriate compensation measure since it allows for a consistent measurement for employees in different countries.

After identifying the median employee based on total taxable wages, HF Sinclair calculated annual 2022 compensation for the median employee using the methodology provided in the SEC rules. HF Sinclair's median employee's annual 2022 compensation was as follows:

Name	Year	Salary	Stock Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Median Employee	2022	$131,620	—	$6,866	$12,664	$151,150

Our 2022 ratio of chief executive officer total compensation to the HF Sinclair median employee's total compensation is reasonably estimated to be 23:1.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters

The following table sets forth as of February 15, 2023 the beneficial ownership of common units of HEP held by:

- each person known to us to be a beneficial owner of 5% or more of the common units;
- directors of HLS, the general partner of our general partner;
- each Named Executive Officer of HLS; and
- all directors and executive officers of HLS as a group.

The percentage of common units noted below is based on 126,440,201 common units outstanding as of February 15, 2023. Unless otherwise indicated, the address for each unitholder is c/o Holly Energy Partners, L.P., 2828 N. Harwood, Suite 1300, Dallas, Texas 75201-1507.

Beneficial ownership of the common units of HEP is determined in accordance with SEC rules and regulations and generally includes voting power or investment power with respect to the common units held. Except as indicated and subject to applicable community property laws, to our knowledge the persons named in the tables below have sole voting and investment power with respect to all common units shown as beneficially owned by them. Except to the extent otherwise disclosed below, the directors and named executive officers have no shares pledged as securities nor do they have any other rights to acquire beneficial ownership of shares.

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Name of Beneficial Owner	Common Units	Percentage of Outstanding Common Units
HF Sinclair Corporation[(1)]	59,630,030	47.2%
REH Company[(2)]	21,000,000	16.6%
ALPS Advisors, Inc.[(3)]	6,821,862	5.4%
Mark T. Cunningham[(4)]	84,833	*
Robert I. Jamieson[(5)]	38,354	*
Larry R. Baldwin[(6)]	36,150	*
Christine B. LaFollette[(6)]	30,698	*
Eric L. Mattson[(6)]	28,698	*
Michael C. Jennings[(7)]	26,377	*
James H. Lee[(6)(7)(8)]	26,344	*
Mark A. Petersen[(6)]	10,463	*
John Harrison[(7)]	—	*
Vaishali S. Bhatia[(7)]	—	*
Richard L. Voliva III [(9)]	—	*
All directors and executive officers as group (9 persons)[(10)]	197,084	*

* Less than 1%

(1) Certain direct and indirect wholly owned subsidiaries of HF Sinclair Corporation, including HollyFrontier Corporation, HollyFrontier Holdings LLC, Navajo Pipeline Co., L.P., HollyFrontier Navajo Refining LLC, HEP Logistics Holdings, L.P., HollyFrontier Woods Cross Refining LLC and Holly Logistics Limited LLC, are the record owners of 59,630,030 of these Common Units. HollyFrontier Corporation directly holds 5,006 common units over which it has sole voting and dispositive power and 59,625,024 common units over which it has shared voting and dispositive power. HollyFrontier Corporation is the record holder of 140,000 common units as nominee for Navajo Pipeline Co., L.P. The 59,625,024 common units over which HF Sinclair Corporation has shared voting and dispositive power are held as follows: HEP Logistics Holdings, L.P. directly holds 37,250,000 common units; Holly Logistics Limited LLC directly holds 21,615,230 common units; HollyFrontier Holdings LLC directly holds 184,800 common units; Navajo Pipeline Co., L.P. directly holds 254,880 common units; and other wholly-owned subsidiaries of HF Sinclair Corporation directly own 180,114 common units. HF Sinclair Corporation is the ultimate parent company of each such entity and may therefore be deemed to beneficially own the units held by each such entity. HF Sinclair Corporation files information with, or furnishes information to, the Securities and Exchange Commission pursuant to the information requirements of the Exchange Act. The address of HF Sinclair Corporation is 2828 N. Harwood, Suite 1300, Dallas, Texas 75201-1507.

(2) According to a Schedule 13D filed on March 24, 2022 by The Sinclair Companies (now known as REH Company) ("REH") and Carol Orme Holding, REH has shared voting power with respect to 21,000,000 common units and shared dispositive power with respect to 15,710,000 common units, and Mrs. Holding has shared voting power with respect to 21,000,000 common units and share dispositive power with respect to 15,710,000 common units. As a result of her relationship with REH, Mrs. Holding is deemed to beneficially own such common units under applicable securities law and SEC guidance. Mrs. Holding, however, does not intend ever to own such common units directly for investment purposes in the future and expressly disclaims such beneficial ownership to the maximum extent permitted by law. The address for REH and Mrs. Holding is 550 East South Temple, Salt Lake City, Utah 84102.

(3) Based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 13, 2023, ALPS Advisors, Inc. ("AAI") acts as an investment adviser to certain investment companies , including Alerian MLP ETF (the "Funds"). AAI has shared voting power and shared dispositive power over 6,821,862 common units owned by the Funds and may be deemed to be the beneficial owner of such common units. The 6,821,862 common units that AAI may be deemed to beneficially own include 6,821,862 common units that the Funds may be deemed to beneficially own as of December 31, 2022. The address of AAI and Alerian MLP EFT is 1290 Broadway, Suite 1000, Denver, Colorado 80203.

(4) Mr. Cunningham retired as Senior Vice President, Operations and Engineering of HLS effective February 18, 2022.

(5) The number reported does not include unvested phantom units and performance units.

(6) The number reported includes 6,150 common units to be issued to the non-employee director upon settlement of phantom units, some of which may vest and be settled within 60 days of February 15, 2023 under certain circumstances. Until settled, the non-employee director has no voting or dispositive power over the common units underlying the phantom units.

(7) Messrs. Jennings, Harrison and Lee and Ms. Bhatia each own common stock of HF Sinclair. Each of these individuals own common stock of HF Sinclair as set forth in the following table:

Name of Beneficial Owner	Number of Shares
Michael C. Jennings [(a)]	101,164
James H. Lee [(b)]	57,101
Vaishali S. Bhatia[(a)]	18,465
John Harrison[(a)]	17,915
Total	194,645

(a) The number does not include unvested restricted stock units and performance share units.
(b) The number reported includes 2,643 shares of HF Sinclair common stock to be issued to Mr. Lee, as a non-employee director, upon settlement of restricted stock units, which may vest and be settled within 60 days of February 15, 2023 under certain circumstances. Until settled, Mr. Lee has no voting or dispositive power over the common stock underlying the restricted stock units.

As of February 15, 2023, there were 196,186,461 shares of HF Sinclair common stock outstanding. Each of Messrs. Jennings, Harrison and Lee and Ms. Bhatia owns less than 1% of the outstanding common stock of HF Sinclair.

(8) The number reported includes 285 common units held by Mr. Lee's wife. Mr. Lee's wife has the right to receive distributions from, and the proceeds from the sale of, these common units. Mr. Lee disclaims beneficial ownership of the common units held by his wife except to the extent of his pecuniary interest therein.

(9) HLS and Richard L. Voliva III, former President of HLS, agreed to a mutual separation effective September 15, 2022.

(10) The number reported includes 30,750 common units to be issued to the non-employee directors upon settlement of phantom units. Until settled, the non-employee directors have no voting or dispositive power over the common stock underlying the phantom units. The number reported also includes 285 common units as to which Mr. Lee disclaims beneficial ownership, except to the extent of his pecuniary interest therein.

Equity Compensation Plan Table

The following table summarizes information about our equity compensation plans as of December 31, 2022:

Plan Category [(1)]	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders [(2)]	201,513 [(3)]	—	773,014
Equity compensation plans not approved by security holders	—	—	—
Total	201,513	—	773,014

(1) All stock-based compensation plans are described in Note 9 to our consolidated financial statements for the fiscal year ended December 31, 2022.

(2) On April 25, 2012, at a Special Meeting of the Unitholders of the Partnership, the unitholders approved the Long-Term Incentive Plan, which, among other things, provided for an increase in the maximum number of common units reserved for delivery with respect to awards under the Long-Term Incentive Plan to 2,500,000 common units (as adjusted to reflect the two-for-one common unit split that occurred on January 16, 2013). All securities reported as

available for future issuances are available from the additional common units approved by unitholders under the Long-Term Incentive Plan. At the time the Long-Term Incentive Plan was originally adopted in 2004, it was not required to be approved by HEP's unitholders.

(3) Includes 85,704 units subject to performance units granted to key individuals under the Long-Term Incentive Plan assuming the maximum payout level. If the performance units are paid at the target payout level, 42,852 units would be issued upon the vesting of such performance units.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Our general partner and its affiliates own 59,630,030 of our common units representing a 47% limited partner interest in us. In addition, the general partner owns the non-economic general partner interest in us. Further, REH Company, our next largest unitholder, owns 21,000,000 of our common units representing a 16.6% limited partner interest in us. Transactions with our general partner and REH Company are discussed later in this section.

DISTRIBUTIONS AND PAYMENTS TO THE GENERAL PARTNER AND ITS AFFILIATES

The following table summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with the ongoing operation and liquidation of HEP. These distributions and payments were determined by and among affiliated entities and, consequently, are not the result of arm's-length negotiations.

Operational stage

Distributions of available cash to our general partner and its affiliates	We currently distribute all of our available cash to unitholders of record on the applicable record date within 45 days after the end of each quarter, pro rata.
Payments to our general partner and its affiliates	We pay HF Sinclair or its affiliates an administrative fee, currently $5.0 million per year, for the provision of various general and administrative services for our benefit. The administrative fee may increase if we make an acquisition that requires an increase in the level of general and administrative services that we receive from HF Sinclair or its affiliates. In connection with the HEP Transaction, we paid HF Sinclair a temporary monthly fee of $62,500 through November 30, 2022, relating to transition services provided to HEP by HF Sinclair. In addition, the general partner is entitled to reimbursement for all expenses it incurs on our behalf, including other general and administrative expenses. These reimbursable expenses include the salaries and the cost of employee benefits of employees of HF Sinclair who provide services to us on behalf of HLS. Finally, HLS is required to reimburse HF Sinclair for our benefit pursuant to the secondment arrangement for the wages, benefits, and other costs of HF Sinclair employees seconded to HLS to perform services at certain of our pipelines and tankage assets. Please read "Omnibus Agreement" and "Secondment Arrangement" below. Our general partner determines the amount of these expenses.

Liquidation stage

Liquidation	Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their particular capital account balances.

OMNIBUS AGREEMENT

Our Omnibus Agreement with HF Sinclair and our general partner that addresses the following matters:

- our obligation to pay HF Sinclair an annual administrative fee, in the amount of $5.0 million for 2022, for the provision by HF Sinclair of certain general and administrative services;

- HF Sinclair's and its affiliates' agreement not to compete with us under certain circumstances and our right to notice of, and right of first offer to purchase, certain logistics assets constructed by HF Sinclair and acquired as part of an acquisition by HF Sinclair of refining assets;
- an indemnity by HF Sinclair for certain potential environmental liabilities;
- our obligation to indemnify HF Sinclair for environmental liabilities related to our assets existing on the date of our initial public offering to the extent HF Sinclair is not required to indemnify us;
- HF Sinclair's right of first refusal to purchase our assets that serve HF Sinclair's refineries; and
- our obligation to pay HF Sinclair a temporary administrative services fee, in the amount of $62,500 per month, related to certain transition services in connection with the HEP Transaction.

Payment of general and administrative services fee and temporary monthly fee
Under the Omnibus Agreement, we pay HF Sinclair an annual administrative fee, in the amount of $5.0 million for 2022, for the provision of various general and administrative services for our benefit. This fee is subject to annual adjustment for changes in the Producer Price Index Commodities - Finished Goods, et al. Our general partner may agree to further increases in connection with expansions of our operations through the acquisition or construction of new assets or businesses.

The administrative fee includes expenses incurred by HF Sinclair and its affiliates to perform centralized corporate functions, such as legal, accounting, treasury, information technology and other corporate services, including the administration of employee benefit plans. In connection with the HEP Transaction, we paid HF Sinclair a temporary monthly fee of $62,500 through November 30, 2022, relating to transition services provided to HEP by HF Sinclair. Neither the annual administrative fee nor the temporary monthly fee includes salaries of pipeline and terminal personnel or other employees of HF Sinclair who perform services for us on behalf of HLS or the cost of their employee benefits, such as 401(k), pension, and health insurance benefits, which are separately charged to us by HF Sinclair. We also reimburse HF Sinclair and its affiliates for direct general and administrative expenses they incur on our behalf.

Noncompetition
HF Sinclair and its affiliates have agreed, for so long as HF Sinclair controls our general partner, not to engage in, whether by acquisition or otherwise, the business of operating crude oil pipelines or terminals, refined product pipelines or terminals, intermediate pipelines or terminals, truck racks or crude oil gathering systems in the continental United States. This restriction will not apply to:

- any business operated by HF Sinclair or any of its affiliates at the time of the closing of our initial public offering;
- any business conducted by HF Sinclair with the approval of our general partner;
- any business or asset that HF Sinclair or any of its affiliates acquires or constructs that has a fair market value or construction cost of less than $5 million; and
- any business or asset that HF Sinclair or any of its affiliates acquires or constructs that has a fair market value or construction cost of $5 million or more if we have been offered the opportunity to purchase the business or asset at fair market value, and we decline to do so.

The limitations on the ability of HF Sinclair and its affiliates to compete with us will terminate if HF Sinclair ceases to control our general partner.

Indemnification
Under the Omnibus Agreement, certain transportation agreements and purchase agreements with HF Sinclair, HF Sinclair has agreed to indemnify us, subject to certain limitations, for environmental noncompliance and remediation liabilities associated with certain assets transferred to us from HF Sinclair and occurring or existing prior to the date of such transfers. The Omnibus Agreement provides environmental indemnification with respect to certain transferred assets of up to $7.5 million through 2023 and $15 million through 2026. HF Sinclair's indemnification obligations under the Omnibus Agreement do not apply to assets we acquire from third parties, assets we construct or assets we relocate after they are transferred to us from HF Sinclair. For the Tulsa loading racks acquired from HF Sinclair in August 2009 and the Tulsa logistics and storage assets acquired from Sinclair in December 2009, HF Sinclair agreed to indemnify us for environmental liabilities arising from our pre-ownership operations of these assets. Additionally, HF Sinclair agreed to indemnify us for any liabilities arising from its operation of our loading racks located at HFC's Tulsa refinery west facility.

We have indemnified HF Sinclair and its affiliates against environmental liabilities related to events that occur on our assets after the date we acquired such asset.

Right of first refusal to purchase our assets

The Omnibus Agreement also contains the terms under which HF Sinclair has a right of first refusal to purchase our assets that serve its refineries. Before we enter into any contract to sell pipeline and terminal assets serving HF Sinclair's refineries, we must give written notice of the terms of such proposed sale to HF Sinclair. The notice must set forth the name of the third-party purchaser, the assets to be sold, the purchase price, all details of the payment terms and all other terms and conditions of the offer. To the extent the third-party offer consists of consideration other than cash (or in addition to cash), the purchase price shall be deemed equal to the amount of any such cash plus the fair market value of such non-cash consideration, determined as set forth in the Omnibus Agreement. HF Sinclair will then have the sole and exclusive option for a period of thirty days following receipt of the notice, to purchase the subject assets on the terms specified in the notice.

SECONDMENT ARRANGEMENT

Under HLS's secondment arrangement with HF Sinclair, certain employees of HF Sinclair are seconded to HLS, our general partner's general partner, to provide operational and maintenance services with respect to certain of our pipelines, terminals and refinery processing units, including routine operational and maintenance activities. During their period of secondment, the seconded employees are under the management and supervision of HLS. HLS is required to reimburse HF Sinclair for our benefit for the cost of the seconded employees, including their wages and benefits, based on the percentage of the employee's time spent working for HLS. The secondment arrangement continues until HLS's mutual agreement with HF Sinclair to terminate.

PIPELINE AND TERMINAL, TANKAGE AND THROUGHPUT AGREEMENTS

We serve HF Sinclair's refineries and renewable diesel facilities under long-term pipeline, terminal, tankage and refinery processing unit throughput agreements expiring in 2023 to 2036. Under these agreements, HF Sinclair agrees to transport, store and process throughput volumes of refined product, crude oil and feedstocks on our pipelines, terminal, tankage and loading rack facilities and refinery processing units that result in minimum annual payments to us. These minimum annual payments or revenues are subject to annual tariff rate adjustments on July 1st each year, based on the PPI or the FERC index. As of December 31, 2022, these agreements with HF Sinclair require minimum annualized payments to us of $452.6 million. In connection with the Sinclair Transactions, we amended our master throughput agreement with HF Sinclair to add Sinclair Oil as a shipper and encompass the acquired Sinclair Assets (as defined therein), and we amended our master lease and access agreement with HF Sinclair to, among other things, include certain Sinclair assets in the list of assets comprising the Applicable Assets (as defined therein).

HF Sinclair's obligations under these agreements will not terminate if HF Sinclair and its affiliates no longer own the general partner. These agreements may be assigned by HF Sinclair only with the consent of our conflicts committee.

SUMMARY OF TRANSACTIONS WITH HF SINCLAIR

- We reached an agreement with HFC to terminate the existing minimum volume commitments for HEP's Cheyenne assets and enter into new agreements, which were finalized and executed on February 8, 2021, with the following terms, in each case effective January 1, 2021: (1) a ten-year lease with two five-year renewal option periods for HFC's use of certain HEP tank and rack assets in the Cheyenne Refinery to facilitate renewable diesel production with an annual lease payment of approximately $5 million, (2) a five-year contango service fee arrangement that will utilize HEP tank assets inside the Cheyenne Refinery where HFC (and now HF Sinclair) will pay a base tariff to HEP for available crude oil storage and HFC (and now HF Sinclair) and HEP will split any profits generated on crude oil contango opportunities and (3) HFC paid a $10 million one-time cash payment to HEP for the termination of the existing minimum volume commitment.
- Revenues received from HF Sinclair were $438.3 million, $390.8 million and $399.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.
- HF Sinclair charged us general and administrative services under the Omnibus Agreement of $4.5 million for the year ended December 31, 2022 and $2.6 million for each of the years ended December 31, 2021 and 2020.
- We reimbursed HF Sinclair for costs of employees supporting our operations of $78.2 million, $61.2 million and $55.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.
- HF Sinclair reimbursed us $14.7 million, $7.9 million and $10.0 million for the years ended December 31, 2022, 2021 and 2020, respectively, for expense and capital projects.

- We distributed $83.5 million in each of the years ended December 31, 2022 and 2021 and $95.2 million in the year ended December 31, 2020 to HF Sinclair as regular distributions on its common units.
- Accounts receivable from HF Sinclair were $63.5 million and $56.2 million at December 31, 2022 and 2021, respectively.
- Accounts payable to HF Sinclair were $15.8 million and $11.7 million at December 31, 2022 and 2021, respectively.
- Revenues for the years ended December 31, 2022, 2021 and 2020 include $0.4 million, $0.4 million and $0.5 million, respectively, of shortfall payments billed to HF Sinclair in 2021, 2020 and 2019, respectively. Deferred revenue in the consolidated balance sheets at December 31, 2021, includes $4.1 million, relating to certain shortfall billings to HF Sinclair.
- We received direct financing lease payments from HF Sinclair for use of our Artesia and Tulsa railyards of $2.2 million for the year ended December 31, 2022 and $2.1 million for each of the years ended December 31, 2021 and 2020.
- We recorded a gain on sales-type leases of $24.7 million during the year ended December 31, 2021, and we received sales-type lease payments of $91.6 million, $28.9 million and $9.5 million from HF Sinclair that were not included in revenues for the years ended December 31, 2022, 2021 and 2020, respectively.

RELATED PARTY TRANSACTIONS WITH REH COMPANY

Unitholders Agreement
On August 2, 2021, in connection with the Contribution Agreement, HEP, HLS, and Navajo Pipeline Co., L.P., the sole member of HLS (the “Sole Member”) entered into a unitholders agreement (the “Unitholders Agreement”) by and among HEP, HLS, the Sole Member, REH Company (formerly known as The Sinclair Companies) and the stockholders of REH Company (together with REH Company and each of their permitted transferees, the “REH Parties”), which became effective on March 14, 2022, (the "Closing Date"). Pursuant to the Unitholders Agreement, we granted certain director nomination and registration rights to the REH Parties and the REH Parties agreed to certain lock-up restrictions, each as summarized below:

- **Director Designee**: The REH Parties have the right to nominate, and have nominated, one person to the Board until such time that (x) the REH Parties beneficially own less than 10.5 million common units or (y) the common units beneficially owned by the REH Parties constitute less than 5% of all outstanding common units. REH Company nominated Mark A. Petersen for service as the REH Company designee on the Board, effective as of March 15, 2022.

- **Lock-up Restrictions**: The Unitholders Agreement subjects 15.75 million of the common units issued to the REH Parties (the “Restricted Units”) to a “lock-up” period commencing on the Closing Date, during which the REH Parties will be prohibited from selling the Restricted Units, except for certain permitted transfers. One-third of such Restricted Units were released from such restrictions on the date that was six months after the closing, one-third of the Restricted Units will be released from such restrictions on the first anniversary of the Closing Date, and the remainder will be released from such restrictions on the date that is 15 months from the Closing Date.

- **Registration Rights**: The Unitholders Agreement contains customary registration rights, requiring us to file a shelf registration statement to permit the public resale of all the registrable securities held by the REH Parties. We filed such shelf registration statement within five business days following the Closing Date. We also agreed to support underwritten offerings of common units held by the REH Parties within the prescribed time periods outlined in the Unitholders Agreement.

Consulting Agreement
On March 14, 2022, in connection with the closing of the Sinclair Transactions, HLS non-employee director, Mark A. Petersen entered into a consulting agreement with HF Sinclair, pursuant to which he provided certain consulting services to HF Sinclair in 2022 for aggregate compensation in the amount of $120,000. The consulting agreement terminated in October 2022 pursuant to its terms and was approved by the Audit Committee as a related party transaction under Item 404(a) of Regulation S-K. See Item 10 for a discussion of “Director Independence.”

OTHER RELATED PARTY TRANSACTIONS

Julia Heidenreich, former Vice President, Renewables at HF Sinclair, is the wife of Richard L. Voliva, III, former Executive Vice President and Chief Financial Officer of HF Sinclair and former President of HLS. Ms. Heidenreich received cash and equity compensation totaling $823,193 in 2022. All the cash and equity compensation was paid to Ms. Heidenreich by HF Sinclair without any input from HLS. Ms. Heidenreich did not report to Mr. Voliva at the time of her employment with HF Sinclair.

REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS

The Board of Directors of our general partner adopted a written related party transactions policy to document procedures for the notification, review, approval, ratification and disclosure of related party transactions. Under the policy, a “related person” includes any director, director nominee, executive officer, or holder (together with any of its controlling or controlled affiliates) of more than 5% percent of our voting units or an immediate family member of any of the foregoing persons or an entity that is owned or controlled by any of the foregoing persons, any of the foregoing persons have a substantial ownership interest or control, or an entity in which any of the foregoing persons is an executive officer or general partner, or holds a similar position. The policy applies to any transaction, arrangement, or relationship or series of similar transactions, arrangements or relationships (including indebtedness or guarantee of indebtedness) in which (i) the aggregate amount involved will or may be expected to exceed $120,000 in any fiscal year, (ii) we, HLS or our subsidiaries are a participant, and (iii) a related person has a direct or indirect material interest.

Certain transactions, including compensation for services provided to a related person, such as an executive officer or director, are pre-approved under the policy. Any transactions between us, our general partner, any of our subsidiaries, on the one hand, and HF Sinclair or any of its subsidiaries, on the other hand, shall be submitted to the Conflicts Committee of our general partner for review and approval in accordance with the process established, and under the authority delegated by the Board of Directors of our general partner to the Conflicts Committee of our general partner for the review, evaluation and approval of intercompany transactions and shall not constitute a related party transaction under the policy.

The policy provides that the Audit Committee of our general partner will be responsible for reviewing and approving related party transactions that may arise within our partnership. The Audit Committee will review the material facts of all related party transactions that require the committee’s approval and either approve or disapprove of the entry into the related party transaction. The policy prohibits any director from participating in any discussion or approval of a related party transaction for which such director is a related person, except that such director is required to provide all material information concerning the interested transaction to the committee. Related party transactions required to be disclosed in our SEC reports are reported through our disclosure controls and procedures.

The Code of Business Conduct and Ethics governs conflicts of interests involving employees who are not covered by the related party transaction policy described above. Conflict of interest transactions may be authorized if they are found to be in the best interest of the Partnership based on all relevant facts. Pursuant to the Code of Business Conduct and Ethics, conflicts of interest are to be disclosed to and reviewed by a supervisor who does not have a conflict of interest, the Human Resources Department or the Legal and Compliance Department, and approval must be obtained prior to proceeding with the potentially conflicted situation.

There are no other transactions required to be disclosed in this Item 13 entered into since January 1, 2022, that were required to be reviewed, ratified or approved pursuant to our Related Party Transaction Policy or Code of Business Conduct and Ethics or with respect to which our policies and procedures with respect to conflicts of interest were not followed.

See Item 10 for a discussion of “Director Independence.”

Item 14. Principal Accounting Fees and Services

The audit committee of the board of directors of HLS selected Ernst & Young LLP, Independent Registered Public Accounting Firm, to audit the books, records and accounts of the HEP for the 2022 calendar year.

Fees paid to Ernst & Young LLP for 2022 and 2021 are as follows:

	2022	2021
Audit Fees [1]	$ 1,565,000	$ 998,000
Tax Fees	195,000	157,000
Total	$ 1,760,000	$ 1,155,000

(1) Represents fees for professional services provided in connection with the audit of our annual financial statements and internal controls over financial reporting, review of our quarterly financial statements, and procedures performed as part of our securities filings.

The audit committee of our general partner's board of directors operates under a written audit committee charter adopted by the board. A copy of the charter is available on our website at www.hollyenergy.com. The charter requires the audit committee to approve in advance all audit and non-audit services to be provided by our independent registered public accounting firm. All services reported in the audit, audit-related, tax and all other fee categories above were approved by the audit committee in advance.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report
(i) Index to Consolidated Financial Statements

(2) Index to Consolidated Financial Statement Schedules

All schedules are omitted since the required information is not present in or 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 158 to 162.

Exhibit Index

Exhibit Number	Description
2.1†	Purchase and Sale Agreement, dated February 25, 2008, between Holly Corporation, Navajo Pipeline Co., L.P., Navajo Refining Company, L.L.C., Woods Cross Refining Company, L.L.C., Holly Energy Partners, L.P., Holly Energy Partners - Operating, L.P., HEP Pipeline, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 2.1 of Registrant’s Current Report on Form 8-K dated February 27, 2008, File No. 1-32225).
2.2†	Asset Sale and Purchase Agreement, dated October 19, 2009, between Holly Refining & Marketing - Tulsa LLC, HEP Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 2.1 of Registrant’s Current Report on Form 8-K dated October 21, 2009, File No. 1-32225).
2.3†	Contribution Agreement, dated as of August 2, 2021, by and among Holly Energy Partners, L.P., The Sinclair Companies, and Sinclair Transportation Company (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K dated August 3, 2021, File No. 1-32225).
2.4†	Amendment to Contribution Agreement, dated as of March 14, 2022, by and among Holly Energy Partners, L.P., The Sinclair Companies, and Sinclair Transportation Company (incorporated by reference to Exhibit 2.1 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022, File No. 1-32225).
3.1	Second Amended and Restated Agreement of Limited Partnership of Holly Energy Partners, L.P. (incorporated by reference to Exhibit 3.1 of Registrant’s Current Form on Form 8-K dated November 1, 2017, File No. 1-32225).
3.2	First Amended and Restated Agreement of Limited Partnership of Holly Energy Partners - Operating Company, L.P. (incorporated by reference to Exhibit 3.2 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, File No. 1-32225).
3.3	First Amended and Restated Agreement of Limited Partnership of HEP Logistics Holdings, L.P. (incorporated by reference to Exhibit 3.4 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, File No. 1-32225).
3.4	First Amended and Restated Limited Liability Company Agreement of Holly Logistic Services, L.L.C. (incorporated by reference to Exhibit 3.5 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, File No. 1-32225).
3.5	Amendment No. 1 to the First Amended and Restated Limited Liability Company Agreement of Holly Logistic Services, L.L.C., dated April 27, 2011 (incorporated by reference to Exhibit 3.1 of Registrant’s Current Report on Form 8-K dated May 3, 2011, File No. 1-32225).
3.6	First Amended and Restated Limited Liability Company Agreement of HEP Logistics GP, L.L.C. (incorporated by reference to Exhibit 3.6 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, File No. 1-32225).
4.1	Registration Rights Agreement, dated February 6, 2018, by and among Holly Energy Partners, L.P. and the various Purchases party thereto (incorporated by reference to Exhibit 4.1 of Registrant’s Current Report on Form 8-K dated February 7, 2018, File No 1-32225).
4.2	Indenture, dated February 4, 2020, by and among Holly Energy Partners, L.P., Holly Energy Finance Corp., each of the Guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of Registrant’s Current Report on Form 8-K filed February 4, 2020, File No. 1-32225).
4.3	First Supplemental Indenture, dated as of March 14, 2022, among Sinclair Transportation Company LLC, Sinclair Logistics LLC, Sinclair Pipeline Company LLC, Holly Energy Partners, L.P. and Holly Energy Finance Corp. and the other Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee, related to Holly Energy Partners, L.P.’s 5.000% Senior Notes due 2028 (incorporated by reference to Exhibit 4.2 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022, File No. 001-32225).
4.4	Second Supplemental Indenture, dated as of May 22, 2022, among UNEV Pipeline, LLC, Holly Energy Partners, L.P. and Holly Energy Finance Corp. and the other Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee, related to Holly Energy Partners, L.P.’s 5.000% Senior Notes due 2028 (incorporated by reference to Exhibit 4.7 of Registrant’s Registration Statement on Form S-3 filed on May 23, 2022, File No. 333-265154.).
4.5	Indenture, dated April 8, 2022, by and among Holly Energy Partners, L.P., Holly Energy Finance Corp., each of the Guarantors party thereto and U.S. Bank Trust Company, National Association (incorporated by reference to Exhibit 4.1 of Registrant’s Current Report on Form 8-K dated April 8, 2022, File No. 1-32225.).
4.6	First Supplemental Indenture, dated May 22, 2022, among UNEV Pipeline, LLC, Holly Energy Partners, L.P. and Holly Energy Finance Corp. and the other Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee, related to Holly Energy Partners, L.P.’s 6.375% Senior Notes due 2027 (incorporated by reference to Exhibit 4.9 of Registrant’s Registration Statement on Form S-3 filed on May 23, 2022, File No. 333-265154.).
4.7	Description of Capital Stock pursuant to Item 601(b)(4) of Reg S-K (incorporated by reference to Exhibit 4.6 of Registrant’s Annual Report on Form 10-K for its fiscal year ended December 31, 2019, File No. 1-32225).

10.1	Third Amended and Restated Credit Agreement, dated July 26, 2017, among Holly Energy Partners, L.P. as borrower, Wells Fargo Bank National Association, as administrative agent, an issuing bank and a lender, and certain other lenders party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K dated July 31, 2017, File No. 1-32225.)
10.2†	Amendment No. 1 to Third Amended and Restated Credit Agreement dated April 30, 2021, among Holly Energy Partners, L.P., as borrower, certain of its affiliates, as guarantors, Wells Fargo Bank, National Association, as administrative agent, an issuing bank and a lender, and certain other lenders party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K dated May 3, 2021, File No. 1-32225).
10.3†	Amendment No. 2 to Third Amended and Restated Credit Agreement dated August 15, 2022, among Holly Energy Partners, L.P., as borrower, certain of its affiliates, as guarantors, Wells Fargo Bank, National Association, as administrative agent, an issuing bank and a lender, and certain other lenders party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, File No. 001-32225).
10.4	Amended and Restated Intermediate Pipelines Agreement, dated June 1, 2009, among Holly Corporation, Navajo Refining Company, L.L.C., Holly Energy Partners, L.P., Holly Energy Partners - Operating, L.P., HEP Pipeline, L.L.C., Lovington-Artesia, L.L.C., HEP Logistics Holdings, L.P., Holly Logistic Services, L.L.C. and HEP Logistics GP, L.L.C. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K dated June 5, 2009, File No. 1-32225).
10.5	Amendment to Amended and Restated Intermediate Pipelines Agreement, dated December 9, 2010, among Navajo Refining Company, L.L.C., Holly Energy Partners, L.P., Holly Energy Partners - Operating, L.P., HEP Pipeline, L.L.C., Lovington-Artesia, L.L.C., HEP Logistics Holdings, L.P., Holly Logistic Services, L.L.C. and HEP Logistics GP, L.L.C. (incorporated by reference to Exhibit 10.23 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-32225).
10.6	Assignment and Assumption Agreement (Amended and Restated Intermediate Pipelines Agreement), effective January 1, 2011, between Navajo Refining Company, L.L.C. and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.24 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-32225).
10.7	Tulsa Purchase Option Agreement, dated August 1, 2009, between Holly Refining & Marketing - Tulsa LLC and HEP Tulsa LLC (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K dated August 6, 2009, File No. 1-32225).
10.8	Third Amended and Restated Crude Pipelines and Tankage Agreement, dated March 12, 2015, by and among Navajo Refining Company, L.L.C., Holly Refining & Marketing Company - Woods Cross LLC, HollyFrontier Refining & Marketing LLC, Holly Energy Partners-Operating, L.P., HEP Pipeline, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K dated March 16, 2015, File No. 1-32225).
10.9	First Amendment to Third Amended and Restated Crude Pipelines and Tankage Agreement, dated April 22, 2019, by and among HollyFrontier Navajo Refining LLC, HollyFrontier Woods Cross Refining LLC, HollyFrontier Refining & Marketing LLC, Holly Energy Partners - Operating, L.P., HEP Pipeline, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019, File No. 1-32225).
10.10	Second Amendment to Third Amended and Restated Crude Pipelines and Tankage Agreement dated as of May 26, 2020, by and among HollyFrontier Navajo Refining LLC, HollyFrontier Woods Cross Refining LLC, HollyFrontier Refining & Marketing LLC, Holly Energy Partners - Operating, L.P., HEP Pipeline, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, File No. 1-32225).
10.11	Third Amendment to Third Amended and Restated Crude Pipelines and Tankage Agreement entered into as of February 8, 2021, effective as of January 1, 2021, by and among HollyFrontier Navajo Refining LLC, HollyFrontier Woods Cross Refining LLC, HollyFrontier Refining & Marketing LLC, Holly Energy Partners - Operating, L.P., HEP Pipeline, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.8 of Registrant's Current Report on Form 8-K dated February 11, 2021, File No. 1-32225).
10.12	Twenty-Second Amended and Restated Omnibus Agreement entered into and effective as of March 14, 2022, by and among HF Sinclair Corporation, Holly Energy Partners, L.P., and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K dated March 14, 2022, File No. 1-32225).
10.13	Amended and Restated Limited Liability Company Agreement of HEP UNEV Holdings LLC, dated July 12, 2012, among HEP UNEV Holdings LLC, Holly Energy Partners, L.P. and HollyFrontier Holdings LLC (incorporated by reference to Exhibit 10.7 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, File No. 1-32225).
10.14	Amended and Restated Unloading and Blending Services Agreement, dated January 18, 2017, effective September 16, 2016, by and between HollyFrontier Refining & Marketing LLC, Holly Energy Partners-Operating, L.P. and HEP Refining, L.L.C. (incorporated by reference to Exhibit 10.28 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2016, File No. 1-32225).

10.15	Eighth Amended and Restated Master Throughput Agreement entered into and effective as of March 14, 2022, by and among HollyFrontier Refining & Marketing LLC, Sinclair Oil LLC and Holly Energy Partners – Operating, L.P. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K dated March 14, 2022, File No. 1-32225).
10.16	First Amendment to Eighth Amended and Restated Master Throughput Agreement by and among HollyFrontier Refining & Marketing LLC, Sinclair Oil LLC and Holly Energy Partners – Operating, L.P., dated October 28, 2022 (incorporated by reference to Exhibit 10.4 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, File No. 001-32225).
10.17*	Second Amendment to Eighth Amended and Restated Master Throughput Agreement by and between HF Sinclair Refining & Marketing LLC and Holly Energy Partners - Operating, L.P., dated as of December 22, 2022.
10.18	Construction Payment Agreement, dated October 16, 2015, by and between HEP Refining, L.L.C. and HollyFrontier Refining & Marketing LLC (incorporated by reference to Exhibit 10.3 of Registrant’s Current Report on Form 8-K dated October 21, 2015, File No. 1-32225).
10.19	Fourth Amended and Restated Services and Secondment Agreement, entered into as of February 8, 2021, effective as of January 1, 2021, by and among Holly Logistic Services, L.L.C., certain subsidiaries of Holly Energy Partners, L.P. and certain subsidiaries of HollyFrontier Corporation (incorporated by reference to Exhibit 10.7 of Registrant’s Current Report on Form 8-K dated February 11, 2021, File No. 1-32225).
10.20	Seventh Amended and Restated Master Lease Agreement entered into and effective as of March 14, 2022, by and among certain subsidiaries of HF Sinclair Corporation and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.3 of Registrant’s Current Report on Form 8-K dated March 14, 2022, File No. 1-32225).
10.21	Master Tolling Agreement (Refinery Assets), dated November 2, 2015, by and between Frontier El Dorado Refining LLC and Holly Energy Partners-Operating L.P. (incorporated by reference to Exhibit 10.2 of Registrant’s Current Report on Form 8-K dated November 3, 2015, File No. 1-32225).
10.22	Amendment to Master Tolling Agreement, dated January 1, 2017, by and among Holly Energy Partners-Operating, L.P., HollyFrontier El Dorado Refining LLC and HollyFrontier Woods Cross Refining LLC (incorporated by reference to Exhibit 10.9 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017, File No. 1-32225).
10.23	Amended and Restated Master Tolling Agreement (Operating Assets), dated October 3, 2016, by and between HollyFrontier El Dorado Refining LLC, HollyFrontier Woods Cross Refining LLC, Holly Energy Partners-Operating L.P., HollyFrontier Corporation and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.2 of Registrant’s Current Report on Form 8-K dated October 4, 2016, File No. 1-32225).
10.24	Amendment to Amended and Restated Master Tolling Agreement (Operating Assets), dated January 1, 2017, by and among Holly Energy Partners-Operating, L.P., HollyFrontier El Dorado Refining LLC and HollyFrontier Woods Cross Refining LLC (incorporated by reference to Exhibit 10.8 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017, File No. 1-32225.)
10.25	Second Amendment to Amended and Restated Master Tolling Agreement (Operating Assets), dated October 29, 2018, by and between HollyFrontier El Dorado Refining LLC, HollyFrontier Woods Cross Refining LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.7 of Registrant’s Current Report on Form 8-K dated November 1, 2018, File No. 1-32225).
10.26	Equity Distribution Agreement, dated May 10, 2016, by and between Holly Energy Partners, L.P., HEP Logistics Holdings, L.P., Holly Logistic Services, L.L.C. and Citigroup Global Markets Inc., Goldman, Sachs & Co., and Merrill Lynch, Pierce, Fenner & Smith Incorporated (incorporated by reference to Exhibit 10.1 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, File No. 1-32225).
10.27	Amendment to Equity Distribution Agreement, dated July 28, 2017, by and among the Registrant, HEP Logistics Holdings, L.P., Holly Logistics Services, L.L.C. and Citigroup Global Markets Inc., Goldman, Sachs & Co., and Merrill Lynch, Pierce, Fenner & Smith Incorporated (incorporated by reference to Exhibit 10.4 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017, File No. 1-32225).
10.28	Pipeline Deficiency Agreement, dated August 8, 2016, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.5 of Registrant’s Current Report on Form 8-K dated August 10, 2016, File No. 1-32225).
10.29	Construction Payment Agreement, dated October 29, 2018, effective December 13, 2017, by and among HEP Tulsa LLC and HollyFrontier Refining & Marketing LLC (incorporated by reference to Exhibit 10.3 of Registrant’s Current Report on Form 8-K dated November 1, 2018, File No. 1-32225).
10.30	Services Agreement, entered into as of February 8, 2021, effective as of January 1, 2021, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners – Operating, L.P. (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed February 11, 2021, File No. 1-32225).
10.31	Asset Lease Agreement, entered into as of February 8, 2021, effective as of January 1, 2021, by and between Cheyenne Logistics LLC and Cheyenne Renewable Diesel Company LLC (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed February 11, 2021, File No. 1-32225).
10.32+	Holly Energy Partners, L.P. Long-Term Incentive Plan (as amended and restated effective February 10, 2012) (incorporated by reference to Exhibit 10.1 of Registrant’s Current Report on Form 8-K dated April 30, 2012, File No. 1-32225).

10.33+	First Amendment to the Holly Energy Partners, L.P. Long-Term Incentive Plan, effective January 16, 2013 (incorporated by reference to Exhibit 10.68 of Registrant’s Annual Report on Form 10-K for its fiscal year ended December 31, 2012, File No. 1-32225).
10.34+	Second Amendment to the Holly Energy Partners, L.P. Long-Term Incentive Plan, effective October 27, 2021 (incorporated by reference to Exhibit 10.4 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, File No. 132225).
10.35+	Form of Holly Energy Partners, L.P. Indemnification Agreement to be entered into with officers and directors of Holly Logistic Services, L.L.C. and its subsidiaries (incorporated by reference to Exhibit 10.2 of Registrant’s Quarterly Report on Form 10-Q for its quarterly period ended June 30, 2019, File No. 1-32225).
10.36	Letter Agreement entered into on February 8, 2021, effective as of January 1, 2021, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners - Operating, L.P> (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K dated February 11, 2021, File No. 1-32225).
10.37†	Unitholders Agreement, dated as of August 2, 2021, by and among Holly Energy Partners, L.P., Holly Logistic Services, L.L.C., Navajo Pipeline Co., L.P., The Sinclair Companies, and the unitholders set forth on Schedule I thereto, as may be amended from time to time (incorporated by reference to Exhibit 10.1 of Registrant’s Current Report on Form 8-K dated August 3, 2021, File No. 1-32225).
10.38+*	HF Sinclair Corporation Executive Nonqualified Deferred Compensation Plan (formerly the HF Sinclair Corporation Executive Nonqualified Deferred Compensation Plan).
10.39+	Holly Energy Partners, L.P. Change in Control Agreement Policy (incorporated by reference to Exhibit 10.3 of Registrant’s Current Report on Form 8-K dated February 18, 2011, File No. 1-32225).
10.40+	Form of Change in Control Agreement (incorporated by reference to Exhibit 10.47 of Registrant’s Annual Report on Form 10-K for its fiscal year ended December 31, 2016, File No. 1-32225).
10.41+	Amended and Restated Annual Incentive Plan (incorporated by reference to Exhibit 10.1 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, File No. 1-32225).
10.42+	Form of Performance Unit Agreement (incorporated by reference to Exhibit 10.2 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, File No. 1-32225).
10.43+	Form of Phantom Unit Agreement (Employee) (incorporated by reference to Exhibit 10.3 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, File No. 1-32225).
10.44+	Form of Notice of Grant of Phantom Unit Agreement (Employee) (incorporated by reference to Exhibit 10.4 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, File No. 1-32225).
10.45+	Form of Performance Unit Agreement (Executive) (incorporated by reference to Exhibit 10.5 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, File No. 1-32225).
10.46+	Form of Phantom Unit Agreement (Employee) (incorporated by reference to Exhibit 10.6 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, File No. 1-32225).
10.47+	Form of Notice of Grant of Phantom Units (Employee) (incorporated by reference to Exhibit 10.7 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, File No. 1-32225).
10.48+*	Form of Performance Unit Agreement (Executive)
10.49+*	Form of Phantom Unit Agreement (Employee)
10.50+*	Form of Notice of Grant of Phantom Units (Employee)
10.51+*	Form of Phantom Unit Agreement (Non-Employee Director Award)
10.52+*	Form of Notice of Grant of Phantom Units (Non-Employee Director Award)
10.53+*	Form of Cash Award Agreement (Employee)
10.54+*	Form of Notice of Grant of Cash Award (Employee)
10.55+	Consulting Agreement between Holly Logistic Services, L.L.C. and Mark Cunningham, effective February 19, 2022 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K dated October 29, 2021, File No. 1-32225).
10.56	Consulting Agreement, dated as of March 14, 2022, by and between HF Sinclair Corporation and Mark Petersen (incorporated by reference to Exhibit 10.1 of Registrant’s Current Report on Form 8-K/A dated March 16, 2022, File No. 1-32225).
10.57+	Holly Energy Partners, L.P. Severance Pay Plan and Summary Plan Description and Form of Participation Agreement (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K dated October 31, 2022, File No. 1-32225).
10.58+	Mutual Separation Agreement and Release of Claims by and among HF Sinclair Corporation, HollyFrontier Corporation, Holly Logistic Services, L.L.C., HollyFrontier Payroll Services, Inc., and Holly Energy Partners, L.P., on behalf of themselves and their respective parents, subsidiaries and affiliates and Richard Voliva, dated September 15, 2022 (incorporated by reference to Exhibit 10.2 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, File No. 001-32225).
21.1*	Subsidiaries of Registrant.

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22.1*	Subsidiary Guarantors and Issuers of Guaranteed Securities and Affiliates whose Securities Collateralize Securities of the Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101++	The following financial information from Holly Energy Partners, L.P.'s Annual Report on Form 10-K for its fiscal year ended December 31, 2022, formatted as inline XBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statement of Partners' Equity, and (vi) Notes to Consolidated Financial Statements. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
104++	Cover page Interactive Data File (formatted as inline XBRL and contained in exhibit 101).

* Filed herewith.
** Furnished herewith.
+ Constitutes management contracts or compensatory plans or arrangements.
++ Filed electronically herewith.
† Schedules and certain exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant agrees to furnish supplementally a copy of the omitted schedules and exhibits to the SEC upon request.

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 ENERGY PARTNERS, L.P.
(Registrant)

By: HEP LOGISTICS HOLDINGS, L.P.
its General Partner

By: HOLLY LOGISTIC SERVICES, L.L.C.
its General Partner

Date: February 28,2023

/s/ Michael C. Jennings
Michael C. Jennings

Chief Executive Officer and President

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 dates indicated.

Date: February 28,2023	/s/ Michael C. Jennings
	Michael C. Jennings Chief Executive Officer, President and Chairperson of the Board
Date: February 28,2023	/s/ John Harrison
	John Harrison Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Date: February 28,2023	/s/ Kenneth P. Norwood
	Kenneth P. Norwood Vice President and Controller (Principal Accounting Officer)
Date: February 28,2023	/s/ Larry R. Baldwin
	Larry R. Baldwin Director
Date: February 28,2023	/s/ Christine B. LaFollette
	Christine B. LaFollette Director
Date: February 28,2023	/s/ James H. Lee
	James H. Lee Director
Date: February 28,2023	/s/ Eric L. Mattson
	Eric L. Mattson Director
Date: February 28,2023	/s/ Mark A. Petersen
	Mark A. Petersen Director

Exhibit 10.17

SECOND AMENDMENT
TO EIGHTH AMENDED AND RESTATED
MASTER THROUGHPUT AGREEMENT

This Second Amendment to Eighth Amended and Restated Master Throughput Agreement (this "Amendment") is entered into on December 22, 2022, to be effective as of March 14, 2022 (the "Second Amendment Effective Date") by and between:

1. HF Sinclair Refining & Marketing LLC, a Delaware limited liability company ("HFRM"), and

2. Holly Energy Partners – Operating, L.P., a Delaware limited partnership ("HEP Operating").

Each of HFRM and HEP Operating are individually referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, HFRM and HEP Operating are parties to that certain Eighth Amended and Restated Master Throughput Agreement, effective as of March 14, 2022 (as amended by the First Amendment, dated October 28, 2022, and as further amended from time to time, the "Agreement"); and

WHEREAS, the Parties desire to amend the Agreement to, among other things, add additional Sinclair Assets (as defined in this Amendment) and the tariffs applicable thereto.

NOW, THEREFORE, in consideration of the covenants and obligations contained herein, the Parties hereby agree as follows:

ARTICLE 1
AMENDMENTS

1.1. Amendment to Table of Contents. The Table of Contents of the Agreement is hereby amended by adding "Exhibit R-4 – Sinclair Refined Product Storage Tanks" to the end of the exhibit list.

1.2. Amendments to Exhibit A

a. Exhibit A of the Agreement is hereby amended by adding the following definitions:

""Boise Summer Grade Storage Tanks" has the meaning set forth in Exhibit R-4."

""Denver Summer Grade Storage Tanks" has the meaning set forth in Exhibit R-4."

""Kaneb Pipeline" has the meaning set forth in Exhibit R-1."

""Parco Product Tanks" has the meaning set forth in Exhibit R-4."

"“Sinclair Bairoil Pipeline” has the meaning set forth in Exhibit R-1.”

"“Sinclair Beaver Creek Pipeline” has the meaning set forth in Exhibit R-1.”

"“Sinclair Refined Product Storage Tanks” means collectively, (a) the Boise Summer Grade Storage Tanks, (b) the Denver Summer Grade Storage Tanks and (c) the Parco Product Tanks.”

"“Sinclair Salvation Pipeline” has the meaning set forth in Exhibit R-1.”

"“Sinclair Sand Draw Pipeline” has the meaning set forth in Exhibit R-1.”

b. Exhibit A of the Agreement is hereby amended by amending and restating the definition of “Sinclair Assets” as follows:

> "“Sinclair Assets” means collectively, (a) the Sinclair Pipelines, (b) the Sinclair Refined Products Terminals, (c) the Sinclair Crude Storage Tanks, (d) the Sinclair Crude Offloading Racks and (e) the Sinclair Refined Product Storage Tanks.”

c. Exhibit A of the Agreement is hereby amended by amending and restating the definition of “Sinclair Crude Oil Pipelines” as follows:

> "“Sinclair Crude Oil Pipelines” means collectively, (a) the Sinclair Pathfinder and 10” Pipeline, (b) the Sinclair Pathfinder Pumpover Pipeline, (c) the Sinclair Guernsey to Casper Pipeline, (d) the Sinclair Guernsey to Parco Refinery Pipeline, (e) the Sinclair Bairoil Pipeline, (f) the Sinclair Beaver Creek Pipeline, (g) the Sinclair Sand Draw Pipeline and (h) the Sinclair Salvation Pipeline.”

d. Exhibit A of the Agreement is hereby amended by amending and restating the definition of “Sinclair Refined Products Pipelines” as follows:

> "“Sinclair Refined Products Pipelines” means, collectively, (a) the Sinclair Medicine Bow Pipeline, (b) the Sinclair Olathe Pipeline, (c) the Sinclair Montrose Pipeline (d) the Sinclair Chase Connection Pipeline and (e) the Kaneb Pipeline.”

1.3. Amendments to Exhibit C.

a. The rows on Exhibit C of the Agreement relating to the Sinclair Crude Oil Pipelines and the Sinclair Refined Products Pipelines are hereby amended and restated in their entirety to read as set forth on Exhibit A of this Amendment.

b. Exhibit C of the Agreement is hereby amended to add the rows relating to the Sinclair Refined Product Storage Tanks set on Exhibit A of this Amendment.

1.4. Amendment to Exhibit D. Exhibit D of the Agreement is hereby amended to add the rows relating to the Sinclair Refined Product Storage Tanks set forth on Exhibit B of this Amendment.

1.5. Amendments to Exhibit R.

a. The table on Exhibit R-1 of the Agreement is hereby amended and restated in its entirety to read as set forth on Exhibit C of this Amendment.

b. Exhibit R of the Agreement is hereby amended by adding Exhibit R-4 to the Agreement as set forth on Exhibit D of this Amendment.

ARTICLE 2
MISCELLANEOUS

2.1. Counterparts. This Amendment may be executed in counterparts each of which shall be deemed an original. An executed counterpart of this Amendment transmitted by facsimile shall be equally as effective as a manually executed counterpart.

2.2. Successors and Assigns. Section 13.2 of the Agreement is hereby incorporated by reference into this Section 2.2, *mutatis mutandis*.

2.3. Entire Agreement. The Agreement, as amended by this Amendment, contains the entire agreement between the Parties as to the subject matter of the Agreement and, except as provided for in this Amendment, the terms and provisions of the Agreement shall remain in full force and effect as originally written.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the undersigned Parties have executed this Amendment as of the date first written above to be effective as of the Second Amendment Effective Date.

HEP OPERATING:

Holly Energy Partners - Operating, L.P.

By: /s/ Michael C. Jennings
Name: Michael C. Jennings
Title: Chief Executive Officer and President

HFRM:

HF Sinclair Refining & Marketing LLC

By: /s/ Tim Go
Name: Tim Go
Title: President

[*Signature Page to Second Amendment to Eighth Amended and Restated Master Throughput Agreement*]

Exhibit A

See attached.

Applicable Assets	Type of Applicable Asset	Product	Minimum Capacity Commitment (aggregate capacity unless otherwise noted)	Minimum Throughput Commitment (in the aggregate, on average, for each Contract Quarter)	Base Tariff (applicable to all movements below the Incentive Tariff Threshold)	Incentive Tariff Threshold (in the aggregate, on average, for each Contract Quarter)	Incentive Tariff (applicable to all movements at or above the Incentive Tariff Threshold)	Excess Tariff (applicable to all movements above the Excess Tariff Thresholds set forth below, if any)	Tariff Adjustment	Tariff Adjustment Minimum/Cap	Tariff Adjustment Commencement Date	Assumed OPEX	Applicable Term (all times are Dallas, TX time)

Sinclair Crude Oil Pipelines	Sinclair Pathfinder and 10" Pipeline	Crude Oil	50,000 bpd	50,000 bpd	$0.72/bbl	55,000 bpd	$0.36/bbl	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Pathfinder Pumpover Pipeline	Crude Oil	35,000 bpd	35,000 bpd	$0.15/bbl	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Guernsey to Casper Pipeline	Crude Oil	18,000 bpd	18,000 bpd	$0.85/bbl	30,000 bpd	$0.43/bbl	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Guernsey to Parco Refinery Pipeline	Crude Oil	6,500 bpd	6,500 bpd	$1.57/bbl	10,000 bpd	$0.79/bbl	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Bairoil Pipeline	Crude Oil	N/A	N/A	$0.25	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Beaver Creek Pipeline	Crude Oil	N/A	N/A	$2.11	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Sand Draw Pipeline	Crude Oil	N/A	N/A	$1.17	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Salvation Pipeline	Intermediate Products Crude Oil	N/A	N/A	$1.44	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037

Sinclair Refined Products Pipelines	Sinclair Medicine Bow Pipeline	Refined Products	20,000 bpd	20,000 bpd	$1.53/bbl	20,000 bpd	$0.50/bbl	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Olathe Pipeline	Refined Products	3,750 bpd	3,750 bpd	$0.95/bbl	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Montrose Pipeline	Refined Products	3,000 bpd	3,000 bpd	$1.55/bbl	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Sinclair Chase Connection Pipeline	Refined Products	N/A	N/A	$125,000 per year lease	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Kaneb Pipeline	Refined Products	N/A	N/A	$0.105	N/A	N/A	—	FERC Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037

Sinclair Refined Product Storage Tanks	Denver Summer Grade Storage Tanks	Refined Products	300,000 bbl	300,000 bbl	$0.75/bbl/mo	—	—	—	PPI Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Parco Product Tanks	Refined Products	300,000 bbl	300,000 bbl	$0.75/bbl/mo	—	—	—	PPI Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037
	Boise Summer Grade Storage Tanks	Refined Products	120,000 bbl	120,000 bbl	$0.90/bbl/mo	—	—	—	PPI Adjustment	Subject to 0% minimum	July 1, 2023	—	12:01 a.m. on March 14, 2022 to 12:01 a.m. on March 14, 2037

Exhibit B

Applicable Asset	Type of Applicable Asset	Measurement of Volumes
Sinclair Refined Product Storage Tanks	Tankage	Average of the daily working capacity inventory volumes each month for specified Refined Products. HEP Operating shall track inventory levels separate from normal terminal throughput.

Exhibit C

Pipeline	Origin and Destination	Miles of Pipeline	Diameter (inches)	Capacity (Bpd)
Sinclair Pathfinder and 10” Pipeline	Casper, WY to Sinclair, WY	16” - 102 miles 10” – 102 miles	16 and 1”	16” – 55,000 10” – 45,500
Sinclair Pathfinder Pumpover Pipeline	Within Casper, WY	N/A	N/A	N/A
Sinclair Guernsey to Casper Pipeline	Guernsey, WY to Casper, WY	115 miles	10	53,000
Sinclair Guernsey to Parco Refinery Pipeline	Guernsey, WY to Sinclair, WY	218 miles	10	45,500
Sinclair Medicine Bow Pipeline	Sinclair, WY to Denver, CO	204 miles	6 and 10	28,000
Sinclair Olathe Pipeline	Olathe, KS to Carrolton, MO	82 miles	8	15,000
Sinclair Montrose Pipeline	Carrollton, MO to Montrose, IA	142 miles	8	11,000
Sinclair Chase Connection Pipeline	Aurora, CO to Denver, CO	15 miles	10	29,000
Sinclair Bairoil Pipeline	Bairoil Station to Sinclair, WY	41 miles	8	14,500
Sinclair Beaver Creek Pipeline	Beaver Creek Station to Sand Draw Station	9 miles	4	7,000
Sinclair Sand Draw Pipeline	Sand Draw Station to Bairoil Station	61 miles	8	15,500
Sinclair Salvation Pipeline	Casper, WY to Sinclair, WY; or Sinclair, WY to Casper, WY	114 miles	8 and 12	20,500 pumping south, or 17,500 pumping north
Kaneb Pipeline	Magellan Dupont Station to Denver Terminal	3 miles	8	21,500

Exhibit D

See attached.

Exhibit R-4
to
Eighth Amended and Restated
Master Throughput Agreement

Sinclair Refined Product Storage Tanks

1. Sinclair Refined Product Storage Tanks

Sinclair Refined Product Storage Tanks	Location	Storage Working Capacity (bbls)	Number of Tanks
Denver Summer Grade Storage Tanks	Denver Terminal	396,000	4
Parco Product Tanks	Rawlins, WY	375,000	4
Boise Summer Grade Storage Tanks	Boise Terminal	167,000	4

2. Special Provisions

(a) Notwithstanding anything to the contrary in this Agreement, HEP Operating does not commit to provide dedicated tankage for summer grade gasoline to HFRM, and HFRM acknowledges that summer grade gasoline stored pursuant to this Agreement may be commingled with other like grades, provided, however, that HEP Operating agrees to separate gasoline grades with different seasonal specifications in order to avoid contamination.

(b) HEP Operating agrees to track inventory volume separate for seasonal storage of Refined Products to enable accurate billing for the Minimum Throughput Commitment.

(c) HEP Operating and HFRM acknowledge and agree that the Parties may store Refined Products other than summer grade gasoline in the Sinclair Refined Product Storage Tanks, as the Parties may mutually determine from time to time.

THE EXECUTIVE NONQUALIFIED EXCESS PLAN PLAN DOCUMENT

THE EXECUTIVE NONQUALIFIED EXCESS PLAN

Section 1. Purpose:

By execution of the Adoption Agreement, the Employer has adopted the Plan set forth herein, and in the Adoption Agreement, to provide a means by which certain management Employees or Independent Contractors of the Employer may elect to defer receipt of current Compensation from the Employer in order to provide retirement and other benefits on behalf of such Employees or Independent Contractors of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(l) of the Employee Retirement Income Security Act of 1974 (“ERISA”) and independent contractors. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

Section 2. Definitions:

As used in the Plan, including this Section 2, references to one gender shall include the other, unless otherwise indicated by the context:

2.1 "Active Participant" means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant (i) immediately upon a determination by the Committee that the Participant has ceased to be an Employee or Independent Contractor, or (ii) at the end of the Plan Year that the Committee determines the Participant no longer meets the eligibility requirements of the Plan.

2.2 "Adoption Agreement" means the written agreement pursuant to which the Employer adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Employer.

2.3 "Beneficiary" means the person, persons, entity or entities designated or determined pursuant to the provisions of Section 13 of the Plan.

2.4 "Board" means the Board of Directors of the Company, if the Company is a corporation. If the Company is not a corporation, "Board" shall mean the Company.

2.5 "Change in Control Event" means an event described in Section 409A(a)(2)(A)(v) of the Code (or any successor provision thereto) and the regulations thereunder.

2.6 "Committee" means the persons or entity designated in the Adoption Agreement to administer the Plan. If the Committee designated in the Adoption Agreement is unable to serve, the Employer shall satisfy the duties of the Committee provided for in Section 9.

2.7 "Company" means the company designated in the Adoption Agreement as such.

2.8 "Compensation" shall have the meaning designated in the Adoption Agreement.

2.9 "Crediting Date" means the date designated in the Adoption Agreement for crediting the amount of any Participant Deferral Credits or Employer Credits to the Deferred Compensation Account of a Participant.

2.10 "Deferred Compensation Account" means the account or accounts maintained with respect to each Participant under the Plan. The Deferred Compensation Account shall be credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. As permitted in the Adoption Agreement, the Deferred Compensation Account of a Participant may consist of one or more accounts including In-Service or Education Accounts, if applicable. A Participant may elect payment options for each account as described in Section 7.1 and deemed investments for each account as described in Section 8.2.

2.11 "Disabled or Disability" means Disabled or Disability within the meaning of Section 409A of the Code and the regulations thereunder. Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.12 "Education Account" is an In-Service Account which will be used by the Participant for educational purposes.

2.13 "Effective Date" shall be the date designated in the Adoption Agreement.

2.14 "Employee" means an individual in the Service of the Employer if the relationship between the individual and the Employer is the legal relationship of employer

and employee. An individual shall cease to be an Employee upon the Employee's
Separation from Service.

2.15 "Employer" means the Company, as identified in the Adoption Agreement, and any Participating Employer which adopts this Plan. An Employer may be a corporation, a limited liability company, a partnership or sole proprietorship.

2.16 "Employer Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.17 "Grandfathered Amounts" means, if applicable, the amounts that were deferred under the Plan and were earned and vested within the meaning of Section 409A of the Code and regulations thereunder as of December 31, 2004. Grandfathered Amounts shall be subject to the terms designated in the Plan which were in effect as of October 3, 2004.

2.18 "Independent Contractor" means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent Contractor upon the termination of the Independent Contractor's Service. An Independent Contractor shall include a director of the Employer who is not an Employee.

2.19 "In-Service Account" means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.20 "Normal Retirement Age" of a Participant means the age designated in the Adoption Agreement.

2.21 "Participant" means with respect to any Plan Year an Employee or Independent Contractor who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan; provided that if the Participant is an Employee, the individual must be a highly compensated or management employee of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.22 "Participant Deferral Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.1.

2.23 "Participating Employer" means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Company identified in the Adoption Agreement.

2.24 "Participation Agreement" means a written agreement entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.25 "Performance-Based Compensation" means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months. Organizational or individual performance criteria are considered preestablished if established in writing within 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-based compensation may include payments based upon subjective performance criteria as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.26 "Plan" means The Executive Nonqualified Excess Plan, as herein set out and as set out in the Adoption Agreement, or as duly amended. The name of the Plan as applied to the Employer shall be designated in the Adoption Agreement.

2.27 "Plan-Approved Domestic Relations Order" shall mean a judgment, decree, or order (including the approval of a settlement agreement) which is:

2.27.1 Issued pursuant to a State's domestic relations law;

2.27.2 Relates to the provision of child support, alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.27.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

2.27.4 Requires payment to such person of their interest in the Participant's benefits in a lump sum payment at a specific time; and

2.27.5 Meets such other requirements established by the Committee.

2.28 "Plan Year" means the twelve-month period ending on the last day of the month designated in the Adoption Agreement; provided that the initial Plan Year may have fewer than twelve months.

2.29 "Qualifying Distribution Event" means (i) the Separation from Service of the Participant, (ii) the date the Participant becomes Disabled, (iii) the death of the Participant, (iv) the time specified by the Participant for an In-Service or Education Distribution, (v) a Change in Control Event, or (vi) an Unforeseeable Emergency, each to the extent provided in Section 5.

2.30 "Seniority Date" shall have the meaning designated in the Adoption Agreement.

2.31 "Separation from Service" or **"Separates from Service"** means a "separation from service" within the meaning of Section 409A of the Code.

2.32 "Service" as an Employee means employment by the Employer. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee's right to reemployment is provided either by statute or contract. If the Participant is an Independent Contractor, "Service" shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee.

2.33 "Service Bonus" means any bonus paid to a Participant by the Employer which is not Performance-Based Compensation.

2.34 "Specified Employee" means an Employee who meets the requirements for key employee treatment under Section 416(i)(l)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve month period ending on December 31 of each year (the "identification date"). If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date. Unless binding corporate action is taken to establish different rules for determining Specified Employees for all plans of the Company and its controlled group members that are subject to Section 409A of the

Code, the foregoing rules and the other default rules under the regulations of Section 409A of the Code shall apply.

2.35 "Spouse" or **"Surviving Spouse"** means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.36 "Unforeseeable Emergency" means an "unforeseeable emergency" within the meaning of Section 409A of the Code.

2.37 "Years of Service" means each Plan Year of Service completed by the Participant. For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement and Service shall be based on service with the Company and all Participating Employers.

Section 3. Participation:

The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. A Participant who Separates from Service with the Employer and who later returns to Service will not be an Active Participant under the Plan except upon satisfaction of such terms and conditions as the Committee shall establish upon the Participant's return to Service, whether or not the Participant shall have a balance remaining in his Deferred Compensation Account under the Plan on the date of the return to Service.

Section 4. Credits to Deferred Compensation Account:

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participation Agreement with the Employer, to defer the receipt of Compensation from the Employer by a dollar amount or percentage specified in the Participation Agreement. The amount of

Compensation the Participant elects to defer, the Participant Deferral Credit, shall be credited by the Employer to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participation Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participation Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participation Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1, and shall thereafter be irrevocable. Any election of a Participant shall continue in effect for the time period as set forth in the Adoption Agreement and shall be described as evergreen or non-evergreen as appropriate.

4.1.3 A Participant may execute and deliver a Participation Agreement to the Committee within 30 days after the date the Participant first becomes eligible to participate in the Plan. After the 30 day period expires, or after any shorter time period as agreed to by the Participant and the Committee, the latest election made by the Participant during that period becomes irrevocable. Such election shall then be effective as of the first payroll period commencing following the date the Participation Agreement becomes irrevocable. Whether a Participant is treated as newly eligible for participation under this Section shall be determined in accordance with Section 409A of the Code and the regulations thereunder, including (i) rules that treat all elective deferral account balance plans as one plan, and (ii) rules that treat a previously eligible Employee as newly eligible if his benefits had been previously distributed or if he has been ineligible for 24 months. For Compensation that is earned based upon a specified performance period (for example, an annual bonus), where a deferral election is made under this Section but after the beginning of the performance period, the election will only apply to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the date the election becomes irrevocable over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participation Agreement (either to terminate, increase or decrease the portion of his future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of the Adoption Agreement) by providing a written modification of the Participation Agreement to the Committee. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee, or at such later date as required under Section 409A of the Code.

4.1.5 If the Participant performed services continuously from the later of the beginning of the performance period or the date upon which the performance criteria are established through the date upon which the Participant makes an initial deferral election, a Participation Agreement relating to the deferral of Performance- Based Compensation may be executed and delivered to the Committee no later than the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to Service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 If a Participant becomes Disabled all currently effective deferral elections for such Participant shall be cancelled. At the time the participant is no longer Disabled, subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.10 If a Participant applies for and receives a distribution on account of an Unforeseeable Emergency, all currently effective deferral elections for such Participant shall be cancelled. Subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.11 If a Participant receives a hardship distribution from a 401(k) or a
403(b) plan that requires all currently effective deferral elections under all plans maintained by the Employer to be cancelled, then all currently effective deferral elections shall be cancelled until the later of the beginning of the next calendar year

or six months after the date of the hardship distribution. Subsequent elections to defer future compensation under this Section 4 will not be effective until the later of the beginning of the next calendar year or six months after the date of the hardship distribution. If the effective date of such an election occurs after the beginning of the next calendar year, as permitted by the Employer, a Participant may make elections for the next calendar year prior to January 1st of the next calendar year, but these elections will not become effective until the end of the six- month waiting period.

4.2 Employer Credits. If designated by the Employer in the Adoption Agreement, the Employer shall cause the Committee to credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement. A Participant must make distribution elections with respect to any Employer Credits credited to his Deferred Compensation Account by the deadline that would apply under Section 4.1 for distribution elections with respect to Participant Deferral Credits credited at the same time, on a Participation Agreement that is timely executed and delivered to the Committee pursuant to Section 4.1. If no distribution election is made, vested amounts in the Deferred Compensation Account will be distributed in a lump sum upon the earliest of any Qualifying Distribution Event limited to Separation from Service, Disability, Death or Change in Control.

4.3 Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant as provided in Section 8.

Section 5. Qualifying Distribution Events:

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from

Service (or, if earlier, the date of death) with respect to a Participant who as of the date of Separation from Service is a Specified Employee of a corporation the stock in which is traded on an established securities market or otherwise. Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated and paid on the first day of the seventh month following the date of Separation from Service, and shall be adjusted for deemed investment gain and loss incurred during the six month period.

5.2 Disability. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan when a Participant becomes Disabled, and the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7.

5.3 Death. If the Participant dies while in Service, the Employer shall pay a benefit to the Participant's Beneficiary in the amount designated in the Adoption Agreement. Payment of such benefit shall be made by the Employer as provided in Section
7.

5.4 In-Service or Education Distributions. If the Employer designates in the Adoption Agreement that in-service or education distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount credited to the Participant's In-Service or Education Account for in-service or education distributions at the date specified by the Participant. In no event may an in- service or education distribution of an amount be made before the date that is two years after the first day of the year in which any deferral election to such In-Service or Education

Account became effective. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service or Education Account has been distributed, then the vested balance in the In-Service or Education Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

5.5 Change in Control Event. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of a Change in Control Event, the Participant may designate in the Participation Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control Event by the Employer as provided in Section 7.

5.6 Unforeseeable Emergency. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of an Unforeseeable Emergency event, a distribution from the Deferred Compensation Account may be made to a Participant in the event of an Unforeseeable Emergency, subject to the following provisions:

5.6.1 A Participant may, at any time prior to his Separation from Service for any reason, make application to the Committee to receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.6) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by stopping current deferrals under the Plan pursuant to Section 4.1.10.

5.6.2 The Participant's request for a distribution on account of Unforeseeable Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.6.3 If a distribution under this Section 5.6 is approved by the Committee, such distribution will be made as soon as practicable following the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. If a Participant's Separation from Service occurs after a request is approved in accordance with this Section 5.6.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.6.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

Section 6. Vesting:

A Participant shall be fully vested in the portion of his Deferred Compensation Account attributable to Participant Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of his Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated by the Employer in the Adoption Agreement. If a Participant's Deferred Compensation Account is not fully vested upon Separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall thereupon be forfeited.

Section 7. Distribution Rules:

7.1 Payment Options. The Employer shall designate in the Adoption Agreement the payment options which may be elected by the Participant (lump sum, annual installments, or a combination of both). Different payment options may be made available for each Qualifying Distribution Event, and different payment options may be available for different types of Separations from Service, all as designated in the Adoption Agreement. The Participant shall elect in the Participation Agreement the method under which the vested balance in the Deferred Compensation Account will be distributed from among the designated payment options. The Participant may at such time elect a different method of payment for each Qualifying Distribution Event as specified in the Adoption Agreement. If the Participant is permitted by the Employer in the Adoption Agreement to elect different payment options and does not make a valid election, the vested balance in the Deferred Compensation Account will be distributed as a lump sum upon the Qualifying Distribution Event.

Notwithstanding the foregoing, if certain Qualifying Distribution Events occur prior to the date on which the vested balance of a Participant's Deferred Compensation Account is completely paid pursuant to this Section 7.1 following the occurrence of certain Qualifying Distribution Events, the following rules apply:

7.1.1 If the currently effective Qualifying Distribution Event is a Separation from Service or Disability, and the Participant subsequently dies, the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as a lump sum.

7.1.2 If the currently effective Qualifying Distribution Event is a Change in Control Event, and any subsequent Qualifying Distribution Event occurs (except an In-Service or Education Distribution described in Section 2.29(iv)), the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as provided under Section 7.1 for payments on such subsequent Qualifying Distribution Event.

7.2 Timing of Payments. Payment shall be made in the manner elected by the Participant and shall commence as soon as practicable after (but no later than 60 days after) the distribution date specified for the Qualifying Distribution Event. For each payment, the

Committee must specify a date for the Deferred Compensation Account(s) to be valued. In the event the Participant fails to make a valid election of the payment method, the distribution will be made in a single lump sum payment as soon as practicable after (but no later than 60 days after) the Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code.

7.3 Installment Payments. If the Participant elects to receive installment payments upon a Qualifying Distribution Event, the payment of each installment shall be made on the anniversary of the date of the first installment payment, and the amount of the installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Deferred Compensation Account on such date by the number of installments remaining to be paid hereunder; provided that the last installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment.

7.4 De Minimis Amounts. Notwithstanding any payment election made by the Participant, if the Employer designates a pre-determined de minimis amount in the Adoption Agreement, the vested balance in all Deferred Compensation Accounts of the Participant will be distributed in a single lump sum payment if at the time of a permitted Qualifying Distribution Event the vested balance does not exceed such pre-determined de minimis amount; provided, however, that such distribution will be made only where the Qualifying Distribution Event is a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable). Such payment shall be made on or before the later of (i) December 31 of the calendar year in which the Qualifying Distribution Event occurs, or (ii) the date that is 2-1/2 months after the Qualifying Distribution Event occurs. In addition, the Employer may distribute a Participant's vested balance in all of the Participant’s Deferred Compensation Accounts at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

7.5 Subsequent Elections. With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

7.5.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

7.5.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

7.5.3 If the new election relates to a payment from the In-Service or Education Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 7.5 and Section 7.6, a payment is each separately identified amount to which the Participant is entitled under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

7.6 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

7.7 Residual Distributions. If calculation of the amount of any credit to a Participant's Deferred Compensation Account is not administratively practicable due to events beyond the control of the Employer, payments may be made to the Participant for residual amounts contributed to or remaining in a Deferred Compensation Account after payments under the provisions of this Section 7 have commenced or been completed. The residual amount shall be credited to the Deferred Compensation Account when the calculation of the amount becomes administratively practicable. Examples of residual amounts include, but are not limited to, additional investment returns credited after payment (due to dividends or pricing changes) or additional contributions made after payment (such as an annual bonus deferral or an Employer Credit). Payments that would have been made had the residual amount been calculable at the benefit commencement date shall be made up as soon as practicable after crediting to the Deferred Compensation Account, in no case later than the end of the year in which calculation of the amount becomes administratively practicable.

7.8 Ineffective Deferrals. If a Participant deferral election under Section 4 to contribute to an In-Service or Education Account carries over to a subsequent year (an evergreen election) and the deferral election is ineffective (i.e., the distribution election would cause payment in the current or prior years), the amount deferred will be credited to a Deferred Compensation Account that is not an In-Service or Education Account. If the Participant only has one account of this type, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type, and one of the accounts has a lump sum at Separation from Service distribution election, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type and does not have an account with a lump sum at Separation from Service distribution election, one will be established with a lump sum at Separation from Service distribution election and the amount deferred will be credited to this account.

Section 8. Accounts; Deemed Investment; Adjustments to Account:

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service or Education Account as a part of the Deferred Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section 8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds in which his Deferred Compensation Account shall be deemed to be invested. Such election shall be made in the manner prescribed by the Committee and shall take effect upon the entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant fails for any reason to make an effective election of the investment return to be credited to his account, the investment return shall be determined by the Committee.

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 The Deferred Compensation Account shall be debited each business day with the total amount of any payments made from such account since the last preceding business day to him or for his benefit. Unless otherwise specified by the Employer, each deemed investment fund will be debited pro-rata based on the value of the investment funds as of the end of the preceding business day.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 The Deferred Compensation Account shall be credited or debited on each day securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the deemed investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

Section 9. Administration by Committee:

9.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and his successor, if any, shall be appointed by the Board.

9.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including Employees of the Employer, such administrative or other duties as it sees fit.

9.3 Indemnification. To the extent not covered by insurance, the Employer shall indemnify the Committee, each Employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Employer shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

Section 10. Contractual Liability, Trust:

10.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company under the Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

10.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts contributed thereto, and the trust would be so interpreted and administered.

<u>Section 11.</u> <u>Allocation of Responsibilities:</u>

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

11.1 Board.

(i) To amend the Plan;

(ii) To appoint and remove members of the Committee; and

(iii) To terminate the Plan as permitted in Section 14.

11.2 Committee.

(i) To designate Participants;

(ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;

(iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;

(iv) To account for the amount credited to the Deferred Compensation Account of a Participant;

(v) To direct the Employer in the payment of benefits;

(vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and

(vii) To administer the claims procedure to the extent provided in Section 16.

Section 12. Benefits Not Assignable; Facility of Payments:

12.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of such benefit be in any manner payable to any assignee, receiver or any one trustee, or be liable for his debts, contracts, liabilities, engagements or torts.

12.2 Plan-Approved Domestic Relations Orders. The Committee shall establish procedures for determining whether an order directed to the Plan is a Plan- Approved Domestic Relations Order. If the Committee determines that an order is a Plan- Approved Domestic Relations Order, the Committee shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order notwithstanding Section 12.1.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of his incapacity and satisfactory evidence that another person or institution is maintaining him and that no guardian or committee has been appointed for him, may cause any payment otherwise payable to him to be made to such person or institution so maintaining him. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

<u>Section 13.</u> <u>Beneficiary:</u>

The Participant's Beneficiary shall be the person, persons, entity or entities designated by the Participant on the Beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a Beneficiary, the Beneficiary shall be his Surviving Spouse. If the Participant does not designate a Beneficiary and has no Surviving Spouse, the Beneficiary shall be the Participant's estate. The designation of a Beneficiary may be changed or revoked only by filing a new Beneficiary designation form with the Committee or its designee. If a Beneficiary (the "primary Beneficiary") is receiving or is entitled to receive payments under the Plan and dies before receiving all of the payments due him, the balance to which he is entitled shall be paid to the contingent Beneficiary, if any, named in the Participant's current Beneficiary designation form. If there is no contingent Beneficiary, the balance shall be paid to the estate of the primary Beneficiary. Any Beneficiary may disclaim all or any part of any benefit to which such Beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the Beneficiary who filed the disclaimer had predeceased the Participant.

<u>Section 14.</u> <u>Amendment and Termination of Plan:</u>

The Company may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the balance in any Participant's Deferred Compensation Account as of the date of such amendment or termination, nor shall any such amendment materially adversely affect the Participant relating to the payment of such Deferred Compensation Account. Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination in the Discretion of the Employer. Except as otherwise provided in Sections 14.2, the Company in its discretion may terminate the Plan and distribute benefits to Participants subject to the following requirements and any others specified under Section 409A of the Code:

14.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-l(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

14.1.5 The termination does not occur proximate to a downturn in the financial health of the Employer.

14.2 Termination Upon Change in Control Event. If the Company terminates the Plan within thirty days preceding or twelve months following a Change in Control Event, the Deferred Compensation Account of each Participant shall become payable to the Participant in a lump sum within twelve months following the date of termination, subject to the requirements of Section 409A of the Code.

<u>Section 15.</u> <u>Communication to Participants:</u>

The Employer shall make a copy of the Plan available for inspection by Participants and their beneficiaries during reasonable hours at the principal office of the Employer.

<u>Section 16.</u> <u>Claims Procedure:</u>

The following claims procedure shall apply with respect to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant or Beneficiary (the "claimant") believes that he is entitled to benefits under the Plan which are not being paid to him or which are not being accrued for his benefit, he shall file a written claim therefore with the Committee.

16.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice denying his claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

(i) the specific reason or reasons for the adverse determination;

(ii) specific reference to pertinent Plan provisions on which the adverse determination is based;

(iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant’s claim for benefits; and

(iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant’s right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 16 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by him to act in his behalf on such matters. The Committee may require such evidence of the authority to act of any such representative as it may reasonably deem necessary or advisable.

16.6 Disability Claims

Notwithstanding any provision of the Plan to the contrary, if a claim for benefits is based on Disability, the following claims procedures shall apply: The Committee shall maintain a procedure under which any Participant or Beneficiary can file a claim for benefits under this Plan based on Disability.

16.6.1 After receiving a claim for benefits, the Committee will notify the Participant or Beneficiary of its claim determination within 45 days of the receipt of the claim. This period may be extended by 30 days if an extension is necessary to process the claim due to matters beyond the control of the Committee. A written notice of the extension, the reason for the extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the initial 45-day period. This period may be extended for an additional 30 days beyond the original extension. A written notice of the additional extension, the reason for the additional extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to a Participant or Beneficiary's failure to submit information necessary to decide a claim, the period for making the benefit determination by the Committee will be tolled from the date on which the notification of the extension is sent to the Participant or Beneficiary until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.2 If a claim for benefits is denied, in whole or in part, a Participant or Beneficiary or his or her authorized representative, will receive a written notice of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the Participant or Beneficiary. The notice will include:

(i) the specific reason(s) for the denial,

(ii) references to the specific Plan provisions on which the benefit determination was based,

(iii) a description of any additional material or information necessary to perfect a claim and an explanation of why such information is necessary,

(iv) a description of the Committee's appeals procedures and applicable time limits, including, to the extent applicable, a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the Committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained on behalf of the Committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the Committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request,

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist, and

(viii) a statement that the Participant or Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits.

16.6.3 If a claim for benefits is denied, a Participant or Beneficiary, or his or her representative, may appeal the denied claim in writing within 180 days of receipt of the written notice of denial. The Participant or Beneficiary may submit any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to his or her claim free of charge.

16.6.4 A full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a first review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination, nor will such individuals be subordinate to any person involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

16.6.5 If the initial adverse decision was based in whole or in part on a medical judgment, the first review appeals committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination and is not a subordinate of the healthcare professional who was consulted in the initial adverse benefit determination.

16.6.6 Before an adverse benefit determination on review is issued, the first review appeals committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.7 Before the first review appeals committee issues an adverse benefit determination on review based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.8 The first review appeals committee will make a determination on an appealed claim within 45 days of the receipt of an appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to a Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.9 If the claim on appeal is denied in whole or in part, a Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the claimant. The notice will include:

(i) the specific reason(s) for the adverse determination,

(ii) references to the specific Plan provisions on which the determination was based,

(iii) a statement regarding the right to receive upon request and free of charge reasonable access to, and copies of, all records, documents and other information relevant to the benefit claim,

(iv) a description of the first review appeals committee's review procedures and applicable time limits, including a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained by or on behalf of the committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request, and

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist.

16.6.10 If the appeal of the benefit claim denial is denied, a Participant or Beneficiary, or his or her representative, may make a second appeal of the denial in writing to the Committee within 180 days of the receipt of the written notice of denial. The Participant or Beneficiary may submit with the second appeal any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.11 Upon receipt of the second appeal, a full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a second review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination or the first review appeals committee, nor will such individuals be subordinate to any person involved in the initial benefit or first appeal determination.

16.6.12 If the first appeal was based in whole or in part on a medical judgment, the second appeals review committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination nor in the first appeal and is not a subordinate of the healthcare professional(s) consulted in the initial adverse benefit determination and first appeal.

16.6.13 Before the second appeals review committee issues a denial of the second claim appeal, the committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.14 Before the second review appeals committee issues a denial of the second claim appeal based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.15 The second appeals review committee will make a determination on the second claim appeal within 45 days of the receipt of the appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial
45-day period. However, if the period of time is extended due to the Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.16 If the claim on appeal is denied in whole or in part for a second time, the Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the applicant. The notice will include the same information that was included in the first adverse determination letter and will identify the contractual limitations period that applies to the Participant's or Beneficiary's right to bring an action under section 502(a) of ERISA including the calendar date on which the contractual limitations period expires for the claim.

16.6.17 A claimant may not commence a judicial proceeding against any person, including the Committee, the Employer, the Board, the first or second appeals review committee(s), or any other person or committee, with respect to a claim for benefits without first exhausting the claims procedures set forth in the preceding paragraphs. No suit or legal action contesting in whole or in part any denial of benefits under the Plan shall be commenced later than the earlier of (i) the first anniversary of (A) the date of the notice of the Committee's final decision on appeal, or (B) if the claimant fails to request any level of administrative review within the timeframe permitted under this Section 16.6, the deadline for requesting the next level of administrative review, and (ii) the last date on which such legal action could be commenced under the applicable statute of limitations under ERISA (including, for this purpose, any applicable state statute of limitations that applies under ERISA to such legal action).

16.6.18 A claimant has the right to request a written explanation of any violation of these claims procedures. The Committee will provide an explanation within 10 days of the request.

Section 17. Miscellaneous Provisions:

17.1 Set off. The Employer may at any time offset a Participant's Deferred Compensation Account by an amount up to $5,000 to collect the amount of any loan, cash advance, extension of other credit or other obligation of the Participant to the Employer that is then due and payable in accordance with the requirements of Section 409A of the Code.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with his current address for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any check mailed to such address is returned as undeliverable to the addressee, mailing of checks will be suspended until the Participant or Beneficiary furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due by the fifth anniversary of the date payment is to be made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further, however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit.

17.4 Reliance on Data. The Employer and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

17.5 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.6 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee or to deal with him without regard to the effect thereof under the Plan.

17.7 Merger or Consolidation; Assumption of Plan. No Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Employer under the Plan by any Successor Entity.

17.8 Construction. The Employer shall designate in the Adoption Agreement the state according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

17.9 Taxes. The Employer or other payor may withhold a benefit payment under the Plan or a Participant's wages, or the Employer may reduce a Participant's Deferred Compensation Account balance, in order to meet any federal, state, or local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

NOTE: Execution of this Adoption Agreement creates a legal liability of the Employer with significant tax consequences to the Employer and Participants. Principal Life Insurance Company disclaims all liability for the legal and tax consequences which result from the elections made by the Employer in this Adoption Agreement.

Principal Life Insurance Company, Raleigh, NC 27612
A member of the Principal Financial Group®

THE EXECUTIVE NONQUALIFIED EXCESS PLAN

ADOPTION AGREEMENT

THIS AGREEMENT is the adoption by **HF Sinclair Corporation (**the "Company") of the Executive Nonqualified Excess Plan ("Plan").

W I T N E S S E T H:

WHEREAS, the Company desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan; and

WHEREAS, the provisions of the Plan are intended to comply with the requirements of Section 409A of the Code and the regulations thereunder and shall apply to amounts subject to section 409A; and

WHEREAS, the Company has been advised by Principal Life Insurance Company to obtain legal and tax advice from its professional advisors before adopting the Plan,

NOW, THEREFORE, the Company hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

ARTICLE I

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Employer hereby represents and warrants that the Plan has been adopted by the Employer upon proper authorization and the Employer hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Employer hereby agrees to be bound by the terms of the Plan.

ARTICLE II

The Employer hereby makes the following designations or elections for the purpose of the Plan:

2.6 Committee: The duties of the Committee set forth in the Plan shall be satisfied by:

__ (a) Company

XX (b) The administrative committee appointed by the Board to serve at the pleasure of the Board.

__ (c) Board.

__ (d) Other (specify): ______________________________.

2.8 Compensation: The "Compensation" of a Participant shall mean all of a Participant's:

XX (a) Base salary.

XX (b) Service Bonus.

XX Service Bonus earned from 1/1 – 12/31, paid on or around first quarter of the following Plan Year.

__ Service Bonus earned each calendar quarter, paid on or around the following calendar quarter.

__ Service Bonus with no defined earnings period (e.g.: a "spot bonus")

__ (c) Performance-Based Compensation earned in a period of 12 months or more.

__ Performance Based Bonus earned from 1/1 – 12/31, paid on or around first quarter the following Plan Year and whose elections must be made no later than 6/30 of the Plan Year it is earned.

__ Performance Based Bonus earned from _______, paid on or around _________ the following Plan Year and whose elections must be made no later than _____ of the Plan Year it is earned.

__ (d) Commissions.

XX (e) Compensation received as an Independent Contractor reportable on Form 1099.

__ (f) Other: ___________________________

2.9 Crediting Date: The Deferred Compensation Account of a Participant shall be credited as follows:

Participant Deferral Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

__ (b) Each pay day as reported by the Employer.

__ (c) The last business day of each payroll period during the Plan Year.

Employer Credits at the time designated below:

XX (a) On any business day as specified by the Employer.

2.13 Effective Date:

__ (a) This is a newly-established Plan, and the Effective Date of the Plan is _____________.

XX (b) This is an amendment of a plan named **Frontier Deferred Compensation Plan** dated **December 1, 2008** and governing all contributions in the plan through **December 31, 2011**. This plan was subsequently amended on **January 1, 2012, December 31, 2017**, **January 1, 2018,** and **January 1, 2020** governing all contributions to the plan through **March 14, 2020.** The Effective Date of this amended Plan is **March 15, 2022**.

2.20 Normal Retirement Age: The Normal Retirement Age of a Participant shall be:

XX (a) Age **65**.

__ (b) The later of age ___ or the _______ anniversary of the participation commencement date. The participation commencement date is the first day of the first Plan Year in which the Participant commenced participation in the Plan.

__ (c) Other: _____________________________________.

2.23 Participating Employer(s): As of the Effective Date, the following Participating Employer(s) are parties to the Plan:

Name of Employer	EIN
HF Sinclair Corporation	**87-2092143**

2.26 Plan: The name of the Plan is

HF Sinclair Corporation Executive Nonqualified Deferred Compensation Plan.

2.28 Plan Year: The Plan Year shall end each year on the last day of the month of **December**.

2.30 Seniority Date: The date on which a Participant has:

__ (a) Attained age __.

__ (b) Completed __ Years of Service from First Date of Service.

__ (c) Attained age __ and completed __ Years of Service from First Date of Service.

XX (d) Not applicable – distribution elections for Separation from Service are not based on Seniority Date.

4.1 Participant Deferral Credits: Subject to the limitations in Section 4.1 of the Plan, a Participant may elect to have his Compensation (as selected in Section 2.8 of this Adoption Agreement) deferred within the annual limits below by the following percentage or amount as designated in writing to the Committee:

XX (a) Base salary:

minimum deferral: ______ %

maximum deferral: **50** %

XX (b) Service Bonus:

XX Service Bonus

minimum deferral: ______ %

maximum deferral: **50** %

__ (c) Performance-Based Compensation:

__ Performance Based Bonus

minimum deferral: ______ %

maximum deferral: ______ %

__ (d) Commissions:

minimum deferral: ______ %

maximum deferral: ______ %

XX (e) Form 1099 Compensation:

minimum deferral: ______ %

maximum deferral: **100** %

__ (f) Other:

minimum deferral: ______ %

maximum deferral: ______ %

__ (g) Participant deferrals not allowed.

4.1.2 Participant Deferral Credits and Employer Credits – Election Period: Participant elections regarding Participant Deferral Credits and Employer Credits shall be subject to the following effective periods (one must be selected):

XX (a) Evergreen election. An election made by the Participant shall continue in effect for subsequent years until modified by the Participant as permitted in Section 4.1 and Section 4.2. (This option is not permitted if source year accounts are elected in Section 4.3)

__ (b) Non-Evergreen election. Any election made by the Participant shall only remain in effect for the current election period and will then expire. An election for each subsequent year will be required as permitted in Sections 4.1 and 4.2.

4.2 Employer Credits: Employer Credits will be made in the following manner:

__ (a) **Employer Credits 1 (Employer Discretionary Credits)**: The Employer may make discretionary credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

__ (i) An amount determined each Plan Year by the Employer.

__ (ii) Other: ____.

__ (b) **Employer Credits 2 (Other Employer Credits)**: The Employer may make other credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

__ (i) An amount determined each Plan Year by the Employer.

__ (ii) Other: ____.

__ (c) Employer Credits not allowed.

XX (d) Other: **See Exhibit A**.

4.3 Deferred Compensation Account: The Participant is permitted to establish the following accounts:

XX (a) Non-source year account(s). Deferred Compensation Account(s) will not be established on a source year basis:

__ (i) A Participant may establish only one account to be distributed upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established as permitted in Section 5.4.

XX (ii) A Participant may establish multiple accounts to be distributed upon Separation from Service. Each account may have one set of payment options as permitted in Section 7.1 Additional In-Service or Education accounts may be established as permitted in Section 5.4. If this multiple account option is elected, the Participant will also be required to elect Separation from Service payment options for each In-Service or Education account established.

__ (b) Source year account(s): Annual Deferred Compensation Account(s) will be established each year in which Participant Deferral Credits or Employer Credits are credited to the Participant. Only one account may be established each year for distribution upon Separation from Service. One set of payment options for that account is allowed as permitted in Section 7.1. Additional In-Service or Education accounts may be established for each source year as permitted in Section 5.4. If this option is selected, Evergreen elections as described in Section 4.1.2 are not permitted.

5.2 Disability of a Participant:

__ (a) A Participant's becoming Disabled shall be a Qualifying Distribution Event and the Deferred Compensation Account shall be paid by the Employer as provided in Section 7.1.

XX (b) A Participant becoming Disabled shall not be a Qualifying Distribution Event.

5.3 Death of a Participant: If the Participant dies while in Service, the Employer shall pay a benefit to the Beneficiary in an amount equal to the vested balance in the Deferred Compensation Account of the Participant determined as of the date payments to the Beneficiary commence, plus:

__ (a) An amount to be determined by the Committee.

XX (b) No additional benefits.

5.4 In-Service or Education Distributions: In-Service and Education Accounts are permitted under the Plan:

XX (a) In-Service Accounts are allowed with respect to:
XX Participant Deferral Credits only.
__ Employer Credits only.
__ Participant Deferral and Employer Credits.

In-service distributions may be made in the following manner:
XX Single lump sum payment.

XX Annual installments over a term certain not to exceed **5** years.

Education Accounts are allowed with respect to:
XX Participant Deferral Credits only.
__ Employer Credits only.
__ Participant Deferral and Employer Credits.

Education Accounts distributions may be made in the following manner:
XX Single lump sum payment.
XX Annual installments over a term certain not to exceed **5** years.

If applicable, amounts not vested at the time payments due under this Section cease will be:
__ Forfeited
__ Distributed at Separation from Service if vested at that time

__ (b) No In-Service or Education Distributions permitted.

5.5 Change in Control Event:

XX (a) Participants may elect upon initial enrollment to have accounts distributed upon a Change in Control Event.

__ (b) A Change in Control shall not be a Qualifying Distribution Event.

5.6 Unforeseeable Emergency Event:

__ (a) Participants may apply to have accounts distributed upon an Unforeseeable Emergency event.

XX (b) An Unforeseeable Emergency shall not be a Qualifying Distribution Event.

6. Vesting: An Active Participant shall be fully vested in the Employer Credits made to the Deferred Compensation Account upon the first to occur of the following events:

__ (a) Normal Retirement Age.

XX (b) Death.

__ (c) Disability.

XX (d) Change in Control Event

XX (e) Other: **See Exhibit C.**

__ (f) Satisfaction of the vesting requirement as specified below:

XX **Employer Credits 1 (Employer Discretionary Credits)**:

__ (i) Immediate 100% vesting.

__ (ii) 100% vesting after __Years of Service.

__ (iii) 100% vesting at age __.

__ (iv)

Number of Years of Service		Vested Percentage
Less than	1	____ %
	1	____ %
	2	____ %
	3	____ %
	4	____ %
	5	____ %
	6	____ %

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

__ (1) First day of Service.

__ (2) Effective date of Plan participation.

__ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

__ **<u>Employer Credits 2 (Other Employer Credits)</u>**:

__ (i) Immediate 100% vesting.

__ (ii) 100% vesting after __ Years of Service.

__ (iii) 100% vesting at age __.

__ (iv)

Number of Years of Service		Vested Percentage
Less than	1	____ %
	1	____ %
	2	____ %
	3	____ %
	4	____ %
	5	____ %
	6	____ %

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

__ (1) First day of Service.

__ (2) Effective date of Plan participation.

__ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

7.1 Payment Options: Any benefit payable under the Plan upon a permitted Qualifying Distribution Event may be made to the Participant or his Beneficiary (as applicable) in any of the following payment forms, as selected by the Participant in the Participation Agreement:

(a) <u>Separation from Service (Seniority Date is Not Applicable)</u>

<u>XX</u> (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **10** years.

(b) Separation from Service prior to Seniority Date (If Applicable)

__ (i) A lump sum.

XX (ii) Not Applicable

(c) Separation from Service on or After Seniority Date (If Applicable)

__ (i) A lump sum.

__ (ii) Annual installments over a term certain as elected by the Participant not to exceed __ years.

XX (iii) Not Applicable

(d) Separation from Service Upon a Change in Control Event

XX (i) A lump sum.

XX (ii) Annual installments over a term certain as elected by the Participant not to exceed **10** years.

(e) Death

XX (i) A lump sum.

__ (ii) Annual installments over a term certain as elected by the Participant not to exceed __ years.

(f) Disability

__ (i) A lump sum.

__ (ii) Annual installments over a term certain as elected by the Participant not to exceed __ years.

XX (iii) Not applicable.

If applicable, amounts not vested at the time payments due under this Section cease will be:
__ Forfeited
__ Distributed at Separation from Service if vested at that time

(g) Change in Control Event

XX (i) A lump sum.

__ (ii) Not applicable.

If applicable, amounts not vested at the time payments due under this Section cease will be:
__ Forfeited
__ Distributed at Separation from Service if vested at that time

7.4 De Minimis Amounts.

__ (a) Notwithstanding any payment election made by the Participant, the vested balance in all Deferred Compensation Account(s) of the Participant will be distributed in a single lump sum payment at the time designated under the Plan if at the time of a permitted Qualifying Distribution Event that is either a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable) the vested balance does not exceed $______. In addition, the Employer may distribute a Participant's vested balance in all Deferred Compensation Account(s) of the Participant at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan and any other Employer plan subject to aggregation under Section 409A of the Code.

XX (b) There shall be no pre-determined de minimis amount under the Plan; however, the Employer may distribute a Participant's vested balance at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan and any other Employer plan subject to aggregation under Section 409A of the Code.

10.1 Contractual Liability: Liability for payments under the Plan shall be the responsibility of the:

XX (a) Company.

__ (b) Employer or Participating Employer who employed the Participant when amounts were deferred.

14. Amendment and Termination of Plan: Notwithstanding any provision in this Adoption Agreement or the Plan to the contrary, Section **4.2, 5.4 & 6** of the Plan shall be amended to read as provided in attached Exhibit **A, B & C**.

__ There are no amendments to the Plan.

17.8 Construction: The provisions of the Plan shall be construed and enforced according to the laws of the State of **Texas**, except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year stated below.

HF Sinclair Corporation
Name of Employer

By: /s/ Dale Kunneman_________
Authorized Person
Date: _12/1/2022___________

Exhibit A

4.2 Employer Credits: Employer Credits will be made in the following manner:

<u>XX</u> (a) **Matching Restoration**: The Employer may make discretionary credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

<u>XX</u> (i) An amount determined each Plan Year by the Employer. **<u>See note below for limitations.</u>**

__ (ii) Other: ____.

<u>XX</u> (b) **Retirement Restoration Contribution**: The Employer may make other credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

<u>XX</u> (i) An amount determined each Plan Year by the Employer.

__ (ii) Other: ____.

<u>XX</u> (c) **Transition Benefit**: The Employer may make discretionary credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

<u>XX</u> (i) An amount determined each Plan Year by the Employer.

__ (ii) Other: ____.

<u>XX</u> (d) **NQ Nonelective Contributions**: The Employer may make other credits to the Deferred Compensation Account of each Active Participant in an amount determined as follows:

<u>XX</u> (i) An amount determined each Plan Year by the Employer.

<u>See note below for limitations.</u>

__ (ii) Other: ____.

Limitations on Matching Restoration and NQ Nonelective Contributions. No Matching Restoration or NQ Nonelective Contributions will be made to the Plan unless the Participant has made the maximum amount of compensation deferrals to the HollyFrontier Corporation 401(k) Retirement Savings Plan (the "**401(k) Plan**") permitted under the Internal Revenue Code of 1986, as amended (the "**Code**") and has received the corresponding maximum amount of matching contributions and nonelective contributions provided under the terms of the 401(k) Plan.

The amount of the Matching Restoration and NQ Nonelective Contributions for each Participant under the Plan will equal the excess, if any, of:

(1) the amount that would have been allocated to the matching contributions and nonelective contribution account of such Participant under the 401(k) Plan as of the end of such Plan Year if the provisions of the 401(k) Plan were administered without regard to the limitations under the Code, over

(2) the amount that was in fact allocated as of the end of such Plan Year to the matching contributions and nonelective contributions account of such Participant under the 401(k) Plan.

EXHIBIT B

Section 5.4 of the Plan Document shall be replaced with the following:

5.4 In-Service or Education Distributions. If the Employer designates in the Adoption Agreement that in-service or education distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount of Compensation credited to the Participant's In-Service or Education Account for in-service or education distributions at the date specified by the Participant. In no event may an in-service or education distribution of a Compensation amount be made before the date that is two years after the first day of the year during which the services are performed that give rise to the Compensation amount to be credited to the In-Service or Education Account (e.g., for Compensation earned with respect to services performed in 2012, the earliest distribution date with respect to any amount of such Compensation would be January 1, 2014). Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service or Education Account has been distributed, then the balance in the In-Service or Education Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

Exhibit C

6. Vesting: An Active Participant shall be fully vested in the Employer Credits made to the Deferred Compensation Account upon satisfaction of the vesting requirement as specified below:

Matching Restoration:

Immediate 100% vesting.

Retirement Restoration Contribution:

100% vesting after 3 Years of Service.

Years of Service will be determined in the same manner as the HollyFrontier Corporation 401(k) Retirement Savings Plan.

Transition Benefit:

Immediate 100% vesting.

NQ Nonelective Contributions:

TBD Vesting - as indicated by the Employer prior to the time of contribution and subject to approval of administration capability by Principal.

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Exhibit 10.48

HOLLY ENERGY PARTNERS, L.P.
LONG-TERM INCENTIVE PLAN

PERFORMANCE UNIT AGREEMENT

This Performance Unit Agreement (the "***Agreement***") is made and entered into by and between Holly Logistic Services, L.L.C., a Delaware limited liability company (the "***Company***"), and you. This Agreement is entered into as of the ___ day of _________, 2022 (the "***Date of Grant***").

<u>W I T N E S S E T H</u>:

WHEREAS, the Company has adopted the Holly Energy Partners, L.P. Long-Term Incentive Plan (the "***Plan***") to attract, retain and motivate employees, executives, directors and consultants;

WHEREAS, the Company believes that a grant to you of performance units of Holly Energy Partners, L.P. (the "***Partnership***") as part of your compensation for employment services provided to the Company, the Partnership or any of their subsidiaries is consistent with the stated purposes for which the Plan was adopted; and

WHEREAS, a copy of the Plan has been furnished to you and shall be deemed a part of this Agreement ("***Agreement***") as if fully set forth herein and the terms capitalized but not defined herein or on <u>Appendix A</u> attached hereto shall have the meanings set forth in the Plan.

NOW, THEREFORE, in consideration of the employment rendered by you, it is agreed by and between the Company and you, as follows:

1. <u>The Grant</u>. The Company hereby grants to you as of the Date of Grant an Award of ______ performance units (the "***Performance Units***"), subject to the terms and conditions set forth in this Agreement. Depending on the performance of the Partnership, you may earn from 0% to 200% of the Performance Units, based on the terms set forth in Section 3.

2. <u>Distribution Equivalent Rights</u>. As long as you hold the Performance Units granted pursuant to this Agreement, you will be entitled to receive distribution equivalent rights ("***DERs")*** in accordance with this Section 2. In the event the Partnership makes a distribution in respect of outstanding Units and, on the record date for such distribution, you hold Performance Units that have not yet become earned and payable under this Agreement, the Company shall pay you an amount in cash equal to the distribution amounts you would have received if you were the holder of record, as of such record date, of a number of Units equal to the number of such Performance Units set forth in Section 1 that have not become earned and payable as of such record date, such payment to be made on or promptly following the date that the Partnership makes such distribution (however, in no event shall the DERs be paid later than 30 days following the date on which the Partnership makes such distribution to unitholders generally). Notwithstanding this Section 2, the Performance Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a holder of Units, including the right to vote, prior to the date Units are delivered to you in settlement of the Performance Units pursuant to Section 5.

3. <u>Terms of Award</u>. The Performance Units represent an Award for the "***Performance Period***" which begins on October 1 of the calendar year of the Date of Grant ("***Year One***") and ends on September 30 of the third calendar year following Year One ("***Year Three***"). If you are employed by the Partnership and the Company on December 1 of Year Three, you will be entitled to a payment of Units in the amount determined under this Section 3

and/or Section 4, as applicable, and payable at the time indicated in Section 4 and/or Section 5, as applicable. The period of time beginning on the Date of Grant and ending on December 1 of Year Three is referred to as the "***Service Period***."

(a) Performance Measure. The number of Performance Units earned for the Performance Period is determined by calculating the Partnership's performance on the two measures listed below over the Performance Period. The two performance measures are EBITDA and Total Unitholder Return. Notwithstanding anything to the contrary in this Agreement, the Committee may make adjustments to the definitions of the performance measures or to the performance targets established with respect to the Award in its sole discretion as it determines to be appropriate or advisable to avoid rewarding or penalizing you for unexpected events that occur following the Date of Grant that were not taken into consideration in establishing the metrics and targets.

(b) Units Payable. The number of Units payable is equal to the result of multiplying the total number of Performance Units set forth in Section 1 by the Performance Unit Payout Percentage. The number of Units payable will be rounded down to the nearest Unit. No fractional Units will be issued pursuant to this Agreement. In its sole discretion, the Committee may make a payment to you assuming a Performance Percentage of up to 200% of the Performance Units instead of the Performance Unit Payout Percentage as determined pursuant to this Section 3(b).

4. Early Termination. In the event of your termination of employment with the Partnership and the Company prior to December 1 of Year Three on account of an event described in this Section 4, the number of Performance Units with respect to which payment at the end of the Performance Period is based shall be determined as follows:

(a) Termination Generally. Subject to subsections (b), (c) and (d) below, if your employment relationship with the Company, the Partnership or any of their subsidiaries is terminated for any reason (including if you voluntarily separate from employment (other than due to your Retirement) or are terminated by action of the Company, the Partnership or any of their subsidiaries (including termination for Cause but other than a Special Involuntary Termination)) such that, as a result of such termination you are no longer employed by the Company, the Partnership or any of their subsidiaries, then all Performance Units hereunder will be forfeited immediately following your termination of employment.

(b) Death, Disability or Retirement. In the event of your termination of employment prior to December 1 of Year Three due to your (i) death, (ii) total and permanent disability as determined by the Compensation Committee of the Company's Board of Directors (the "***Committee***") in its sole discretion, or (iii) Retirement, then you (or your beneficiary, if applicable) shall forfeit immediately following your termination of employment a number of the Performance Units equal to the number of Performance Units specified in Section 1 hereof times the percentage that (A) the number of days beginning on the day on which the date of Retirement occurs and ending on the last day of the Service Period, (B) bears to the total number of days in the Service Period. In the event of such forfeiture, the number of Units payable hereunder shall be equal to the result of multiplying the number of remaining Performance Share Units by the target Performance Unit Payout Percentage and such Units shall become vested immediately following your termination of employment. In its sole discretion, the Committee may make a payment to you assuming a Performance Percentage of up to 200% of the Performance Units instead of the pro-rata number of Performance Units as determined pursuant to this Section 4(b).

(c) Special Involuntary Termination. In the event of a Special Involuntary Termination before December 1 of Year Three, the Performance Units will become vested and nonforfeitable immediately following such Special Involuntary Termination assuming a Performance Unit Payout Percentage of one hundred percent (100%) instead of the Performance Unit Payout Percentage that would otherwise be determined at the end of the Performance Period in accordance with Section 3. Payment pursuant to this Section 4(c) is in lieu of payment pursuant to Section 4(b) and if you receive payment pursuant to this Section 4(c) you will not be entitled to any payment pursuant to Section 4(b).

(d) Effect of Employment Agreement. Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 4 and any written employment, change in control, or similar agreement entered into by and between you and the Company, the Partnership or any of their subsidiaries, the terms of the employment, change in control or similar agreement shall control.

(e) Leave of Absence. With respect to the Award, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of, or providing services for, the Company, the Partnership, or any of their subsidiaries, provided that rights to the Performance Units during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began.

(f) Payment of Performance Units.

(i) The number of Units payable hereunder shall be payable by March 15th of the year following the date upon which such Performance Units become vested in accordance with the Agreement; provided, however, if any Performance Unit is or becomes subject to Section 409A of the Code, settlement of such Performance Unit shall be on or before December 31st, or (if later) 90 days, following the date upon which such Performance Unit becomes vested. The Performance Units shall vest in the amount determined in accordance with Section 3, as adjusted by Section 4, if applicable. Such payment will be subject to withholding for taxes and other applicable payroll adjustments. The Committee's determination of the amount payable shall be binding upon you and your beneficiary or estate. The number of Units payable will be rounded down to the nearest Unit. No fractional Units will be issued pursuant to this Agreement.

(ii) If you are a "specified employee" within the meaning of Treasury Regulation § 1.409A-1(i) as of the date of your "separation from service" (within the meaning of Treasury Regulation § 1.409A-1(h)), then you will not be entitled to receive Units in settlement of Performance Units until the earlier of (i) the date which is six (6) months after your "separation from service" for any reason other than death, or (ii) the date of your death. The provisions of this Section 5(b) shall only apply if and to the extent required to avoid the imputation of any tax, penalty, or interest pursuant to Section 409A of the Code.

5. Payment of Taxes. The Company may require you to pay to the Company (or the Partnership or an Affiliate of the Company if you are an employee of the Partnership or an Affiliate of the Company), an amount the Company deems necessary to satisfy its (or its Affiliate's) current or future withholding with respect to federal, state or local income or other taxes that you incur as a result of the Award. With respect to any tax withholding (and to the extent permissible pursuant to Rule 16b-3 under the Exchange Act, if applicable), you may (a) direct the Company to withhold from the Units to be issued to you under this Agreement the number of Units necessary to satisfy the Company's withholding of such taxes, which determination will be based on the Units' Fair Market Value at the time such determination is made; (b) deliver to the Company Units sufficient to satisfy the Company's tax withholding, based on the Units' Fair Market Value at the time such determination is made; or (c) deliver cash to the Company sufficient to satisfy its tax withholding. If you desire to elect to use the Unit

withholding option described in subparagraph (a), you must make the election at the time and in the manner the Company prescribes and the maximum number of Units that may be so withheld or surrendered shall be a number of Units that have an aggregate Fair Market Value on the date of withholding or repurchase of up to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment with respect to the Award. The Committee, in its discretion, may deny your request to satisfy its tax withholding using a method described under subparagraph (a) or (b). In the event the Company determines that the aggregate Fair Market Value of the Units withheld as payment of any tax withholding is insufficient to discharge that tax withholding, then you must pay to the Company, in cash, the amount of that deficiency immediately upon the Company's request. In the event that you fail to make arrangements that are acceptable to the Committee for providing to the Company, at the time or times required, the amounts of federal, state and local taxes required to be withheld with respect to the Performance Units granted to you under this Agreement, the Company shall have the right to purchase and/or to sell to one or more third parties in either market or private transactions sufficient Units otherwise paid or payable pursuant to this Award to provide the funds needed for the Company to make the required tax payment or payments.

6. Adjustment of Performance Units. The number of Performance Units granted to you pursuant to this Agreement shall be adjusted to reflect distributions of the Partnership paid in units, unit splits or other changes in the capital structure of the Partnership, all in accordance with the Plan. All provisions of this Agreement shall be applicable to such new or additional or different units or securities distributed or issued pursuant to the Plan to the same extent that such provisions are applicable to the units with respect to which they were distributed or issued. In the event that the outstanding Units of the Partnership are exchanged for a different number or kind of units or other securities, or if additional, new or different units are distributed with respect to the Units through merger, consolidation, or sale of all or substantially all of the assets of the Partnership, each remaining unit subject to this Agreement shall have substituted for it a like number and kind of units or shares of new or replacement securities as determined in the sole discretion of the Committee, subject to the terms and provisions of the Plan.

7. Compliance with Securities and Other Applicable Laws. Notwithstanding any provision of this Agreement to the contrary, the issuance of Units (including Performance Units) will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Units may then be listed. No Units will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Units may then be listed. In addition, Units will not be issued hereunder unless (a) a registration statement under the Securities Act, is at the time of issuance in effect with respect to the Units issued or (b) in the opinion of legal counsel to the Company, the Units issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Units subject to the Award will relieve the Company of any liability in respect of the failure to issue such Units as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make Units available for issuance.

8. Legends. The Company may at any time place legends referencing any restrictions imposed on the Units pursuant to Section 8 of this Agreement on all certificates representing Units issued with respect to this Award.

9. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

10. Remedies. The Company shall be entitled to recover from you reasonable attorneys' fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise to the extent allowed by applicable law.

11. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of Performance Units or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, will, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. In addition, the Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a general release of all claims in favor of the Company, the Partnership, any Affiliate and the foregoing entities' respective predecessors, successors, employees, officers, directors, managers, members, stockholders or board members of the foregoing in such form as the Company may determine (the "***Release***"). If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by you, then you shall not be entitled to settlement of any portion of the Award. As used herein, the "Release Expiration Date" is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to you (which shall occur no later than seven (7) days after your termination of employment) or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), and you are age 40 or over as of your termination date, the date that is forty-five (45) days following such delivery date. The parties may agree in writing to extend the consideration timelines stated in this paragraph. In the event the period you are given to review, execute and revoke a release provided pursuant to this Section 12 spans two calendar years, any payment to you pursuant to this Agreement will be made in the second calendar year.

12. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any applicable law, then such provision will be deemed to be modified to the minimum extent necessary to render it legal, valid and enforceable; and if such provision cannot be so modified, then this Agreement will be construed as if not containing the provision held to be invalid, and the rights and obligations of the parties will be construed and enforced accordingly.

13. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon you and the Company. All determinations with respect to the achievement of the applicable performance goals, including the calculation of and any adjustment to the applicable performance metrics, will be made by the Committee in its discretion which determination will be final and binding. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

14. Right of the Company, Partnership and Subsidiaries to Terminate Services. Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company, the Partnership or any of their subsidiaries, or interfere in any way

with the rights of the Company, the Partnership or any of their subsidiaries to terminate your employment or service relationship at any time subject to applicable law and the terms of any applicable employment agreement.

15. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Texas, without giving any effect to any conflict of law provisions thereof, except to the extent Texas state law is preempted by federal law. The obligation of the Company to sell and deliver Units hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Units.

16. Consent to Texas Jurisdiction and Venue. You hereby consent and agree that state courts located in Dallas, Texas and the United States District Court for the Northern District of Texas each shall have personal jurisdiction and proper venue with respect to any dispute between you and the Company arising in connection with the Performance Units or this Agreement. In any dispute with the Company, you will not raise, and you hereby expressly waive, any objection or defense to any such jurisdiction as an inconvenient forum.

17. Amendments. This Agreement may be amended by the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (b) other than in the circumstances described in clause (a) or provided in the Plan, with your consent.

18. No Liability for Good Faith Determinations. The General Partner, the Partnership, the Company, DINO and the members of the Committee, the Board and the DINO Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Performance Units granted hereunder.

19. No Guarantee of Interests. None of the Board, the DINO Board, the General Partner, the Partnership, DINO nor the Company guarantee the Units from loss or depreciation.

20. Nontransferability of Agreement. This Agreement and all rights under this Agreement shall not be transferable by you during your life other than by will or pursuant to applicable laws of descent and distribution. Any of your rights and privileges in connection herewith shall not be transferred, assigned, pledged or hypothecated by you or by any other person or persons, in any way, whether by operation of law, or otherwise, and shall not be subject to execution, attachment, garnishment or similar process. In the event of any such occurrence, this Agreement shall automatically be terminated and shall thereafter be null and void. Notwithstanding the foregoing, all or some of the Units or rights under this Agreement may be transferred to a spouse pursuant to a domestic relations order issued by a court of competent jurisdiction.

21. Company Records. Records of the Company, the Partnership or of their subsidiaries regarding your period of employment, termination of employment and the reason(s) therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

22. Notice. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or, if earlier, the date it is sent via certified United States mail.

23. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

24. Certain Covenants.

(a) Protection of Confidential Information. Following the Date of Grant, you will have access to, and the Company or one of its subsidiaries will provide you with, confidential, proprietary and/or trade secret information of the Company and the Partnership, relating to, among other things, (i) programs, strategies, information or materials related to the business, services, manner of operation and activities of the Company and the Partnership, (ii) customers or prospects of the Company and the Partnership, (iii) computer hardware or software used in the course of the Company and Partnership business, and (iv) marketing strategies or other activities of the Company and Partnership from or on behalf of any of its clients, (hereinafter collectively referred to as "***Confidential Information***"); provided, however, that, for purposes of this Agreement, the term Confidential Information shall not include any information that is or becomes known generally to the public or accessible to a third party on an unrestricted basis in each case other than as a result of a breach by you of your obligations with respect to confidentiality. "Confidential Information" also includes information that is competitively valuable to the Company, the Partnership or any of their subsidiaries by virtue of it not being publicly known. You recognize that such Confidential Information has been developed by the Company and Partnership at great expense; is a valuable, special and unique asset of the Company and Partnership which it uses in its business to obtain competitive advantage over its competitors; is and shall be proprietary to the Company and Partnership; is and shall remain the exclusive property of the Company and Partnership; and, is not to be transmitted to any other person, entity or thing. Accordingly, as a material inducement to the Company to enter into this Agreement with you and in partial consideration for the granting of the Award, you hereby:

(i) warrant and represent that you have not disclosed, copied, disseminated, shared or transmitted any Confidential Information to any person, firm, corporation or entity for any reason or purpose whatsoever, except in the course of carrying out your duties and responsibilities of employment with the Company and Partnership;

(ii) agree not to so disclose, copy, disseminate, share or transmit any Confidential Information in the future unless necessary for the performance of, and in the proper course of your performance for, your duties on behalf of the Company, the Partnership and their Affiliates;

(iii) agree not to make use of any Confidential Information for your own purposes or for the benefit of any person, firm, corporation or other entity, except that, in the course of carrying out the duties and responsibilities of your employment, you may use Confidential Information for the benefit of any Affiliate of the Company or Partnership; and

(iv) warrant and represent that all Confidential Information in your possession, custody or control that is or was a property of the Company, the Partnership or any of their Affiliates has been or shall be returned to the Company or Partnership by or on the date of the your termination.

Your covenants in this Section 24(a) are in addition to, and do not supersede, your obligations under any confidentiality, invention or trade secret agreements executed by you, or any laws with respect to Confidential Information.

(b) Non-Competition Covenant (Applicable to Pay Grades E1 and Above). The terms of this Section 24(b) shall only apply to the extent you are categorized as having a pay grade of E1 or higher (or such other pay grade as deemed by the Company to be its equivalent) as determined by and reflected on the payroll records of the Company:

(i) You acknowledge and agree that the Company's grant of the Award further aligns your interests with the long-term interests of the Company, the Partnership and their Affiliates. As a condition of your receipt of Confidential Information following your entry into this Agreement, and as an express incentive for the Company to enter into this Agreement and grant the Award, you have voluntarily agreed to the covenants set forth in this Section 24, subject to the provisions of 24(b)(v) below. You agree and acknowledge that the limitations and restrictions set forth herein are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the goodwill, Confidential Information (including trade secrets) and legitimate business interests of the Company, the Partnership and their Affiliates.

(ii) You agree that during the term of your employment with the Company, the Partnership or any of their Affiliates and for a period of one year following the date on which you are no longer employed by the Company, the Partnership or any of their Affiliates (the "***Prohibited Period***"), you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, engage in or participate within the Market Area in competition with the Company, the Partnership or any of their Affiliates in any aspect of the Business, which prohibition shall prevent you from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company, the Partnership or any of their Affiliates in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company, the Partnership or any of their Affiliates in any capacity (with respect to this clause (B)) in which your duties or responsibilities involve direct or indirect responsibilities with respect to any aspect of the Business.

(iii) You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, appropriate any Business Opportunity of, or relating to, the Company, the Partnership or any of their Affiliates located in the Market Area.

(iv) You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company, the Partnership or any of their Affiliates with whom or which you had contact or for whom or which you had direct or indirect responsibility on behalf of the Company, the Partnership or any of their Affiliates or about whom or which you have obtained Confidential Information in the course of your employment with the Company, the Partnership or any of their Affiliates to cease or lessen such customer's or supplier's business with the Company, Partnership or any of their Affiliates.

(v) Notwithstanding the foregoing, the above-referenced limitations in Sections 24(b)(ii), 24(b)(iii) and 24(b)(iv), such limitations shall not apply following the date that you are no longer employed by the Company, the Partnership or any of their Affiliates in those portions of the Market Area located within the State of Oklahoma. Instead, you agree that during the portion of the Prohibited Period that follows the date you are no longer employed by the Company, the Partnership or any of their Affiliates, the restrictions on your activities within those portions of the Market Area located within the State of Oklahoma (in addition to those restrictions set forth in Section 24(a) and Section 24(c) below) shall be as follows: during such portion of the Prohibited Period, you will not directly or indirectly solicit the sale of goods, services, or a combination of goods and services from the established customers of the Company, the Partnership or any of their Affiliates.

(c) Non-Solicitation. You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, solicit any employee or service provider of the Company, the Partnership or their Affiliates to terminate or lessen his or her employment or his, her or its service relationship with the Company, the Partnership or their Affiliates; provided, however, that (y) after the termination of your employment for any reason, such employees and service providers shall only include such employees and service providers that you directly worked with in the twelve months preceding the date of termination of your employment, and (z) it will not constitute a violation of this Section 24(c) if an employee or service provider of the Company, the Partnership or their Affiliates accepts employment or a service relationship with a Person not affiliated with the Company, the Partnership or their Affiliates (i) pursuant to a general solicitation advertising the position that was not targeted at such employee or service provider, (ii) as a result of communications initiated by the employee or service provider (and not in response to any solicitation by you) or (iii) where the employment or service relationship with the Company, the Partnership or their Affiliates with respect to such person was terminated more than six months prior to any action by you that would otherwise be a violation of this Section 24(c).

(d) Non-Disparagement. Subject to Section 24(f), you agree that you will not at any time, whether during of the term of your employment or thereafter, make any statement, oral or written, that is (i) a disparaging or negative comment concerning the Company, the Partnership or any of their Affiliates, or any of their respective directors, officers, managers, employees, equityholders, members or partners (collectively, the "Company Parties"), or (ii) otherwise detrimental to the reputation or goodwill of the Company or any other Company Party, and you shall refrain from directing or encouraging anyone else to make such disparaging, negative, or detrimental comment, unless required by law.

(e) Extent of Restrictions and Your Acknowledgment. You acknowledge that the restrictions contained in this Section 24, including the geographical and temporal restrictions, correctly set forth the understanding of the parties at the time this Agreement is entered into, are reasonable in all respects and necessary to protect the Confidential Information, goodwill and legitimate interests of the Company, the Partnership and their Affiliates, do not interfere with public interest and will not cause you undue hardship, and that any violation will cause substantial injury to the Company, the Partnership and their Affiliates. In the event of any such violation, the Company, the Partnership and each of their Affiliates shall be entitled, in addition to any other remedy (whether at law or equity), to preliminary or permanent injunctive relief. You waive, to the maximum extent permissible by law, any defenses or other objections to such remedies or the enforceability of this Section 24. To the maximum extent permissible by law, if any court having jurisdiction shall find that any part of the restrictions set forth this Section 24 are unreasonable or unenforceable in any respect, it is the intent of the parties that the restrictions (or parts thereof) set forth herein shall not be terminated, but that the restrictions set forth in this Section 2 shall be modified and remain in full force and effect to the extent (as to time periods and other relevant factors) that the court shall find reasonable.

(f) Limitations. In the event any breach of the covenants set forth in this Section 24 comes to the attention of the Company or Partnership, this Award and the Performance Units granted hereunder that have not at such time been settled shall be immediately forfeited to the Company and the Company and Partnership shall take into consideration such breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you. However, nothing in this Agreement will prevent you from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law, (ii) responding to any inquiry or legal process directed to you from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law, or (iv) making disclosures that are protected under the whistleblower provisions of applicable law. For the avoidance of doubt, nothing herein shall prevent you from making a disclosure that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may make disclosures without violating this Section 24 to the attorney of the individual and use such information in the court proceeding.

25. Exceptions to Governing Law, Jurisdiction and Venue. Notwithstanding Sections 15 and 16 above, if the law of the state in which you primarily reside or work during the term of your employment with the Company, the Partnership or any of their Affiliates or on the date on which your employment with the Company, the Partnership or any of their Affiliates terminates (such state, the "***Applicable State***") mandates that the law of the Applicable State shall apply to any dispute or part of a dispute between you and the Company, the Partnership or any of their Affiliates arising in connection with any of the obligations and covenants set forth in Section 24 (any such dispute or part of the dispute that is mandatorily subject to the law of the Applicable State, an "***Applicable State Dispute***"), then such Applicable State Dispute shall be governed by the law of the Applicable State. Further, if the law of the Applicable State mandates that the federal and state courts (as applicable) of the Applicable State shall have jurisdiction and proper venue with respect to any Applicable State Dispute, then such courts shall have jurisdiction and proper venue with respect to such Applicable State Dispute. For the avoidance of doubt, any dispute or parts of a dispute that are not an Applicable State Dispute shall be governed by the terms of Sections 15 and 16.

26. Clawback. This Agreement is subject to any written clawback policies that the Company or the Partnership, with the approval of the Board or the Committee, may adopt to the extent allowed by applicable law. Any such policy may subject your Award and amounts paid or realized with respect to the Award under this Agreement to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including but not limited to an accounting restatement due to the Company's or Partnership's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted by the Company or Partnership, including any policy to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission and that the Company or the Partnership determines should apply to this Agreement.

27. Compliance with Section 409A. This Agreement is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. Payment under this Agreement shall be made in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. The applicable provisions of Section 409A of the Code are hereby incorporated by reference and shall control over any contrary provisions herein that conflict therewith. Termination or separation from employment, separation from service and similar terms used in this Agreement shall mean a "separation from service" within the meaning of Treasury Regulation § 1.409A-1(h). Each payment under this Agreement is considered a separate payment for purposes of Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, if you are a "specified employee" under Section 409A of the Code at the time of

separation from service and if payment of any amount under this Agreement is required to be delayed for a period of six months after the separation from service pursuant to Section 409A of the Code, payment of such amount shall be delayed as required by Section 409A of the Code, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If you die during the postponement period prior to the payment of postponed amount, the accumulated postponed amount shall be paid to the personal representative of your estate within 60 days after the date of your death.

28. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

29. Company Action. Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

30. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

31. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

HOLLY LOGISTIC SERVICES, L.L.C.

____
Michael C. Jennings
Chief Executive Officer and President

<u>Appendix A</u>

Defined Terms

For purposes of the Agreement, the following terms shall have the meanings assigned below:

"***Adverse Change***" means, without your express written consent, (i) a change in your principal office to a location more than 25 miles from your work address as of the Date of Grant, (ii) a material increase (without adequate consideration), a material reduction in duties of the type previously performed by you, (iii) a material reduction in your base compensation (other than bonuses and other discretionary items of compensation) that does not apply generally to employees of the Company or its successor, or (iv) or a substantial increase in travel requirements of employment. You must provide notice to the Company of the event alleged to constitute an Adverse Change within ninety (90) days of the occurrence of such event and the Company shall be given the opportunity to remedy the alleged Adverse Change and/or to contest your assertion that an Adverse Change event has occurred within thirty (30) days from receipt of such notice.

"***Affiliate***" has the meaning provided in Rule 12b-2 under the Exchange Act.

"***Beneficial Owner***" has the meaning provided in Rule 13d-3 under the Exchange Act.

"***Business***" means the business and operations that are the same or similar to those performed by the Company, the Partnership or any of their Affiliates for which you provide services or about which you obtain Confidential Information during the term of your employment with the Company, the Partnership or any of their Affiliates, which business and operations include the manufacture, storage, distribution, transportation, refining, and/or sale of crude oil and products such as gasoline, diesel fuel, jet fuel, renewable diesel, specialty lubricant products, specialty chemicals, and specialty and modified asphalt.

"***Business Opportunity***" means any commercial, investment or other business opportunity relating to the Business.

"***Cause***" means (i) an act or acts of dishonesty on your part constituting a felony or serious misdemeanor and resulting or intended to result directly in gain or personal enrichment at the expense of the Company, the Partnership or any of their Affiliates; (ii) gross or willful and wanton negligence in the performance of the material and substantial duties of your employment with the Company, the Partnership or any of their Affiliates; or (iii) conviction of a felony involving moral turpitude. The existence of Cause shall be determined by the Committee, in its sole and absolute discretion.

"***Change in Control***" means, notwithstanding the definition of such term in the Plan:

(i) Any Person, other than DINO or any of its wholly-owned subsidiaries, the General Partner, the Partnership, the Company, or any of their subsidiaries, a trustee or other fiduciary holding securities under an employee benefit plan of DINO, the Partnership, the Company or any of their Affiliates, an underwriter temporarily holding securities pursuant to an offering of such securities, or any entity owned, directly or indirectly, by the holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership in DINO, the Company, the General Partner or the Partnership, respectively, is or becomes the Beneficial Owner, directly or indirectly, of securities of DINO, the Company, the General Partner or the Partnership (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the General Partner, the Partnership, the Company or their Affiliates) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the

Partnership's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (iii)(A) below.

(ii) The individuals who as of the Date of Grant constitute the DINO Board and any New Director cease for any reason to constitute a majority of the DINO Board.

(iii) There is consummated a merger or consolidation of DINO, the Company, the General Partner or the Partnership with any other entity, except if:

(A) the merger or consolidation results in the voting securities of DINO, the Company, the General Partner or the Partnership outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(B) the merger or consolidation is effected to implement a recapitalization of DINO, the Company, the General Partner or the Partnership (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly, or indirectly, of securities of DINO, the Company, the General Partner or the Partnership, as applicable, (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the Company, the General Partner or the Partnership or their Affiliates other than in connection with the acquisition by DINO, the Company, the General Partner or the Partnership or its Affiliates of a business) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the Partnership's, as applicable, then outstanding securities.

(iv) The holders of the voting securities of DINO, the Company, the General Partner or the Partnership approve a plan of complete liquidation or dissolution of DINO, the Company, the General Partner or the Partnership or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by holders of the voting securities of DINO, the Company, the General Partner or the Partnership of all or substantially all of DINO's, the Company's, the General Partner's or the Partnership's assets, as applicable, to an entity at least 60% of the combined voting power of the voting securities of which is owned by the direct and indirect holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, immediately prior to such sale.

*"**DINO**"* means HF Sinclair Corporation.

"***DINO Board***" means Board of Directors of DINO.

"***EBITDA***" is defined as the Partnership's earnings before interest, taxes, depreciation and amortization of for each 12 month period during the Performance Period.

"***EBITDA Performance Percentage***" means the percentage set forth in the table below determined in accordance with the Partnership's actual aggregate EBITDA achievement during the Performance Period compared with aggregate Target EBITDA during the Performance Period:

EBITDA Achievement Relative to Target EBITDA	**EBITDA Performance Percentage**
Target EBITDA plus 2.5%	Maximum (200% of Target)
< Target EBITDA plus 2.5% but better than Target EBITDA	Interpolate between 100% and 200%
Target EBITDA	Target (100%)
<Target EBITDA but better than Target EBITDA minus 5%	Interpolate between 50% and 100%
Target EBITDA minus 5%	50% of Target (Minimum)
< Target EBITDA minus 5%	Zero

Notwithstanding the table above, the Committee retains the ability to adjust the EBITDA Performance Percentage in its discretion regardless of the Partnership's actual EBITDA or the Target EBITDA established with respect to any, or each, Oct. 1-Sept. 30 period within the Performance Period.

"***General Partner***" means HEP Logistics Holdings, L.P.

"***Market Area***" means: (i) during the period in which you are employed by the Company, the Partnership or any of their Affiliates, the geographic areas within a 100-mile radius of any location where the Company, the Partnership or any of their Affiliates has an office or has engaged in the Business within the preceding 24 months, and (ii) during the portion of the Prohibited Period that continues following the date on which you are no longer employed by the Company, the Partnership or any of their Affiliates, the geographic areas within a 100 mile radius of any location where, as of the date on which you ceased to be employed by the Company, the Partnership or any of their Affiliates or at any time during the preceding 24 month period, the Company, the Partnership or any of their Affiliates had an office or engaged in the Business.

"***New Director***" means an individual whose election by the DINO Board, or nomination for election by the holders of the voting securities of DINO, was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the Date of Grant or whose election or nomination for election was previously so approved or recommended. However, "New Director" shall not include a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation relating to the election of directors of DINO.

"***Peer Group***" means Archrock, Inc., Crestwood Equity Partners LP, Delek Logistics Partners, LP, Enlink Midstream, LLC, Hess Midstream LP, MPLX LP, NuStar Energy L.P., PBF Logistics LP, Shell Midstream Partners, L.P., and Summit Midstream Partners, LP. If a member of the Peer Group ceases to be a public company during the Performance Period (whether by merger, consolidation, liquidation or otherwise) or it fails to file financial statements with the SEC in a timely manner, it shall be treated as if it had not been a Peer Group member for the entire Performance Period.

"***Performance Unit Payout Percentage***" means the percentile obtained by dividing the sum of (i) the EBITDA Performance Percentage and (ii) the TUR Performance Percentage, by two.

"***Person***" has the meaning given in Section 3(a)(9) of the Exchange Act as modified and used in Sections 13(d) and 14(d) of the Exchange Act.

"***Retirement***" means your termination of employment other than for Cause on or after the date on which you: (i) have achieved ten years of continuous service with the Company, the Partnership or any of their Affiliates, and (ii) are age sixty (60).

"***Special Involuntary Termination***" means within 60 days prior to, or at any time after, a Change in Control, either: (i) a termination by the Company of your employment with the Company or executive services to the Partnership and the Company (including subsidiaries of the Company), for any reason other than Cause that results in you no longer being employed by the Company, the Partnership or any of their subsidiaries, or (ii) a resignation by you from employment or service with the Company (including subsidiaries of the Company) that results in you no longer being employed by the Company, the Partnership or any of their subsidiaries within 90 days after an Adverse Change in the terms of your employment.

"***Target EBITDA***" means the sum of the EBITDA targets established by the Committee for each Oct. 1-Sept. 30 period during the Performance Period. The target EBITDA will be communicated to you within the fourth quarter of each calendar year within the Performance Period.

"***Total Unitholder Return***" or TUR, means (i) the sum of (A) unit price appreciation (calculated as the closing price of the Units for the last business day of the Performance Period less the closing price of the Units for the first business day of the Performance Period), plus (B) cumulative distributions during the Performance Period, plus (C) any additional value or compensation received by unitholders such as units received from spinoffs, divided by (ii) the closing price of the Units on the first business day of the Performance Period, adjusted to take into account any unit splits, changes in capitalization or other similar events. Such determinations and adjustments shall be made by the Committee in its discretion.

"***TUR Performance Percentage***" means the percentage set forth in the table below determined in accordance with the percentile ranking of the Total Unitholder Return of the Partnership compared to the TUR of each entity in the Peer Group achieved during the Performance Period:

Ranking of the Partnership within Peer Group	**TUR Performance Percentage**
90^{th} percentile or better	Maximum (200% of Target)
$<90^{th}$ percentile but better than 50^{th} percentile	Interpolate between 100% and 200%
50^{th} percentile	Target (100%)
$<50^{th}$ percentile but better than 25^{th} percentile	Interpolate between 25% and 100%
25^{th} percentile	25% of Target (Minimum)
$<25^{th}$ percentile	Zero

Exhibit 10.49

HOLLY ENERGY PARTNERS, L.P.
LONG-TERM INCENTIVE PLAN

PHANTOM UNIT AGREEMENT
(Employee)

This Agreement is made and entered into as of the Date of Grant set forth in the Notice of Grant of Phantom Units ("***Notice of Grant***") by and between Holly Logistic Services, L.L.C. (the "***Company***"), and you.

WHEREAS, the Company, as part of your compensation for employment to the Company and Holly Energy Partners, L.P. (the "***Partnership***") or any of their subsidiaries and in order to further induce you to materially contribute to the success of the Company and the Partnership, agrees to grant you this phantom unit award;

WHEREAS, the Company adopted the Holly Energy Partners, L.P. Long-Term Incentive Plan, as it may be amended from time to time (the "***Plan***") under which the Company is authorized to grant phantom unit awards to certain employees and service providers of the Company;

WHEREAS, a copy of the Plan has been furnished to you and shall be deemed a part of this Phantom Unit Agreement (Employee) ("***Agreement***") as if fully set forth herein and the terms capitalized but not defined herein shall have the meanings set forth in the Plan; and

WHEREAS, you desire to accept the phantom unit award made pursuant to this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the parties hereto agree as follows:

1. The Grant. Subject to the conditions set forth below, the Company hereby grants you effective as of the Date of Grant set forth in the Notice of Grant, as a matter of separate inducement but not in lieu of any cash or other compensation for your employment with the Company, the Partnership or any of their subsidiaries, an award (the "***Award***") consisting of Phantom Units ("***Phantom Units***") covering the aggregate number of Units set forth in the Notice of Grant in accordance with the terms and conditions set forth herein and in the Plan, plus the additional rights to receive possible distribution equivalents, in accordance with the terms and conditions set forth herein.

2. No Unitholder Rights. The Phantom Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a holder of Units prior to the date Units, if any, are issued to you in settlement of the Award.

3. Distribution Equivalents. In the event that the Partnership declares and pays a distribution in respect of its outstanding Units on or after the Date of Grant and, on the record date for such distribution, you hold Phantom Units granted pursuant to this Agreement that have not been settled, the Company shall pay to you an amount in cash equal to the cash distributions you would have received if you were the holder of record as of such record date, of the number of Units related to the portion of your Phantom Units that have not been settled as of such record date, such payment ("***Distribution Equivalents***") to be made on or promptly following the date that the Company pays such distribution (however, in no event shall the Distribution Equivalents

be paid later than 30 days following the date on which the Partnership pays such distribution to its unitholders generally).

4. Restrictions; Forfeiture. The Phantom Units are restricted in that they cannot be sold, transferred or otherwise alienated or hypothecated until Units related to such Phantom Units are issued pursuant to Section 7 following the removal or expiration of the restrictions as contemplated in Section 5 (and Section 6, if applicable) of this Agreement and as described in the Notice of Grant. In the event you cease to be an employee of the Company, the Partnership or any of their subsidiaries, other than as provided in Section 6 below, the Phantom Units that are not vested on the date of your termination of employment shall be forfeited immediately following your termination of employment.

5. Expiration of Restrictions and Risk of Forfeiture. The restrictions on the Phantom Units granted pursuant to this Agreement will expire and the Phantom Units will become nonforfeitable as set forth in the Notice of Grant, provided that you remain an employee of the Company, the Partnership or any of their subsidiaries until the applicable dates and times set forth therein. Phantom Units that have become vested and non-forfeitable as provided in this Agreement are referred to herein as "***Vested***."

6. Termination of Employment.

(a) Termination Generally. Subject to subsections (b), (c), and (d) below, if your employment relationship with the Company, the Partnership, or any of their subsidiaries is terminated for any reason (including if you voluntarily separate from employment (other than due to your Retirement) or are terminated by action of the Company, the Partnership or any of their subsidiaries (including termination for Cause but other than a Special Involuntary Termination)) such that, as a result of such termination you are no longer employed by the Company, the Partnership or any of their subsidiaries, then those Phantom Units that have not become Vested as of the date of your termination of employment shall become null and void and those Phantom Units shall be forfeited to the Company immediately following your termination of employment. The Phantom Units that are Vested as of the date of your termination of employment shall not be forfeited to the Company and will be settled in accordance with Section 7.

(b) Death, Disability or Retirement. In the event of termination of your employment due to your (i) death, (ii) total and permanent disability, as determined by the Committee in its sole discretion, or (iii) Retirement, in either case, before all of the Phantom Units granted pursuant to this Agreement have become Vested, you will forfeit immediately following your termination of employment a number of Phantom Units equal to the number of Phantom Units specified in the Notice of Grant times the percentage that (A) the number of days beginning on the day on which the termination due to death, disability or Retirement occurs and ending on the last day of the Service Period, (B) bears to the total number of days in the Service Period, and any remaining Phantom Units that are not vested will become Vested immediately following your termination of employment; provided, however, that any fractional Phantom Units will become null and void and automatically forfeited. In its sole discretion, the Committee may decide to vest all of the Phantom Units in lieu of the prorated number of Phantom Units as provided in this Section 6(b).

(c) Special Involuntary Termination. In the event of a Special Involuntary Termination, all of the Phantom Units granted pursuant to this Agreement will become Vested immediately following such Special Involuntary Termination. Payment pursuant to this Section 6(c) is in lieu of payment pursuant to Section 6(a) and if you receive payment pursuant to this Section 6(c) you will not be entitled to any payment pursuant to Section 6(b).

(d) Effect of Employment Agreement. Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 6 and any written employment, change in control, or similar agreement entered into by and between you and the Company, Partnership, or any of their subsidiaries, the terms of the employment, change in control or similar agreement shall control, subject to compliance with Section 409A of the Code.

(e) Leave of Absence. With respect to the Award, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of, or providing services for, the Company, the Partnership or any of their subsidiaries, provided that rights to the Phantom Units during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began.

7. Issuance of Units. Units shall be issued to you in settlement of your Vested Phantom Units by March 15th of the year following the date upon which such Phantom Units become Vested in accordance with the Agreement; provided, however, if any Phantom Unit is or becomes subject to Section 409A of the Code, settlement of such Phantom Unit shall be on or before December 31st, or (if later) 90 days, following the date upon which such Phantom Unit becomes Vested. At the time of settlement, the Company shall cause to be issued Units registered in your name in payment of the Award. The Company shall evidence the Units to be issued in payment of the Phantom Units in the manner it deems appropriate. The value of any fractional Phantom Unit shall be rounded down at the time Units, if any, are issued to you. No fractional Units, nor the cash value of any fractional Units, will be issuable or payable to you pursuant to this Agreement. The value of Units shall not bear any interest owing to the passage of time. Neither this Section 7 nor any action taken pursuant to or in accordance with this Section 7 shall be construed to create a trust or a funded or secured obligation of any kind.

8. Payment of Taxes. The Company may require you to pay to the Company (or the Partnership or an Affiliate of the Company if you are an employee of the Partnership or an Affiliate of the Company), an amount the Company deems necessary to satisfy its (or the Partnership's or the Affiliate's) current or future withholding with respect to federal, state or local income or other taxes that you incur as a result of the Award. With respect to any tax withholding (and to the extent permissible pursuant to Rule 16b-3 under the Exchange Act, if applicable), you may (a) direct the Company to withhold from the Units to be issued to you under this Agreement the number of Units necessary to satisfy the Company's withholding of such taxes, which determination will be based on the Units' Fair Market Value at the time such determination is made; (b) deliver to the Company Units sufficient to satisfy the Company's tax withholding, based on the Units' Fair Market Value at the time such determination is made; or (c) deliver cash to the Company sufficient to satisfy its tax withholding. If you desire to elect to use the Unit withholding option described in subparagraph (a), you must make the election at the time and in the manner the Company prescribes and the maximum number of Units that may be so withheld or surrendered shall be a number of Units that have an aggregate Fair Market Value on the date of withholding or repurchase of up to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment with respect to the Award. The Committee, in its discretion, may deny your request to satisfy its tax withholding using a method described under subparagraph (a) or (b). In the event the Company determines that the aggregate Fair Market Value of the Units withheld as payment of any tax withholding is insufficient to discharge that tax withholding, then you must pay to the Company, in cash, the amount of that deficiency immediately upon the Company's request. In the event that you fail to make arrangements that are acceptable to the Committee for providing to the Company, at the time or times required, the amounts of federal, state and local taxes required to be withheld with respect to the Phantom Units granted to you under this Agreement,

the Company shall have the right to purchase and/or to sell to one or more third parties in either market or private transactions sufficient Units otherwise paid or payable pursuant to this Award to provide the funds needed for the Company to make the required tax payment or payments.

9. Adjustment of Phantom Units. The number of Phantom Units granted to you pursuant to this Agreement shall be adjusted to reflect distributions of the Partnership paid in units, unit splits or other changes in the capital structure of the Partnership, all in accordance with the Plan. All provisions of this Agreement shall be applicable to such new or additional or different units or securities distributed or issued pursuant to the Plan to the same extent that such provisions are applicable to the units with respect to which they were distributed or issued. In the event that the outstanding Units of the Partnership are exchanged for a different number or kind of units or other securities, or if additional, new or different units are distributed with respect to the Units through merger, consolidation, or sale of all or substantially all of the assets of the Partnership, each remaining unit subject to this Agreement shall have substituted for it a like number and kind of units or shares of new or replacement securities as determined in the sole discretion of the Committee, subject to the terms and provisions of the Plan.

10. Compliance with Securities and Other Applicable Laws. Notwithstanding any provision of this Agreement to the contrary, the issuance of Units (including Phantom Units) will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Units may then be listed. No Units will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Units may then be listed. In addition, Units will not be issued hereunder unless (a) a registration statement under the Securities Act, is at the time of issuance in effect with respect to the Units issued or (b) in the opinion of legal counsel to the Company, the Units issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Units subject to the Award will relieve the Company of any liability in respect of the failure to issue such Units as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make Units available for issuance.

11. Legends. The Company may at any time place legends referencing any restrictions imposed on the Units pursuant to Sections 4 and 10 of this Agreement on all certificates representing Units issued with respect to this Award.

12. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

13. Remedies. The Company shall be entitled to recover from you reasonable attorneys' fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise to the extent allowed by applicable law.

14. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of Phantom Units or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, will, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. In addition, the Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a general release of all claims in favor of the Company, the Partnership, any Affiliate and the foregoing entities' respective predecessors, successors, employees, officers, directors, managers, members, stockholders or board members of the foregoing in such form as the Company may determine (the "***Release***"). If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by you, then you shall not be entitled to settlement of any portion of the Award. As used herein, the "Release Expiration Date" is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to you (which shall occur no later than seven (7) days after your termination of employment) or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), and you are age 40 or over as of your termination date, the date that is forty-five (45) days following such delivery date. The parties may agree in writing to extend the consideration timelines stated in this paragraph. In the event the period you are given to review, execute and revoke a release provided pursuant to this Section 14 spans two calendar years, any payment to you pursuant to this Agreement will be made in the second calendar year.

15. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any applicable law, then such provision will be deemed to be modified to the minimum extent necessary to render it legal, valid and enforceable; and if such provision cannot be so modified, then this Agreement will be construed as if not containing the provision held to be invalid, and the rights and obligations of the parties will be construed and enforced accordingly.

16. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon you and the Company. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

17. Right of the Company, Partnership and Subsidiaries to Terminate Services. Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company, the Partnership or any of their subsidiaries, or interfere in any way with the rights of the Company, the Partnership or any of their subsidiaries to terminate your employment or service relationship at any time subject to applicable law and the terms of any applicable employment agreement.

18. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Texas, without giving any effect to any conflict of law provisions thereof, except to the extent Texas state law is preempted by federal law. The obligation of the Company to sell and deliver Units hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Units.

19. Consent to Texas Jurisdiction and Venue. You hereby consent and agree that state courts located in Dallas, Texas and the United States District Court for the Northern District

of Texas each shall have personal jurisdiction and proper venue with respect to any dispute between you and the Company arising in connection with the Phantom Units or this Agreement. In any dispute with the Company, you will not raise, and you hereby expressly waive, any objection or defense to any such jurisdiction as an inconvenient forum.

20. Amendments. This Agreement may be amended by the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (b) other than in the circumstances described in clause (a) or provided in the Plan, with your consent.

21. No Liability for Good Faith Determinations. The General Partner, the Partnership, the Company, DINO and the members of the Committee, the Board and the DINO Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Phantom Units granted hereunder.

22. No Guarantee of Interests. None of the Board, the DINO Board, the General Partner, the Partnership, DINO nor the Company guarantee the Units from loss or depreciation.

23. Nontransferability of Agreement. This Agreement and all rights under this Agreement shall not be transferable by you during your life other than by will or pursuant to applicable laws of descent and distribution. Any of your rights and privileges in connection herewith shall not be transferred, assigned, pledged or hypothecated by you or by any other person or persons, in any way, whether by operation of law, or otherwise, and shall not be subject to execution, attachment, garnishment or similar process. In the event of any such occurrence, this Agreement shall automatically be terminated and shall thereafter be null and void. Notwithstanding the foregoing, all or some of the Units or rights under this Agreement may be transferred to a spouse pursuant to a domestic relations order issued by a court of competent jurisdiction.

24. Company Records. Records of the Company, the Partnership or their subsidiaries regarding your period of employment, termination of employment and the reason(s) therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

25. Notice. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or, if earlier, the date it is sent via certified United States mail.

26. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

27. Certain Covenants.

(a) Protection of Confidential Information. Following the Date of Grant set forth in the Notice of Grant you will have access to, and the Company or one of its subsidiaries will provide you with, confidential, proprietary and/or trade secret information of the Company and the Partnership, relating to, among other things, (i) programs, strategies, information or materials related to the business, services, manner of operation and activities of the Company and the Partnership, (ii) customers or prospects of the Company and the Partnership, (iii) computer hardware or software used in the course of the Company and Partnership business, and

(iv) marketing strategies or other activities of the Company and Partnership from or on behalf of any of its clients, (hereinafter collectively referred to as "***Confidential Information***"); provided, however, that, for purposes of this Agreement, the term Confidential Information shall not include any information that is or becomes known generally to the public or accessible to a third party on an unrestricted basis, in each case other than as a result of a breach by you of your obligations with respect to confidentiality. "Confidential Information" also includes information that is competitively valuable to the Company, the Partnership or any of their subsidiaries by virtue of it not being publicly known. You recognize that such Confidential Information has been developed by the Company and Partnership at great expense; is a valuable, special and unique asset of the Company and Partnership which it uses in its business to obtain competitive advantage over its competitors; is and shall be proprietary to the Company and Partnership; is and shall remain the exclusive property of the Company and Partnership; and, is not to be transmitted to any other person, entity or thing. Accordingly, as a material inducement to the Company to enter into this Agreement with you and in partial consideration for the granting of the Award, you hereby:

(i) warrant and represent that you have not disclosed, copied, disseminated, shared or transmitted any Confidential Information to any person, firm, corporation or entity for any reason or purpose whatsoever, except in the course of carrying out your duties and responsibilities of employment with the Company and Partnership;

(ii) agree not to so disclose, copy, disseminate, share or transmit any Confidential Information in the future unless necessary for the performance of, and in the proper course of your performance for, your duties on behalf of the Company, Partnership and their Affiliates;

(iii) agree not to make use of any Confidential Information for your own purposes or for the benefit of any person, firm, corporation or other entity, except that, in the course of carrying out the duties and responsibilities of your employment, you may use Confidential Information for the benefit of any Affiliate of the Company or Partnership; and

(iv) warrant and represent that all Confidential Information in your possession, custody or control that is or was a property of the Company, the Partnership or any of their Affiliates has been or shall be returned to the Company or Partnership by or on the date of your termination.

Your covenants in this Section 27(a) are in addition to, and do not supersede, your obligations under any confidentiality, invention or trade secret agreements executed by you, or any laws with respect to Confidential Information.

(b) Non-Competition Covenant (Applicable to Pay Grades E1 and Above). The terms of this Section 27(b) shall only apply to the extent you are categorized as having a pay grade of E1 or higher (or such other pay grade as deemed by the Company to be its equivalent) as determined by and reflected on the payroll records of the Company:

(i) You acknowledge and agree that the Company's grant of the Award further aligns your interests with the long-term interests of the Company, Partnership and their Affiliates. As a condition of your receipt of Confidential Information following your entry into this Agreement, and as an express incentive for the Company to enter into this Agreement and grant the Award, you have voluntarily agreed to the covenants set forth in this Section 27, subject to the provisions of Section 27(b)(v) below. You agree and acknowledge that the limitations and restrictions set forth herein are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the goodwill, Confidential

Information (including trade secrets) and legitimate business interests of the Company, Partnership and their Affiliates.

(ii) You agree that during the term of your employment with the Company, Partnership or any of their Affiliates and for a period of one year following the date on which you are no longer employed by the Company, Partnership or any of their Affiliates (the "***Prohibited Period***"), you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, engage in or participate within the Market Area in competition with the Company, Partnership or any of their Affiliates in any aspect of the Business, which prohibition shall prevent you from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company, Partnership or any of their Affiliates in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company, Partnership or any of their Affiliates in any capacity (with respect to this clause (B)) in which your duties or responsibilities involve direct or indirect responsibilities with respect to any aspect of the Business.

(iii) You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, appropriate any Business Opportunity of, or relating to, the Company, Partnership or any of their Affiliates located in the Market Area.

(iv) You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company, Partnership or any of their Affiliates with whom or which you had contact or for whom or which you had direct or indirect responsibility on behalf of the Company, Partnership or any of their Affiliates or about whom or which you have obtained Confidential Information in the course of your employment with the Company, Partnership or any of their Affiliates to cease or lessen such customer's or supplier's business with the Company, Partnership or any of their Affiliates.

(v) Notwithstanding the foregoing, the above-referenced limitations in Sections 27(b)(ii), 27(b)(iii) and 27(b)(iv), such limitations shall not apply following the date that you are no longer employed by the Company, Partnership or any of their Affiliates in those portions of the Market Area located within the State of Oklahoma. Instead, you agree that during the portion of the Prohibited Period that follows the date you are no longer employed by the Company, Partnership or any of their Affiliates, the restrictions on your activities within those portions of the Market Area located within the State of Oklahoma (in addition to those restrictions set forth in Section 27(a) and Section 27(c) below) shall be as follows: during such portion of the Prohibited Period, you will not directly or indirectly solicit the sale of goods, services, or a combination of goods and services from the established customers of the Company, Partnership or any of their Affiliates.

(c) Non-Solicitation. You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, solicit any employee or service provider of the Company, Partnership or their Affiliates to terminate or lessen his or her employment or his, her or its service relationship with the Company, Partnership or their Affiliates; provided, however, that (y) after the termination of your employment for any reason, such employees and service providers shall only include such employees and service providers that you directly worked with in the twelve months preceding the date of termination of your employment, and (z) it will not constitute a violation of this Section 27(c) if an employee or service provider of the Company, Partnership or their Affiliates accepts employment or a service relationship with a Person not affiliated with the Company, Partnership or their Affiliates (i) pursuant to a general solicitation advertising the position that was not targeted at such employee or service provider, (ii) as a result of communications initiated by the employee or service provider (and not in response to any solicitation by you) or (iii) where the employment or service relationship with the Company, Partnership or their Affiliates with respect to such person was terminated more than six months prior to any action by you that would otherwise be a violation of this Section 27(c).

(d) Non-Disparagement. Subject to Section 27(f), you agree that you will not at any time, whether during of the term of your employment or thereafter, make any statement, oral or written, that is (i) a disparaging or negative comment concerning the Company, Partnership, any of their Affiliates, or any of their respective directors, officers, managers, employees, equityholders, members or partners (collectively, the "Company Parties"), or (ii) otherwise detrimental to the reputation or goodwill of the Company or any other Company Party, and you shall refrain from directing or encouraging anyone else to make such disparaging, negative, or detrimental comment, unless required by law.

(e) Extent of Restrictions and Your Acknowledgment. You acknowledge that the restrictions contained in this Section 27, including the geographical and temporal restrictions, correctly set forth the understanding of the parties at the time this Agreement is entered into, are reasonable in all respects and necessary to protect the Confidential Information, goodwill and legitimate interests of the Company, the Partnership and their Affiliates, do not interfere with public interests and will not cause you undue hardship, and that any violation will cause substantial injury to the Company, the Partnership and their Affiliates. In the event of any such violation, the Company, the Partnership and each of their Affiliates shall be entitled, in addition to any other remedy (whether at law or equity), to preliminary or permanent injunctive relief. You waive, to the maximum extent permissible by law, any defenses or other objections to such remedies or the enforceability of this Section 27. To the maximum extent permissible by law, if any court having jurisdiction shall find that any part of the restrictions set forth this Section 27 are unreasonable or unenforceable in any respect, it is the intent of the parties that the restrictions (or parts thereof) set forth herein shall not be terminated, but that the restrictions set forth in this Section 27 shall be modified and remain in full force and effect to the extent (as to time periods and other relevant factors) that the court shall find reasonable.

(f) Limitations. In the event any breach of the covenants set forth in this Section 27 comes to the attention of the Company or Partnership, this Award and the Phantom Units granted hereunder that have not at such time been settled shall be immediately forfeited to the Company and the Company and Partnership shall take into consideration such breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you. However, nothing in this Agreement will prevent you from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law, (ii) responding to any inquiry or legal process directed to you from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law, or (iv) making disclosures that are protected under the whistleblower provisions of applicable law. For the avoidance of doubt, nothing herein shall prevent you from making a disclosure that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may make disclosures without violating this Section 27 to the attorney of the individual and use such information in the court proceeding.

28. Exceptions to Governing Law, Jurisdiction and Venue. Notwithstanding Sections 18 and 19 above, if the law of the state in which you primarily reside or work during the term of your employment with the Company, the Partnership or any of their Affiliates or on the date on which your employment with the Company, the Partnership or any of their Affiliates terminates (such state, the "***Applicable State***") mandates that the law of the Applicable State shall apply to any dispute or part of a dispute between you and the Company, the Partnership or any of their Affiliates arising in connection with any of the obligations and covenants set forth in Section 27 (any such dispute or part of the dispute that is mandatorily subject to the law of the Applicable State, an "***Applicable State Dispute***"), then such Applicable State Dispute shall be governed by the law of the Applicable State. Further, if the law of the Applicable State mandates that the federal and state courts (as applicable) of the Applicable State shall have jurisdiction and proper venue with respect to any Applicable State Dispute, then such courts shall have jurisdiction and proper venue with respect to such Applicable State Dispute. For the avoidance of doubt, any dispute or parts of a dispute that are not an Applicable State Dispute shall be governed by the terms of Sections 18 and 19.

29. Clawback. This Agreement is subject to any written clawback policies that the Company or the Partnership, with the approval of the Board or the Committee, may adopt to the extent allowed by applicable law. Any such policy may subject your Award and amounts paid or realized with respect to the Award under this Agreement to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including but not limited to an accounting restatement due to the Company's or Partnership's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted by the Company or Partnership, including any policy to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission and that the Company or the Partnership determines should apply to this Agreement.

30. Compliance with Section 409A. This Agreement is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. Payment under this Agreement shall be made in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. The applicable provisions of Section 409A of the Code are hereby incorporated by reference and shall control over any contrary provisions herein that conflict therewith. Termination or separation from employment, separation from service and similar terms used in this Agreement shall mean a "separation from service" within the meaning of Treasury Regulation § 1.409A-1(h). Each payment under this Agreement is considered a separate payment for purposes of Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, if you are a "specified employee" under Section 409A of the Code at the time of separation from service and if payment of any amount under this Agreement is required to be delayed for a period of six months after the separation from service pursuant to Section 409A of the Code, payment of such amount shall be delayed as required by Section 409A of the Code, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If you die during the postponement period prior to the payment of postponed amount, the accumulated postponed amount shall be paid to the personal representative of your estate within 60 days after the date of your death.

31. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

32. Company Action. Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

33. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

34. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

35. Defined Terms.

(a) "***Adverse Change***" means, without your express written consent, (i) a change in your principal office to a location more than 25 miles from your work address as of the Date of Grant, (ii) a material increase (without adequate consideration) or a material reduction in duties of the type previously performed by you, (iii) a material reduction in your base compensation (other than bonuses and other discretionary items of compensation) that does not apply generally to employees of the Company or its successor, or (iv) a substantial increase in travel requirements of employment. You must provide notice to the Company of the event alleged to constitute an Adverse Change within ninety (90) days of the occurrence of such event and the Company shall be given the opportunity to remedy the alleged Adverse Change and/or to contest your assertion that an Adverse Change event has occurred within thirty (30) days from receipt of such notice.

(b) "***Affiliate***" has the meaning provided in Rule 12b-2 under the Exchange Act.

(c) "***Beneficial Owner***" has the meaning provided in Rule 13d-3 under the Exchange Act.

(d) "***Business***" means the business and operations that are the same or similar to those performed by the Company, the Partnership, or any of their Affiliates for which you provide services or about which you obtain Confidential Information during the term of your employment with the Company, the Partnership, or any of their Affiliates, which business and operations include the manufacture, storage, distribution, transportation, refining, and/or sale of crude oil and products such as gasoline, diesel fuel, jet fuel, renewable diesel, specialty lubricant products, specialty chemicals, and specialty and modified asphalt.

(e) "***Business Opportunity***" means any commercial, investment or other business opportunity relating to the Business.

(f) "***Cause***" means (i) an act or acts of dishonesty on your part constituting a felony or serious misdemeanor and resulting or intended to result directly in gain or personal enrichment at the expense of the Company, the Partnership or any of their Affiliates; (ii) gross or willful and wanton negligence in the performance of the material and substantial duties of your employment with the Company, the Partnership or any of their Affiliates; or (iii) conviction of a felony involving moral turpitude. The existence of Cause shall be determined by the Committee, in its sole and absolute discretion.

(g) "***Change in Control***" means, notwithstanding the definition of such term in the Plan:

(i) Any Person, other than DINO or any of its wholly-owned subsidiaries, the General Partner, the Partnership, the Company, or any of their subsidiaries, a trustee or other fiduciary holding securities under an employee benefit plan of DINO, the Partnership, the Company or any of their Affiliates, an underwriter temporarily holding securities pursuant to an offering of such securities, or any entity owned, directly or indirectly, by the holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership in DINO, the Company, the General Partner or the Partnership, respectively, is or becomes the Beneficial Owner, directly or indirectly, of securities of DINO, the Company, the General Partner or the Partnership (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the General Partner, the Partnership, the Company or their Affiliates) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the Partnership's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (iii)(1) below.

(ii) The individuals who as of the Date of Grant constitute the DINO Board and any New Director cease for any reason to constitute a majority of the DINO Board.

(iii) There is consummated a merger or consolidation of DINO, the Company, the General Partner or the Partnership with any other entity, except if:

(1) the merger or consolidation results in the voting securities of DINO, the Company, the General Partner or the Partnership outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(2) the merger or consolidation is effected to implement a recapitalization of DINO, the Company, the General Partner or the Partnership (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly, or indirectly, of securities of DINO, the Company, the General Partner or the Partnership, as applicable, (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the Company, the General Partner or the Partnership or their Affiliates other than in connection with the acquisition by DINO, the Company, the General Partner or the Partnership or its Affiliates of a business) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the Partnership's, as applicable, then outstanding securities.

(iv) The holders of the voting securities of DINO, the Company, the General Partner or the Partnership approve a plan of complete liquidation or dissolution of DINO, the Company, the General Partner or the Partnership or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by holders of the voting securities of DINO, the Company, the General Partner or the Partnership of all or substantially all of DINO's, the Company's, the General Partner's or the Partnership's assets, as applicable, to an entity at least 60% of the combined voting power of the voting securities of which is owned by the direct and indirect holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, immediately prior to such sale.

(h) "***DINO***" means HF Sinclair Corporation.

(i) "***DINO Board***" means the board of directors of DINO.

(j) "***General Partner***" means HEP Logistics Holdings, L.P.

(k) "***Market Area***" means: (i) during the period in which you are employed by the Company, Partnership or any of their Affiliates, the geographic areas within a 100-mile radius of any location where the Company, Partnership or any of their Affiliates has an office or has engaged in the Business within the preceding 24 months, and (ii) during the portion of the Prohibited Period that continues following the date on which you are no longer employed by the Company, Partnership or any of their Affiliates, the geographic areas within a 100 mile radius of any location where, as of the date on which you ceased to be employed by the Company, Partnership or any of their Affiliates or at any time during the preceding 24 month period, the Company, Partnership or any of their Affiliates had an office or engaged in the Business.

(l) "***New Director***" means an individual whose election by the DINO Board, or nomination for election by the holders of the voting securities of DINO, was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the Date of Grant or whose election or nomination for election was previously so approved or recommended. However, "New Director" shall not include a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation relating to the election of directors of DINO.

(m) "***Person***" has the meaning given in Section 3(a)(9) of the Exchange Act as modified and used in Sections 13(d) and 14(d) of the Exchange Act.

(n) "***Retirement***" means your termination of employment other than for Cause on or after the date on which you: (i) have achieved ten years of continuous service with the Company, the Partnership or any of their Affiliates, and (ii) are age sixty (60).

(o) "***Service Period***" means the period of time beginning on the Date of Grant specified in the Notice of Grant and ending on the final vesting date specified in the Notice of Grant.

(p) "***Special Involuntary Termination***" means the occurrence of (i) or (ii) within 60 days prior to, or at any time after, a Change in Control, where (i) is termination by the Company of your (a) employment with the Company (including subsidiaries of the Company) or (b) provision of executive services to the Partnership and the Company, for any reason other than Cause that results in you no longer being employed by the Company, the Partnership or any of their subsidiaries and (ii) is a resignation by you from employment or service with the Company (including subsidiaries of the Company) that results in you no longer being employed by the Company, the Partnership or any of their subsidiaries within 90 days after an Adverse Change in the terms of your employment.

Exhibit 10.50

HOLLY ENERGY PARTNERS, L.P.
LONG-TERM INCENTIVE PLAN

NOTICE OF GRANT OF PHANTOM UNITS
(Employee)

Pursuant to the terms and conditions of the Holly Energy Partners, L.P. Long-Term Incentive Plan, as amended (the "Plan") and the associated Phantom Unit Agreement (Employee) which has been made separately available to you (your "Agreement"), you are hereby issued Phantom Units (the "Phantom Units"), whereby each Phantom Unit represents the right to receive one Unit, plus rights to certain distribution equivalents described in Section 3 of the Agreement, subject to certain restrictions thereon and under the conditions set forth in this Notice of Grant of Phantom Units (the "Notice"), in the Agreement, and in the Plan. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan or your Agreement. You may obtain a copy of the Plan and a copy of the prospectus related to the Plan by following the instructions attached as Appendix A. Additionally, you may request a copy of the Plan or the prospectus by contacting Cara Whitesel at Cara.Whitesel@hfsinclair.com or 214.954.6530.

Grantee: ____________

Date of Grant: _____________ __, 2022 (the "Date of Grant")

Number of Units: ____________

Vesting Schedule: The restrictions on all of the Phantom Units granted pursuant to the Agreement will expire and the Phantom Units will vest according to the following schedule (or on the first business day thereafter if the date below falls on a weekend) (each such date, a "Regular Vesting Date"); provided, that (except as otherwise provided in Section 6 of your Agreement) you remain in the employ of the Company or its subsidiaries continuously from the Date of Grant through such Regular Vesting Dates (as determined under the Agreement). The period beginning on the Date of Grant and ending on the last Regular Vesting Date shall be referred to as your "Service Period."

On Each of the Following Regular Vesting Dates	Cumulative Portion of Phantom Units that will become Vested
December 1, 2023	One-third
December 1, 2024	One-third
December 1, 2025	One-third

Except as otherwise provided in Section 6 of your Agreement and except to the minimum extent required by any applicable employment standards legislation (if applicable) or other applicable law, all Phantom Units that have not become vested and non-forfeitable pursuant to this Notice will be null and void and forfeited to the Company in the event of your termination by the Company or its subsidiaries for any reason.

The Units you receive upon settlement will be taxable to you in an amount equal to the closing price of the Units on the date of settlement. By receipt or acceptance of the Phantom Units you acknowledge and agree (a) that you are not relying on any written or oral statement or representation by the Company, its affiliates, Holly Energy Partners, L.P., or any of their respective employees, directors, officers, attorneys or agents (collectively, the "***Company Parties***") regarding the tax effects associated with this Notice and the Agreement and your receipt, holding and vesting of the Phantom Units, (b) that in accepting the Phantom Units you are relying on your own judgment and the judgment of the professionals of your choice with whom you have consulted, (c) to comply with the terms and conditions of the Award and the Plan, including, but not limited to the covenants set forth in Section 27 of the Agreement and (d) that a copy of the Agreement and the Plan has been made available to you. In addition, you consent to receive documents from the Company and any plan administrator by means of electronic delivery, provided that such delivery complies with applicable law, including, without limitation, documents pursuant or relating to any equity award granted to you under the Plan or any other current or future equity or other benefit plan of the Company (the "***Company's Equity Plans***"). This consent shall be effective for the entire time that you are a participant in a Company Equity Plan. By receiving or accepting the Phantom Units you hereby release, acquit and forever discharge the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with this Notice and the Agreement and your receipt, holding and the vesting of the Phantom Units. By asserting any rights with respect to, or accepting any payments under, the Plan and the Agreement, you will be deemed to have understood and agreed to the terms and conditions of the Plan and the Agreement.

Holly Logistic Services, L.L.C.

____
Michael C. Jennings, Chief Executive Officer and President

Appendix A

Exhibit 10.51

HOLLY ENERGY PARTNERS, L.P.
LONG-TERM INCENTIVE PLAN

PHANTOM UNIT AGREEMENT
(Non-Employee Director Award)

This Agreement is made and entered into as of the Date of Grant set forth in the Notice of Grant of Phantom Units ("***Notice of Grant***") by and between Holly Logistic Services, L.L.C. (the "***Company***"), and you.

WHEREAS, the Company in order to induce you to enter into and to continue and dedicate service to the Company and Holly Energy Partners, L.P. (the "***Partnership***") and to materially contribute to the success of the Company and the Partnership, agrees to grant you this phantom unit award;

WHEREAS, the Company adopted the Holly Energy Partners, L.P. Long-Term Incentive Plan, as it may be amended from time to time (the "***Plan***") under which the Company is authorized to grant phantom unit awards to certain employees and service providers of the Company;

WHEREAS, a copy of the Plan has been furnished to you and shall be deemed a part of this Phantom Unit Agreement (Non-Employee Director Award) ("***Agreement***") as if fully set forth herein and the terms capitalized but not defined herein shall have the meanings set forth in the Plan; and

WHEREAS, you desire to accept the phantom unit award made pursuant to this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the parties agree as follows:

1. The Grant. Subject to the conditions set forth below, the Company hereby grants you effective as of the Date of Grant set forth in the Notice of Grant, as a matter of separate inducement but not in lieu of any cash or other compensation for your services for the Company, an award (the "***Award***") consisting of Phantom Units ("***Phantom Units***") covering the aggregate number of Units set forth in the Notice of Grant in accordance with the terms and conditions set forth herein and in the Plan, plus the additional rights to receive possible distribution equivalents, in accordance with the terms and conditions set forth herein.

2. No Unitholder Rights. The Phantom Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a holder of Units prior to the date Units, if any, are issued to you in settlement of the Award.

3. Distribution Equivalents. In the event that the Company declares and pays a distribution in respect of its outstanding Units on or after the Date of Grant and, on the record date for such distribution, you hold Phantom Units granted pursuant to this Agreement that have not been settled, the Company shall pay to you an amount in cash equal to the cash distributions you would have received if you were the holder of record as of such record date, of the number of Units related to the portion of your Phantom Units that have not been settled as of such record date, such payment ("***Distribution Equivalents***") to be made on or promptly following the date

that the Company pays such distribution (however, in no event shall the Distribution Equivalents be paid later than 30 days following the date on which the Company pays such distribution to its unitholders generally).

4. Restrictions; Forfeiture. The Phantom Units are restricted in that they cannot be sold, transferred or otherwise alienated or hypothecated until Units related to such Phantom Units are issued pursuant to Section 7 following the removal and expiration of the restrictions as contemplated in Section 5 of this Agreement and as described in the Notice of Grant. In the event you cease to be a member of the Board, other than as provided in Section 6 below, the Phantom Units that are not vested on the date of such cessation of service shall be immediately forfeited.

5. Expiration of Restrictions and Risk of Forfeiture. The restrictions on the Phantom Units granted pursuant to this Agreement will expire and the Phantom Units will become nonforfeitable as set forth in the Notice of Grant, provided that you remain a member of the Board until the applicable dates and times set forth therein. Phantom Units that have become vested and non-forfeitable as provided in this Agreement are referred to herein as "Vested."

6. Termination of Services.

(a) Termination Generally**.** Subject to subsections (b) and (c) below, if you cease to be a member of the Board for any reason, then those Phantom Units that have not become Vested as of the date services cease shall become null and void and those Phantom Units shall be forfeited to the Company immediately following such cessation of service, unless the Committee in its sole discretion, otherwise elects to accelerate the vesting of such Phantom Units. The Phantom Units that are Vested as of date such services cease shall not be forfeited to the Company and will be settled in accordance with Section 7.

(b) Termination Due to Death, Disability or Retirement. In the event of your (i) death, (ii) total and permanent disability, as determined by the Committee in its sole discretion, or (iii) retirement, as determined by the Committee in its sole discretion, before all of the Phantom Units granted pursuant to this Agreement have become Vested, you will forfeit immediately following such termination a number of Phantom Units equal to the number of Phantom Units specified in the Notice of Grant times the percentage that (A) the number of days beginning on the day on which the termination due to death, disability or retirement occurs, as applicable, and ending on the last date of the Service Period, bears to (B) the total number of days in the Service Period, and any remaining Phantom Units that are not vested will become Vested immediately following such termination; provided, however, that any fractional Phantom Units will become null and void and automatically forfeited. In its sole discretion, the Committee may decide to vest all of the Phantom Units in lieu of the prorated number of Phantom Units as provided in this Section 6(b).

(c) Change in Control. In the event of a Change in Control before lapse of all restrictions pursuant to Section 5 above, all restrictions described in Section 4 shall lapse and the Phantom Units will become Vested, and the Company shall deliver the Vested Phantom Units to you as soon as practicable thereafter.

7. Issuance of Units. Units shall be issued to you in settlement of your Vested Phantom Units within 30 days following the date upon which such Phantom Units become Vested in accordance with the Agreement (or such longer period of days, not more than 65, specified in a release described in Section 13). At the time of settlement, the Company shall cause to be issued Units registered in your name in payment of the Award. The Company shall evidence the Units to be issued in payment of the Phantom Units in the manner it deems appropriate. The value of any fractional Phantom Unit shall be rounded down at the time Units,

if any, are issued to you. No fractional Units, nor the cash value of any fractional Units, will be issuable or payable to you pursuant to this Agreement. The value of Units shall not bear any interest owing to the passage of time. Neither this Section 7 nor any action taken pursuant to or in accordance with this Section 7 shall be construed to create a trust or a funded or secured obligation of any kind.

8. Adjustment of Phantom Units. The number of Phantom Units granted to you pursuant to this Agreement shall be adjusted to reflect distributions of the Partnership paid in units, unit splits or other changes in the capital structure of the Partnership, all in accordance with the Plan. All provisions of this Agreement shall be applicable to such new or additional or different units or securities distributed or issued pursuant to the Plan to the same extent that such provisions are applicable to the units with respect to which they were distributed or issued. In the event that the outstanding Units of the Partnership are exchanged for a different number or kind of units or other securities, or if additional, new or different units are distributed with respect to the Units through merger, consolidation, or sale of all or substantially all of the assets of the Partnership, each remaining unit subject to this Agreement shall have substituted for it a like number and kind of units or shares of new or replacement securities as determined in the sole discretion of the Committee, subject to the terms and provisions of the Plan.

9. Compliance with Securities and Other Applicable Laws. Notwithstanding any provision of this Agreement to the contrary, the issuance of Units (including Phantom Units) will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the Units may then be listed. No Units will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Units may then be listed. In addition, Units will not be issued hereunder unless (a) a registration statement under the Securities Act, is at the time of issuance in effect with respect to the Units issued or (b) in the opinion of legal counsel to the Company, the Units issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Units subject to the Award will relieve the Company of any liability in respect of the failure to issue such Units as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make Units available for issuance.

10. Legends. The Company may at any time place legends referencing any restrictions imposed on the Units pursuant to Sections 4 or 9 of this Agreement on all certificates representing Units issued with respect to this Award.

11. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

12. Remedies. The Company shall be entitled to recover from you reasonable attorneys' fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise to the extent allowed by applicable law.

13. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of Phantom Units or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, will, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. In addition, the Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a general release of all claims in favor of the Company, the Partnership, any Affiliate and the employees, officers, stockholders or board members of the foregoing in such form as the Company may determine. In the event the period you are given to review, execute and revoke a release provided pursuant to this Section 13 spans two calendar years, any payment to you pursuant to this Agreement will be made in the second calendar year.

14. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any applicable law, then such provision will be deemed to be modified to the minimum extent necessary to render it legal, valid and enforceable; and if such provision cannot be so modified, then this Agreement will be construed as if not containing the provision held to be invalid, and the rights and obligations of the parties will be construed and enforced accordingly.

15. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon you and the Company. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

16. No Right to Continued Services. This Agreement shall not be construed to confer upon you any right to continue as a member of the Board.

17. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Texas, without giving any effect to any conflict of law provisions thereof, except to the extent Texas state law is preempted by federal law. The obligation of the Company to sell and deliver Units hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Units.

18. Consent to Texas Jurisdiction and Venue. You hereby consent and agree that state courts located in Dallas, Texas and the United States District Court for the Northern District of Texas each shall have personal jurisdiction and proper venue with respect to any dispute between you and the Company arising in connection with the Phantom Units or this Agreement. In any dispute with the Company, you will not raise, and you hereby expressly waive, any objection or defense to any such jurisdiction as an inconvenient forum.

19. Amendment. This Agreement may be amended by the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (b) other than in the circumstances described in clause (a) or provided in the Plan, with your consent.

20. No Liability for Good Faith Determinations. The General Partner, the Partnership, the Company, DINO and the members of the Committee, the Board and the DINO Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Phantom Units granted hereunder.

21. No Guarantee of Interests. None of the Board, the DINO Board, the General Partner, the Partnership, DINO nor the Company guarantee the Units from loss or depreciation.

22. Nontransferability of Agreement. This Agreement and all rights under this Agreement shall not be transferable by you during your life other than by will or pursuant to applicable laws of descent and distribution. Any of your rights and privileges in connection herewith shall not be transferred, assigned, pledged or hypothecated by you or by any other person or persons, in any way, whether by operation of law, or otherwise, and shall not be subject to execution, attachment, garnishment or similar process. In the event of any such occurrence, this Agreement shall automatically be terminated and shall thereafter be null and void. Notwithstanding the foregoing, all or some of the Units or rights under this Agreement may be transferred to a spouse pursuant to a domestic relations order issued by a court of competent jurisdiction.

23. Company Records. Records of the Company or its subsidiaries regarding your period of service, termination of service and the reason(s) therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

24. Notice. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or, if earlier, the date it is sent via certified United States mail.

25. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

26. Information Confidential. As partial consideration for the granting of the Award hereunder, you hereby agree to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that you have relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to your spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you. Nothing in this Agreement will prevent you from: (a) making a good faith report of possible violations of applicable law to any governmental agency or entity or (b) making disclosures that are protected under the whistleblower provisions of applicable law. For the avoidance of doubt, nothing herein shall prevent you from making a disclosure that: (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may make disclosures without violating this Section 26 to the attorney of the individual and use such information in the court proceeding.

27. Section 409A. This Agreement is not intended to constitute a deferral of compensation within the meaning of Section 409A of the Code and shall be construed and interpreted in accordance with such intent. Payment under this Agreement shall be made in a manner that will be exempt from or, notwithstanding the preceding sentence, comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. The applicable provisions of Section 409A of the Code are hereby incorporated by reference and shall control over any contrary provisions herein that conflict therewith.

28. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

29. Company Action. Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

30. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

31. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

32. Defined Terms.

(a) "***Affiliate***" has the meaning provided in Rule 12b-2 under the Exchange Act.

(b) "***Beneficial Owner***" has the meaning provided in Rule 13d-3 under the Exchange Act.

(c) "***Change in Control***" means, notwithstanding the definition of such term in the Plan:

(i) Any Person, other than DINO or any of its wholly-owned subsidiaries, the General Partner, the Partnership, the Company, or any of their subsidiaries, a trustee or other fiduciary holding securities under an employee benefit plan of DINO, the Partnership, the Company or any of their Affiliates, an underwriter temporarily holding securities pursuant to an offering of such securities, or any entity owned, directly or indirectly, by the holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership in DINO, the Company, the General Partner or the Partnership, respectively, is or becomes the Beneficial Owner, directly or indirectly, of securities of DINO, the Company, the General Partner or the Partnership (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the General Partner, the Partnership, the Company or their Affiliates) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the Partnership's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (iii)(A) below.

(ii) The individuals who as of the Date of Grant constitute the DINO Board and any New Director cease for any reason to constitute a majority of the DINO Board.

(iii) There is consummated a merger or consolidation of DINO, the Company, the General Partner or the Partnership with any other entity, except if:

A. the merger or consolidation results in the voting securities of DINO, the Company, the General Partner or the Partnership outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

B. the merger or consolidation is effected to implement a recapitalization of DINO, the Company, the General Partner or the Partnership (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly, or indirectly, of securities of DINO, the Company, the General Partner or the Partnership, as applicable, (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the Company, the General Partner or the Partnership or their Affiliates other than in connection with the acquisition by DINO, the Company, the General Partner or the Partnership or its Affiliates of a business) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the Partnership's, as applicable, then outstanding securities.

(iv) The holders of the voting securities of DINO, the Company, the General Partner or the Partnership approve a plan of complete liquidation or dissolution of DINO, the Company, the General Partner or the Partnership or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by holders of the voting securities of DINO, the Company, the General Partner or the Partnership of all or substantially all of DINO's, the Company's, the General Partner's or the Partnership's assets, as applicable, to an entity at least 60% of the combined voting power of the voting securities of which is owned by the direct and indirect holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, immediately prior to such sale.

(d) "***DINO***" means HF Sinclair Corporation.

(e) "***DINO Board***" means the board of directors of DINO.

(f) "***General Partner***" means HEP Logistics Holdings, L.P.

(g) "***New Director***" means an individual whose election by the DINO Board, or nomination for election by holders of the voting securities of DINO, was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the Date of Grant or whose election or nomination for election was previously so approved or recommended. However, "New Director" shall not include a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation relating to the election of directors of DINO.

(h) "***Person***" has the meaning given in Section 3(a)(9) of the Exchange Act as modified and used in Sections 13(d) and 14(d) of the Exchange Act.

Exhibit 10.52

HOLLY ENERGY PARTNERS, L.P.
LONG-TERM INCENTIVE PLAN

NOTICE OF GRANT OF PHANTOM UNITS
(Non-Employee Director Award)

Pursuant to the terms and conditions of the Holly Energy Partners, L.P. Long-Term Incentive Plan, as amended (the "***Plan***"), and the associated Phantom Unit Agreement (Non-Employee Director Award) which has been made separately available to you (your "***Agreement***"), you are hereby issued Phantom Units (the "***Phantom Units***") subject to certain restrictions thereon and under the conditions set forth in this Notice of Grant of Phantom Units (the "***Notice***"), in the Agreement, and in the Plan. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan or your Agreement. You may obtain a copy of the Plan and a copy of the prospectus related to the Plan by following the instructions attached as Appendix A. Additionally, you may request a copy of the Plan or the prospectus by contacting Cara Whitesel at Cara.Whitesel@hfsinclair.com or 214.954.6530.

Grantee: ____________

Date of Grant: ____________ __, 2022 (the "***Date of Grant***")

Number of Units: __________

Vesting Schedule: The restrictions on all of the Phantom Units granted pursuant to the Agreement will expire and the Phantom Units will become transferable and non-forfeitable on December 1, 2023 (the "***Regular Vesting Date***"); provided, that you remain a member of the Board continuously from the Date of Grant through such date. The period beginning on the Date of Grant and ending on the Regular Vesting Date shall be referred to as your "***Service Period***."

Except as otherwise provided in Section 6 of your Agreement, all Phantom Units that have not become vested and non-forfeitable pursuant to this Notice will be null and void and forfeited to Holly Logistic Services, L.L.C. (the "***Company***") in the event you cease to be a member of the Board.

Vesting of the Units will be included in your income in an amount equal to the closing price of the Units on the date of vesting (or if such day is not a business day, the first business day thereafter). By receipt of the Phantom Units you acknowledge and agree that (a) you are not relying upon any determination by the Company, its affiliates, Holly Energy Partners, L.P. or any of their respective employees, directors, officers, attorneys or agents (collectively, the "***Company Parties***") of the Fair Market Value of the Units on the Date of Grant, (b) you are not relying upon any written or oral statement or representation of the Company Parties regarding the tax effects associated with this Notice and the Agreement and your receipt, holding and vesting of the Phantom Units, (c) in accepting the Phantom Units you are relying on your own judgment and the judgment of the professionals of your choice with whom you have consulted and (d) a copy of the Agreement and the Plan has been made available to you. In addition, you consent to receive documents from the Company and any plan administrator by means of electronic delivery, provided that such delivery complies with applicable law, including, without limitation, documents pursuant or relating to any equity award granted to you under the Plan or any other current or future equity or other benefit plan of the Company (the “***Company’s Equity Plans***”). This consent shall be effective for the entire time that you are a participant in a Company Equity Plan. By accepting the Phantom Units you release, acquit and forever discharge the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with this Notice and the Agreement and your receipt, holding and vesting of the Phantom Units. By asserting any rights with respect to, or accepting any payments under, the Plan and the Agreement, you will be deemed to have understood and agreed to the terms and conditions of the Plan and the Agreement.

Holly Logistic Services, L.L.C.

____
Michael C. Jennings, Chief Executive Officer and President

<u>Appendix A</u>

A-1

Exhibit 10.53

HOLLY ENERGY PARTNERS, L.P.
LONG-TERM INCENTIVE PLAN

CASH AWARD AGREEMENT
(Employee)

This Agreement is made and entered into as of the Date of Grant set forth in the Notice of Grant of Cash Award Agreement ("***Notice of Grant***") by and between Holly Logistic Services, L.L.C. (the "***Company***"), and you.

WHEREAS, the Company, as part of your compensation for employment services provided to the Company and Holly Energy Partners, L.P. (the "***Partnership***") or any of their subsidiaries and in order to further induce you to materially contribute to the success of the Company and the Partnership, agrees to grant you this cash incentive award;

WHEREAS, the Company adopted the Holly Energy Partners, L.P. Long-Term Incentive Plan, as it may be amended from time to time (the "***Plan***") under which the Company is authorized to grant "Cash Awards" to certain employees and service providers of the Company;

WHEREAS, a copy of the Plan has been furnished to you and shall be deemed a part of this Cash Award Agreement (Employee) ("***Agreement***") as if fully set forth herein and the terms capitalized but not defined herein shall have the meanings set forth in the Plan; and

WHEREAS, you desire to accept the Cash Award made pursuant to this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the parties hereto agree as follows:

1. The Grant. Subject to the conditions set forth below, the Company hereby grants you effective as of the Date of Grant set forth in the Notice of Grant, as a matter of separate inducement but not in lieu of any cash or other compensation for your employment with the Company, the Partnership or any of their subsidiaries, a Cash Award (the "***Award***") consisting of an aggregate cash amount set forth in your Notice of Grant.

2. No Unitholder Rights. The Award granted pursuant to this Agreement does not and shall not entitle you to any rights of a holder of Units at any time.

3. Restrictions; Forfeiture. The Award is restricted in that it cannot be transferred or otherwise alienated or hypothecated. In the event you cease to be an employee of the Company, the Partnership or any of their subsidiaries, other than as provided in Section 5 below, any portion of the Award that is not vested on the date of your termination of employment shall be immediately forfeited following your termination of employment.

4. Expiration of Restrictions and Risk of Forfeiture. The restrictions on the Award granted pursuant to this Agreement will expire and the Award will become nonforfeitable as set forth in the Notice of Grant, provided that you remain an employee of the Company, the Partnership or any of their subsidiaries until the applicable dates and times set forth therein. Any portion of the Award that has become vested and non-forfeitable as provided in this Agreement are referred to herein as "***Vested***."

5. Termination of Employment.

(a) Termination Generally. Subject to subsections (b), (c), and (d) below, if your employment relationship with the Company, the Partnership, or any of their subsidiaries is terminated for any reason (including if you voluntarily separate from employment (other than due to your Retirement) or are terminated by action of the Company, the Partnership or any of their subsidiaries (including termination for Cause but other than a Special Involuntary Termination)) such that, as a result of such termination you are no longer employed by the Company, the Partnership or any of their subsidiaries, then any portion of the Award that has not become Vested shall become null and void and that portion of the Award shall be forfeited to the Company for no consideration immediately following your termination of employment. Any portion of the Award that is Vested as of the date of your termination of employment shall not be forfeited to the Company and will be settled in accordance with Section 6.

(b) Death, Disability or Retirement. In the event of termination of your employment due to your (i) death, (ii) total and permanent disability, as determined by the Committee in its sole discretion, or (iii) Retirement, in either case, before all of the Award granted pursuant to this Agreement is deemed Vested, you will forfeit immediately following your termination of employment a portion of the Award equal to the aggregate amount of the Award specified in the Notice of Grant times the percentage that (A) the number of days beginning on the day on which the termination due to death, disability or Retirement occurs and ending on the last day of the Service Period, (B) bears to the total number of days in the Service Period, and any remaining portion of the Award that is not vested will become Vested immediately following your termination of employment. In its sole discretion, the Committee may decide to vest all of the Award in lieu of the prorated portion of the Award as provided in this Section 5(b).

(c) Special Involuntary Termination. In the event of a Special Involuntary Termination, the entire amount of the Award granted pursuant to this Agreement will become Vested immediately following such Special Involuntary Termination. Payment pursuant to this Section 5(c) is in lieu of payment pursuant to Section 5(a) and if you receive payment pursuant to this Section 5(c) you will not be entitled to any payment pursuant to Section 5(b).

(d) Effect of Employment Agreement. Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 5 and any written employment, change in control, or similar agreement entered into by and between you and the Company, Partnership or any of their subsidiaries, the terms of the employment, change in control or similar agreement shall control, subject to compliance with Section 409A of the Code.

(e) Leave of Absence. With respect to the Award, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of, or providing services for, the Company, the Partnership or any of their subsidiaries, provided that rights to the Award during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began.

6. Settlement of Award. A lump sum cash payment shall be issued to you in settlement of your Vested Award by March 15th of the year following the date your Award becomes Vested; provided, however, if an Award is or becomes subject to Section 409A of the Code, settlement of such Award shall be on or before December 31st, or (if later) 90 days, following the date upon which such Award becomes Vested in accordance with the Agreement. The Vested Award shall be settled in an amount equal to the value of the portion of the Vested Award to be settled, less any applicable withholding. The value of the cash payment shall not

bear any interest owing to the passage of time. Neither this Section 6 nor any action taken pursuant to or in accordance with this Section 6 shall be construed to create a trust or a funded or secured obligation of any kind.

7. Payment of Taxes. The Company (or the Partnership or an Affiliate of the Company if you are an employee of the Partnership or an Affiliate of the Company) may deduct from any payment otherwise due with respect to the Award under this Agreement, an amount the Company (the Partnership or an Affiliate, if applicable) deems necessary or appropriate to satisfy its or its Affiliate's current or future withholding with respect to federal, state or local income or other taxes that you incur as a result of the Award.

8. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

9. Remedies. The Company shall be entitled to recover from you reasonable attorneys' fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise to the extent allowed by applicable law.

10. Execution of Receipts and Releases. Any payment of cash to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, will, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. In addition, the Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment, to execute a general release of all claims in favor of the Company, the Partnership, any Affiliate and the foregoing entities' respective predecessors, successors, employees, officers, directors, managers, members, stockholders or board members of the foregoing in such form as the Company may determine (the "***Release***"). If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by you, then you shall not be entitled to settlement of any portion of the Award. As used herein, the "Release Expiration Date" is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to you (which shall occur no later than seven (7) days after your termination of employment) or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), and you are age 40 or over as of your termination date, the date that is forty-five (45) days following such delivery date. The parties may agree in writing to extend the consideration timelines stated in this paragraph. In the event the period you are given to review, execute and revoke a release provided pursuant to this Section 10 spans two calendar years, any payment to you pursuant to this Agreement will be made in the second calendar year.

11. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any applicable law, then such provision will be deemed to be modified to the minimum extent necessary to render it legal, valid and enforceable; and if such provision cannot be so modified, then this Agreement will be construed as if not containing the provision held to be invalid, and the rights and obligations of the parties will be construed and enforced accordingly.

12. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon you and the Company. In the event

of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

13. Right of the Company, Partnership and Subsidiaries to Terminate Services. Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company, the Partnership or any of their subsidiaries, or interfere in any way with the rights of the Company, the Partnership or any of their subsidiaries to terminate your employment or service relationship at any time subject to applicable law and the terms of any applicable employment agreement.

14. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Texas, without giving any effect to any conflict of law provisions thereof, except to the extent Texas state law is preempted by federal law.

15. Consent to Texas Jurisdiction and Venue. You hereby consent and agree that state courts located in Dallas, Texas and the United States District Court for the Northern District of Texas each shall have personal jurisdiction and proper venue with respect to any dispute between you and the Company arising in connection with the Award or this Agreement. In any dispute with the Company, you will not raise, and you hereby expressly waive, any objection or defense to any such jurisdiction as an inconvenient forum.

16. Amendments. This Agreement may be amended by the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (b) other than in the circumstances described in clause (a) or provided in the Plan, with your consent.

17. No Liability for Good Faith Determinations. The General Partner, the Partnership, the Company, DINO and the members of the Committee, the Board and the DINO Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Award granted hereunder.

18. Nontransferability of Agreement. This Agreement and all rights under this Agreement shall not be transferable by you during your life other than by will or pursuant to applicable laws of descent and distribution. Any of your rights and privileges in connection herewith shall not be transferred, assigned, pledged or hypothecated by you or by any other person or persons, in any way, whether by operation of law, or otherwise, and shall not be subject to execution, attachment, garnishment or similar process. In the event of any such occurrence, this Agreement shall automatically be terminated and shall thereafter be null and void. Notwithstanding the foregoing, a portion of the Award or other rights under this Agreement may be transferred to a spouse pursuant to a domestic relations order issued by a court of competent jurisdiction.

19. Company Records. Records of the Company, the Partnership or their subsidiaries regarding your period of service, termination of service and the reason(s) therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

20. Notice. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on

which it is actually received by the person to whom it is properly addressed or, if earlier, the date it is sent via certified United States mail.

21. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

22. Certain Covenants.

(a) Protection of Confidential Information. Following the Date of Grant set forth in the Notice of Grant, you will have access to, and the Company or one of its subsidiaries will provide you with, confidential, proprietary and/or trade secret information of the Company and the Partnership, relating to, among other things, (i) programs, strategies, information or materials related to the business, services, manner of operation and activities of the Company and the Partnership, (ii) customers or prospects of the Company and the Partnership, (iii) computer hardware or software used in the course of the Company and Partnership business, and (iv) marketing strategies or other activities of the Company and Partnership from or on behalf of any of its clients, (hereinafter collectively referred to as "***Confidential Information***"); provided, however, that, for purposes of this Agreement, the term Confidential Information shall not include any information that is or becomes known generally to the public or accessible to a third party on an unrestricted basis, in each case other than as a result of a breach by you of your obligations with respect to confidentiality. "Confidential Information" also includes information that is competitively valuable to the Company, the Partnership or any of their subsidiaries by virtue of it not being publicly known. You recognize that such Confidential Information has been developed by the Company and Partnership at great expense; is a valuable, special and unique asset of the Company and Partnership which it uses in its business to obtain competitive advantage over its competitors; is and shall be proprietary to the Company and Partnership; is and shall remain the exclusive property of the Company and Partnership; and, is not to be transmitted to any other person, entity or thing. Accordingly, as a material inducement to the Company to enter into this Agreement with you and in partial consideration for the granting of the Award, you hereby:

(i) warrant and represent that you have not disclosed, copied, disseminated, shared or transmitted any Confidential Information to any person, firm, corporation or entity for any reason or purpose whatsoever, except in the course of carrying out your duties and responsibilities of employment with the Company and Partnership;

(ii) agree not to so disclose, copy, disseminate, share or transmit any Confidential Information in the future unless necessary for the performance of, and in the proper course of your performance for, your duties on behalf of the Company, Partnership and their Affiliates;

(iii) agree not to make use of any Confidential Information for your own purposes or for the benefit of any person, firm, corporation or other entity, except that, in the course of carrying out the duties and responsibilities of your employment, you may use Confidential Information for the benefit of any Affiliate of the Company or Partnership; and

(iv) warrant and represent that all Confidential Information in your possession, custody or control that is or was a property of the Company, the Partnership or any of their Affiliates has been or shall be returned to the Company or Partnership by or on the date of your termination.

Your covenants in this Section 22(a) are in addition to, and do not supersede, your obligations under any confidentiality, invention or trade secret agreements executed by you, or any laws with respect to Confidential Information.

(b) Non- Competition Covenant (Applicable to Pay Grades E1 and Above). The terms of this Section 22(b) shall only apply to the extent you are categorized as having a pay grade of E1 or higher (or such other pay grade as deemed by the Company to be its equivalent) as determined by and reflected on the payroll records of the Company:

(i) You acknowledge and agree that the Company's grant of the Award further aligns your interests with the long-term interests of the Company, Partnership and their Affiliates. As a condition of your receipt of Confidential Information following your entry into this Agreement, and as an express incentive for the Company to enter into this Agreement and grant the Award, you have voluntarily agreed to the covenants set forth in this Section 22, subject to the provisions of Section 22(b)(v) below. You agree and acknowledge that the limitations and restrictions set forth herein are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the goodwill, Confidential Information (including trade secrets) and legitimate business interests of the Company, Partnership and their Affiliates.

(ii) You agree that during the term of your employment with the Company, Partnership or any of their Affiliates and for a period of one year following the date on which you are no longer employed by the Company, Partnership or any of their Affiliates (the "***Prohibited Period***"), you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, engage in or participate within the Market Area in competition with the Company, Partnership or any of their Affiliates in any aspect of the Business, which prohibition shall prevent you from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with the Company, Partnership or any of their Affiliates in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with the Company, Partnership or any of their Affiliates in any capacity (with respect to this clause (B)) in which your duties or responsibilities involve direct or indirect responsibilities with respect to any aspect of the Business.

(iii) You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, appropriate any Business Opportunity of, or relating to, the Company, Partnership or any of their Affiliates located in the Market Area.

(iv) You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, solicit, canvass, approach, encourage, entice or induce any customer or supplier of the Company, Partnership or any of their Affiliates with whom or which you had contact or for whom or which you had direct or indirect responsibility on behalf of the Company, Partnership or any of their Affiliates or about whom or which you have obtained Confidential Information in the course of your employment with the Company, Partnership or any of their Affiliates to cease or lessen such customer's or supplier's business with the Company, Partnership or any of their Affiliates.

(v) Notwithstanding the foregoing, the above-referenced limitations in Sections 22(b)(ii), 22(b)(iii) and 22(b)(iv), such limitations shall not apply following the date that you are no longer employed by the Company, Partnership or any of their Affiliates in those portions of the Market Area located within the State of Oklahoma. Instead, you agree that during the portion of the Prohibited Period that follows the date you are no longer employed by the Company, Partnership or any of their Affiliates, the restrictions on your activities within those portions of the Market Area located within the State of Oklahoma (in addition to those restrictions set forth in Section 22(a) and Section 22(c) below) shall be as follows: during such portion of the Prohibited Period, you will not directly or indirectly solicit the sale of goods, services, or a combination of goods and services from the established customers of the Company, Partnership or any of their Affiliates.

(c) Non-solicitation. You agree that during the Prohibited Period, you will not, without the prior written approval of the Board, directly or indirectly, for your benefit or for the benefit of others, solicit any employee or service provider of the Company, Partnership or their Affiliates to terminate or lessen his or her employment or his, her or its service relationship with the Company, Partnership or their Affiliates; provided, however, that (y) after the termination of your employment for any reason, such employees and service providers shall only include such employees and service providers that you directly worked with in the twelve months preceding the date of termination of your employment, and (z) it will not constitute a violation of this Section 22(c) if an employee or service provider of the Company, Partnership or their Affiliates accepts employment or a service relationship with a Person not affiliated with the Company, Partnership or their Affiliates (i) pursuant to a general solicitation advertising the position that was not targeted at such employee or service provider, (ii) as a result of communications initiated by the employee or service provider of the Company, Partnership or their Affiliates (and not in response to any solicitation by you) or (iii) where the employment or service relationship with the Company, Partnership or their Affiliates with respect to such person was terminated more than six months prior to any action by you that would otherwise be a violation of this Section 22(c).

(d) Non-Disparagement. Subject to Section 22(f), you agree that you will not at any time, whether during of the term of your employment or thereafter, make any statement, oral or written, that is (i) a disparaging or negative comment concerning the Company, the Partnership, any of their Affiliates or any of their respective directors, officers, managers, employees, equityholders, members or partners (collectively, the "Company Parties"), or (ii) otherwise detrimental to the reputation or goodwill of the Company or any other Company Party, and you shall refrain from directing or encouraging anyone else to make such disparaging, negative, or detrimental comment, unless required by law.

(e) Extent of Restrictions and Your Acknowledgment. You acknowledge that the restrictions contained in this Section 22, including geographical and temporal restrictions, correctly set forth the understanding of the parties at the time this Agreement is entered into, are reasonable in all respects and necessary to protect the Confidential Information, goodwill and legitimate interests of the Company, the Partnership and their Affiliates, do not interfere with public interests and will not cause you undue hardship, and that any violation will cause substantial injury to the Company, the Partnership and their Affiliates. In the event of any such violation, the Company, the Partnership and each of its Affiliates shall be entitled, in addition to any other remedy (whether at law or equity), to preliminary or permanent injunctive relief. You waive, to the maximum extent permissible by law, any defenses or other objections to such remedies or the enforceability of this Section 22. To the maximum extent permissible by law, if any court having jurisdiction shall find that any part of the restrictions set forth this Section 22 are unreasonable or unenforceable in any respect, it is the intent of the parties that the restrictions (or parts thereof) set forth herein shall not be terminated, but that the restrictions set forth in this Section 22 shall be modified and remain in full force and effect to the extent (as to time periods and other relevant factors) that the court shall find reasonable.

(f) Limitations. In the event any breach of the covenants set forth in this Section 22 comes to the attention of the Company or Partnership, any portion of this Award that has not at such time been settled shall be immediately forfeited to the Company and the Company and Partnership shall take into consideration such breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you. However, nothing in this Agreement will prevent you from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law, (ii) responding to any inquiry or legal process directed to you from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law or (iv) making disclosures that are protected under the whistleblower provisions of applicable law. For the avoidance of doubt, nothing herein shall prevent you from making a disclosure that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer of reporting a suspected violation of law may make disclosures without violating this Section 22 to the attorney of the individual and use such information in the court proceeding.

23. Exceptions to Governing Law, Jurisdiction and Venue. Notwithstanding Sections 14 and 15 above, if the law of the state in which you primarily reside or work during the term of your employment with the Company, the Partnership or any of their Affiliates or on the date on which your employment with the Company, the Partnership or any of their Affiliates terminates (such state, the "***Applicable State***") mandates that the law of the Applicable State shall apply to any dispute or part of a dispute between you and the Company, the Partnership or any of their Affiliates arising in connection with any of the obligations and covenants set forth in Section 22 (any such dispute or part of the dispute that is mandatorily subject to the law of the Applicable State, an "***Applicable State Dispute***"), then such Applicable State Dispute shall be governed by the law of the Applicable State. Further, if the law of the Applicable State mandates that the federal and state courts (as applicable) of the Applicable State shall have jurisdiction and proper venue with respect to any Applicable State Dispute, then such courts shall have jurisdiction and proper venue with respect to such Applicable State Dispute. For the avoidance of doubt, any dispute or parts of a dispute that are not an Applicable State Dispute shall be governed by the terms of Sections 14 and 15.

24. Clawback. This Agreement is subject to any written clawback policies that the Company or Partnership, with the approval of the Board or the Committee, may adopt to the extent allowed by applicable law. Any such policy may subject your Award and amounts paid or realized with respect to the Award under this Agreement to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including but not limited to an accounting restatement due to the Company's or Partnership's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted by the Company or Partnership, including any policy to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission and that the Company or the Partnership determines should apply to this Agreement.

25. Compliance with Section 409A. This Agreement is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. Payment under this Agreement shall be made in a manner that will comply with Section 409A of the Code, including regulations

or other guidance issued with respect thereto, except as otherwise determined by the Committee. The applicable provisions of Section 409A of the Code are hereby incorporated by reference and shall control over any contrary provisions herein that conflict therewith. Termination or separation from employment, separation from service and similar terms used in this Agreement shall mean a "separation from service" within the meaning of Treasury Regulation § 1.409A-1(h). Each payment under this Agreement is considered a separate payment for purposes of Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, if you are a "specified employee" under Section 409A of the Code at the time of separation from service and if payment of any amount under this Agreement is required to be delayed for a period of six months after the separation from service pursuant to Section 409A of the Code, payment of such amount shall be delayed as required by Section 409A of the Code, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If you die during the postponement period prior to the payment of postponed amount, the accumulated postponed amount shall be paid to the personal representative of your estate within 60 days after the date of your death.

26. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

27. Company Action. Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

28. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

29. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

30. Defined Terms.

(a) "***Adverse Change***" means, without your express written consent, (i) a change in your principal office to a location more than 25 miles from your work address as of the Date of Grant, (ii) a material increase (without adequate consideration) or a material reduction in duties of the type previously performed by you, (iii) a material reduction in your base compensation (other than bonuses and other discretionary items of compensation) that does not apply generally to employees of the Company or its successor, or (iv) or a substantial increase in travel requirements of employment. You must provide notice to the Company of the event alleged to constitute an Adverse Change within ninety (90) days of the occurrence of such event and the Company shall be given the opportunity to remedy the alleged Adverse Change and/or to contest your assertion that an Adverse Change event has occurred within thirty (30) days from receipt of such notice.

(b) "***Affiliate***" has the meaning provided in Rule 12b-2 under the Exchange Act.

(c) "***Beneficial Owner***" has the meaning provided in Rule 13d-3 under the Exchange Act.

(d) "***Business***" means the business and operations that are the same or similar to those performed by the Company, the Partnership or any of their Affiliates for which you provide services or about which you obtain Confidential Information during the term of your employment with the Company, the Partnership or any of their Affiliates, which business and operations include the manufacture, storage, distribution, transportation, refining, and/or sale of crude oil and products such as gasoline, diesel fuel, jet fuel, renewable diesel, specialty lubricant products, specialty chemicals, and specialty and modified asphalt.

(e) "***Business Opportunity***" means any commercial, investment or other business opportunity relating to the Business.

(f) "***Cause***" means (i) an act or acts of dishonesty on your part constituting a felony or serious misdemeanor and resulting or intended to result directly in gain or personal enrichment at the expense of the Company, the Partnership or any of their Affiliates; (ii) gross or willful and wanton negligence in the performance of the material and substantial duties of your employment with the Company, the Partnership or any of their Affiliates; or (iii) conviction of a felony involving moral turpitude. The existence of Cause shall be determined by the Committee, in its sole and absolute discretion.

(g) "***Change in Control***" means, notwithstanding the definition of such term in the Plan:

(i) Any Person, other than DINO or any of its wholly-owned subsidiaries, the General Partner, the Partnership, the Company, or any of their subsidiaries, a trustee or other fiduciary holding securities under an employee benefit plan of DINO, the Partnership, the Company or any of their Affiliates, an underwriter temporarily holding securities pursuant to an offering of such securities, or any entity owned, directly or indirectly, by the holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership in DINO, the Company, the General Partner or the Partnership, respectively, is or becomes the Beneficial Owner, directly or indirectly, of securities of DINO, the Company, the General Partner or the Partnership (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the General Partner, the Partnership, the Company or their Affiliates) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the Partnership's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (iii)(1) below.

(ii) The individuals who as of the Date of Grant constitute the DINO Board and any New Director cease for any reason to constitute a majority of the DINO Board.

(iii) There is consummated a merger or consolidation of DINO, the Company, the General Partner or the Partnership with any other entity, except if:

(1) the merger or consolidation results in the voting securities of DINO, the Company, the General Partner or the Partnership outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(2) the merger or consolidation is effected to implement a recapitalization of DINO, the Company, the General Partner or the Partnership (or

similar transaction) in which no Person is or becomes the Beneficial Owner, directly, or indirectly, of securities of DINO, the Company, the General Partner or the Partnership, as applicable, (not including in the securities beneficially owned by such Person any securities acquired directly from DINO, the Company, the General Partner or the Partnership or their Affiliates other than in connection with the acquisition by DINO, the Company, the General Partner or the Partnership or its Affiliates of a business) representing more than 40% of the combined voting power of DINO's, the Company's, the General Partner's or the Partnership's, as applicable, then outstanding securities.

(iv) The holders of the voting securities of DINO, the Company, the General Partner or the Partnership approve a plan of complete liquidation or dissolution of DINO, the Company, the General Partner or the Partnership or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by holders of the voting securities of DINO, the Company, the General Partner or the Partnership of all or substantially all of DINO's, the Company's, the General Partner's or the Partnership's assets, as applicable, to an entity at least 60% of the combined voting power of the voting securities of which is owned by the direct and indirect holders of the voting securities of DINO, the Company, the General Partner or the Partnership in substantially the same proportions as their ownership of the voting securities of DINO, the Company, the General Partner or the Partnership, as applicable, immediately prior to such sale.

(h) "***DINO***" means HF Sinclair Corporation.

(i) "***DINO Board***" means the board of directors of DINO.

(j) "***General Partner***" means HEP Logistics Holdings, L.P.

(k) "***Market Area***" means: (i) during the period in which you are employed by the Company, Partnership or any of their Affiliates, the geographic areas within a 100-mile radius of any location where the Company, Partnership or any of their Affiliates has an office or has engaged in the Business within the preceding 24 months, and (ii) during the portion of the Prohibited Period that continues following the date on which you are no longer employed by the Company, Partnership or any of their Affiliates, the geographic areas within a 100 mile radius of any location where, as of the date on which you ceased to be employed by the Company, Partnership or any of their Affiliates or at any time during the preceding 24 month period, the Company, Partnership or any of their Affiliates had an office or engaged in the Business.

(l) "***New Director***" means an individual whose election by the DINO Board, or nomination for election by the holders of the voting securities of DINO, was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the Date of Grant or whose election or nomination for election was previously so approved or recommended. However, "New Director" shall not include a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation relating to the election of directors of DINO.

(m) "***Person***" has the meaning given in Section 3(a)(9) of the Exchange Act as modified and used in Sections 13(d) and 14(d) of the Exchange Act.

(n) "***Retirement***" means your termination of employment other than for Cause on or after the date on which you: (i) have achieved ten years of continuous service with the Company, the Partnership or any of their Affiliates, and (ii) are age sixty (60).

(o) "***Service Period***" means the period of time beginning on the Date of Grant specified in the Notice of Grant and ending on the final vesting date specified in the Notice of Grant.

(p) "***Special Involuntary Termination***" means the occurrence of (i) or (ii) within 60 days prior to, or at any time after, a Change in Control, where (i) is termination by the Company of your (a) employment with the Company (including subsidiaries of the Company) or (b) provision of executive services to the Partnership and the Company, for any reason other than Cause that results in you no longer being employed by the Company, the Partnership or any of their subsidiaries and (ii) is a resignation by you from employment or service with the Company (including subsidiaries of the Company), that results in you no longer being employed by the Company, the Partnership or any of their subsidiaries, within 90 days after an Adverse Change in the terms of your employment.

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Exhibit 10.54

HOLLY ENERGY PARTNERS, L.P.
LONG-TERM INCENTIVE PLAN
NOTICE OF GRANT OF CASH AWARD
(Employee)

Pursuant to the terms and conditions of the Holly Energy Partners, L.P. Long-Term Incentive Plan, as amended (the "***Plan***") and the associated Cash Award Agreement (Employee) which has been made separately available to you (your "***Agreement***"), you are hereby issued a Cash Award, subject to certain restrictions thereon and under the conditions set forth in this Notice of Grant of Cash Award (the "***Notice***"), in the Agreement and in the Plan (the "***Award***"). Capitalized terms used but not defined herein shall have the meanings set forth in the Plan or in your Agreement. You may obtain a copy of the Plan and a copy of the prospectus related to the Plan by following the instructions attached as Appendix A. Additionally, you may request a copy of the Plan or the prospectus by contacting Cara Whitesel at Cara.Whitesel@hfsinclair.com or 214.954.6530.

Grantee: ____________

Date of Grant: _____________ __, 2022 (the "***Date of Grant***")

Aggregate Value of Cash Award: ____________

Vesting Schedule: The restrictions on the Award granted pursuant to the Agreement will expire and portion of the Award will vest according to the following schedule (or on the first business day thereafter if the date below falls on a weekend) (each such date, a "***Regular Vesting Date***"); provided, that (except as otherwise provided in Section 5 of your Agreement) you remain in the employ of the Company or its subsidiaries continuously from the Date of Grant through such Regular Vesting Dates (as determined under the Agreement). The period that begins on the Date of Grant and ends on the last Regular Vesting Date will be referred to as your "***Service Period***."

On Each of the Following Regular Vesting Dates	Cumulative Portion of Award that will become Vested
December 1, 2023	One-third
December 1, 2024	One-third
December 1, 2025	One-third

Except as otherwise provided in Section 5 of your Agreement and except to the minimum extent required by any applicable employment standards legislation (if applicable) or other applicable law, any portion of the

Award that has not become vested and non-forfeitable pursuant to this Notice will be null and void and forfeited to the Company in the event of your termination by the Company or its subsidiaries for any reason.

The cash payment you receive upon settlement will be taxable to you in the amount of cash that you receive on the date of settlement. By receipt or acceptance of the Award you acknowledge and agree (a) that you are not relying on any written or oral statement or representation by the Company, its affiliates, Holly Energy Partners, L.P., or any of their respective employees, directors, officers, attorneys or agents (collectively, the "***Company Parties***") regarding the tax effects associated with this Notice and the Agreement and your receipt, holding and vesting of the Award, (b) that in accepting the Award you are relying on your own judgment and the judgment of the professionals of your choice with whom you have consulted, (c) to comply with the terms and conditions of the Award and the Agreement, including, but not limited to the covenants set forth in Section 22 of the Agreement, and in the Plan, and (d) that a copy of the Agreement and the Plan has been made available to you. In addition, you consent to receive documents from the Company and any plan administrator by means of electronic delivery, provided that such delivery complies with applicable law, including, without limitation, documents pursuant or relating to any equity award granted to you under any current or future equity or other benefit plan of the Company (the "***Company's Equity Plans***"). This consent shall be effective for the entire time that you are a participant in a Company Equity Plan. By receiving or accepting the Award you hereby release, acquit and forever discharge the Company Parties from all actions, causes of actions, suits, debts, obligations, liabilities, claims, damages, losses, costs and expenses of any nature whatsoever, known or unknown, on account of, arising out of, or in any way related to the tax effects associated with this Notice and the Agreement and your receipt, holding and the vesting of the Award. By asserting any rights with respect to, or accepting any payments under, the Plan and the Agreement, you will be deemed to have understood and agreed to the terms and conditions of the Plan and the Agreement.

Holly Logistic Services, L.L.C.

____
Michael C. Jennings, Chief Executive Officer and President

Appendix A

Exhibit 21.1

HOLLY ENERGY PARTNERS, L.P.
SUBSIDIARIES OF REGISTRANT

Name of Entity	State or Country of Incorporation or Organization
Cheyenne Pipeline LLC (joint venture)	Texas
Cheyenne Logistics LLC	Delaware
Cushing Connect Pipeline & Terminal LLC (joint venture)	Delaware
Cushing Connect Pipeline Holdings LLC (joint venture subsidiary)	Delaware
Cushing Connect Terminal Holdings LLC (joint venture subsidiary)	Delaware
El Dorado Logistics LLC	Delaware
El Dorado Operating LLC	Delaware
El Dorado Osage LLC	Delaware
Frontier Aspen LLC (f/k/a HEP Casper SLC LLC)	Delaware
HEP Cheyenne LLC	Delaware
HEP Cushing LLC (f/k/a HEP Cheyenne Shortline LLC)	Delaware
HEP El Dorado LLC	Delaware
HEP Fin-Tex/Trust-River, L.P.	Texas
HEP Logistics GP, L.L.C	Delaware
HEP Mountain Home, L.L.C.	Delaware
HEP Navajo Southern, L.P.	Delaware
HEP Oklahoma LLC	Delaware
HEP Pipeline Assets, Limited Partnership	Delaware
HEP Pipeline GP, L.L.C.	Delaware
HEP Pipeline, L.L.C.	Delaware
HEP Refining Assets, L.P.	Delaware
HEP Refining GP, L.L.C.	Delaware
HEP Refining, L.L.C.	Delaware
HEP Tulsa LLC	Delaware
HEP UNEV Holdings LLC	Delaware
HEP UNEV Pipeline LLC	Delaware
HEP Woods Cross, L.L.C.	Delaware
Holly Energy Finance Corp.	Delaware
Holly Energy Holdings LLC	Delaware
Holly Energy Partners – Operating, L.P.	Delaware
Holly Energy Storage – Lovington LLC	Delaware
Lovington-Artesia, L.L.C	Delaware
NWNAL LLC	Delaware
Osage Pipe Line Company, LLC (joint venture)	Delaware
Roadrunner Pipeline, L.L.C.	Delaware
Sinclair Logistics LLC	Delaware
Sinclair Pipeline Company LLC	Delaware
Sinclair Transportation Company LLC[1]	Delaware
SLC Pipeline LLC (f/k/a HEP SLC, LLC)	Delaware
UNEV Pipeline, LLC	Delaware
Woods Cross Operating LLC	Delaware

(1) Sinclair Transportation Company LLC also does business as Sinclair Pipeline Company and Sinclair Terminal Company.

Exhibit 22.1

List of Guarantor Subsidiaries

The following subsidiaries of Holly Energy Partners, L.P. (the "Partnership") were, as of December 31, 2021, listed as guarantors or as co-issuer under the Partnership's Registration Statement on Form S-3 (No. 333-228715):

Name of Subsidiary Guarantor or Co-Issuer	**Jurisdiction of Formation**
Holly Energy Finance Corp. (co-issuer)	Delaware
Cheyenne Logistics LLC	Delaware
El Dorado Logistics LLC	Delaware
El Dorado Operating LLC	Delaware
El Dorado Osage LLC	Delaware
Frontier Aspen LLC (f/k/a HEP Casper SLC LLC)	Delaware
HEP Cheyenne LLC	Delaware
HEP Cushing LLC (f/k/a HEP Cheyenne Shortline LLC)	Delaware
HEP El Dorado LLC	Delaware
HEP Logistics GP, L.L.C.	Delaware
HEP Mountain Home, L.L.C.	Delaware
HEP Oklahoma, LLC	Delaware
HEP Pipeline, L.L.C.	Delaware
HEP Pipeline GP, L.L.C.	Delaware
HEP Refining, L.L.C.	Delaware
HEP Refining GP, L.L.C.	Delaware
HEP Tulsa LLC	Delaware
HEP UNEV Holdings LLC	Delaware
HEP UNEV Pipeline LLC	Delaware
HEP Woods Cross, L.L.C.	Delaware
Holly Energy Holdings LLC	Delaware
Holly Energy Storage-Lovington LLC	Delaware
Lovington-Artesia, L.L.C.	Delaware
Roadrunner Pipeline, L.L.C.	Delaware
SLC Pipeline LLC (f/k/a HEP SLC LLC)	Delaware
Woods Cross Operating LLC	Delaware
HEP Fin-Tex/Trust-River, L.P.	Texas
HEP Pipeline Assets, Limited Partnership	Delaware
HEP Navajo Southern, L.P.	Delaware
HEP Refining Assets, L.P.	Delaware
Holly Energy Partners-Operating, L.P.	Delaware

* The above-listed entities also serve as co-issuer and as guarantors, respectively, of the Partnership's 5.000% Senior Notes due 2028 (the "Senior Notes"). The Senior Notes were issued in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933 (the "Securities Act") and to persons outside the United States pursuant to Regulation S under the Securities Act.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3/A No. 333-265154) of Holly Energy Partners, L.P. and Holly Energy Finance Corp., and in the related prospectus,

(2) Registration Statement (Form S-3 No. 333-265154) of Holly Energy Partners, L.P. and Holly Energy Finance Corp., and in the related prospectus, and

(3) Registration Statement (Form S-3 No. 333-263724) of Holly Energy Partners, L.P., and in the related prospectus,

(4) Registration Statement (Form S-8 No. 333-182865) pertaining to the Holly Energy Partners, L.P. Long-Term Incentive Plan;

of our reports dated February 28, 2023, with respect to the consolidated financial statements of Holly Energy Partners, L.P., and the effectiveness of internal control over financial reporting of Holly Energy Partners, L.P., included in this Annual Report (Form 10-K) for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Dallas, Texas
February 28, 2023

Exhibit 31.1

CERTIFICATION

I, Michael C. Jennings, certify that:

1. I have reviewed this annual report on Form 10-K of Holly Energy Partners, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2023

/s/ Michael C. Jennings

Michael C. Jennings
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John Harrison, certify that:

1. I have reviewed this annual report on Form 10-K of Holly Energy Partners, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 28, 2023

/s/ John Harrison

John Harrison
Senior Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER UNDER SECTION 906 OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the accompanying report on Form 10-K for the annual period ended December 31, 2022 and filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael C. Jennings, Chief Executive Officer of Holly Logistic Services, L.L.C., the general partner of HEP Logistics Holdings, L.P., the general partner of Holly Energy Partners, L.P. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2023

/s/ Michael C. Jennings
Michael C. Jennings
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER UNDER SECTION 906 OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the accompanying report on Form 10-K for the annual period ended December 31, 2022 and filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Harrison, Senior Vice President, Chief Financial Officer and Treasurer of Holly Logistic Services, L.L.C., the general partner of HEP Logistics Holdings, L.P., the general partner of Holly Energy Partners, L.P. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2023

/s/ John Harrison

John Harrison
Senior Vice President, Chief Financial Officer and Treasurer