DEVELOPMENT AGREEMENT
HOLLY REFINERY MODERNIZATION

This Development Agreement (the **"Agreement"**) is made and entered into this 28th day of June, 2007, by and between **WOODS CROSS REFINING COMPANY, L.L.C.,** a Delaware limited liability company (**"WCR"**); and **WEST BOUNTIFUL CITY**, a municipal corporation organized and existing under the laws of the State of Utah (the **"City"**).

RECITALS:

A. WCR is the owner of certain real property located between 700 West Street and 1100 West Street and between 500 South Street and approximately 200 North, as depicted on **Exhibit A** hereto (the **"Refinery Property"**), upon which WCR's oil refinery is located (the **"Refinery"**). The Refinery is currently located in the City's I-G Industrial General zoning district (the **"I-G Zone"**)

B. WCR desires to install additional environmental enhancements and control technologies at the Refinery as generally described on **Exhibit B** hereto (each, a **"Project"**; collectively, the **"Environmental Projects"**) so as to allow the Refinery to continue to operate in compliance with recently enacted federal environmental statutes, regulations and rules.

C. In addition to the Environmental Projects, WCR desires to upgrade certain systems and facilities at the Refinery as generally described on **Exhibit C** hereto (each a **"Project"**; collectively, the **"Modernization Projects"**).

D. The desired locations of the Environmental Projects and the Modernization Projects (collectively, the **"Projects"**) have been identified on the site plan attached as **Exhibit D** (the **"Site Plan"**).

E. The City desires to vacate a portion of 800 West Street from the Millcreek Stream to 500 South Street, as depicted on the Site Plan (the **"800 West Extension"**), contingent on, among other things, the City being deeded the Excess Property, described below. After such vacation, the 800 West Extension shall become private property owned by WCR.

F. WCR is willing to transfer to the City certain real property owned by WCR and more particularly described on **Exhibit E** hereto (the **"Excess Property"**) in connection with the vacation of the 800 West Extension.

G. WCR is also willing to provide certain landscaping improvements within the right-of-way of adjacent public streets, dedicate certain land for roadway purposes, and make certain improvements to the Refinery as a part of the Modernization Projects, as more fully described below, in harmony with the long-range goals and policies of the City's general plan; in compliance with the West Bountiful Municipal Code, as amended through the date hereof (the **"City Code"**); and in accordance with the provisions of this Agreement.

H. The City and WCR desire that a portion of the Refinery Property located north of Millcreek Stream, as depicted on the Site Plan (the **"Northern Buffer Area"**), be rezoned from the I-G Zone to R-1-10, and that a portion of the Refinery Property located west of the D&RG Railroad tracks, as depicted on the Site Plan, (the **"Annex Area"**) be rezoned from Residential

(R-1-22) and Commercial General (CG) to the I-G Zone, subject to required City hearings, deliberation and action (collectively, the **"Zone Change"**).

I. WCR and the City desire to address specific planning and improvement issues as set forth below and in the exhibits hereto and to clarify certain standards that will be applied in connection with the development of the Projects.

H. The City, acting pursuant to its authority under Utah Code Ann. §10-9-101, *et seq.*, and in furtherance of its land use policies, goals, objectives, ordinances, resolutions, and regulations, has made certain determinations with respect to the Property, and, in the exercise of its legislative discretion, has elected to approve this Agreement.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. VACATION OF 800 WEST EXTENSION; EXCHANGE OF EXCESS PROPERTY; DEDICATION OF 700 WEST RIGHT-OF-WAY; RESTRICTIVE COVENANTS ON NORTHERN BUFFER AREA.

1.1 Vacation of 800 West Extension. At such time as the City determines in its sole discretion, and concurrently with the transfer of the Excess Property to the City as provided in Section 1.2 hereof, the City will vacate the 800 West Extension and it will become a private roadway within the Refinery Property. WCR shall then have the right to install a fence at the boundary of the 800 West Extension preventing public vehicular traffic on the 800 West Extension.

1.2 Excess Property. Concurrently with the vacation of the 800 West Extension and transfer of such property by the City to WCR, WCR shall convey to the City the Excess Property by special warranty deed subject to all non-monetary liens, encumbrances and other matters of record. The Excess Property shall also be subject to certain covenants imposed by WCR and approved by the City, prohibiting those uses identified on **Exhibit H** hereto and providing that any owner of such property acknowledges that the property is located near the Refinery and agrees to accept title subject to the impact of non-negligent Refinery operations on such property.

1.3 Consideration; Timing. The City and WCR agree that the fair market value of the 800 West Extension and of the Excess Property is approximately the same and that no other consideration shall be required in connection with the property exchange contemplated by this Section 1. Nothing set forth in Sections 1.1 or 1.2 shall obligate the City to vacate the 800 West Extension; provided that in the event the City does not vacate the 800 West Extension within five (5) years after the date hereof, the obligations of the parties set forth in Sections 1.1 and 1.2 shall lapse and be of no further force or effect.

1.4 700 West/500 South Connection. At such time as the City determines to construct a public road and right-of-way from 500 South Street at approximately 700 West Street to the north in order to eventually connect 700 West Street to 800 West Street to the west, as depicted on the Site Plan (the "**700 West/500 South Connection**"), upon the City's reasonable request WCR agrees to promptly dedicate for public roadway purposes up to a sixty-six foot (66') wide right-of-way through that portion of WCR's property located west of the canal and east of the existing railroad tracks and identified as the "**Retained Property**" on the

Site Plan and on Exhibit E hereto. The parties acknowledge that the location of the 700 West/500 South Connection has not yet been determined and both parties agree to cooperate in the design of the 700 West/500 South Extension so as to minimize the impact of such roadway on the remaining portion of WCR's property. Such dedication shall be without cost to the City and shall be pursuant to such instruments or documents reasonably acceptable to the City and WCR. The 700 West/500 South Connection located on the Retained Property shall be dedicated free and clear of any monetary encumbrances created by WCR. Concurrently with the dedication of the 700 West/500 South Connection and at the City's option, WCR will convey to the City for fair market value, free and clear of any monetary encumbrances created by WCR, the portion of the Retained Property situated to the north and east of the 700 West/500 South Connection. Any such conveyance may be made subject to the restrictive covenants described in Section 1.2. Nothing set forth in this Section shall obligate the City to take the foregoing action; provided that if the City fails to take such action within five (5) years after the date hereof, the obligations of the parties set forth in this Section shall lapse and be of no further force or effect.

1.5 Dedication of 700 West/800 West Connection. At such time as the City determines to construct a public road and right-of-way from 700 West Street to the portion of 800 West Street that has not been vacated by the City, upon the City's reasonable request WCR agrees to promptly dedicate for public roadway purposes that certain real property owned by WCR identified as the **"700 West/800 West Connection"** on the Site Plan. The parties acknowledge that the location of the 700 West/800 West Connection has not yet been determined and both parties agree to cooperate in the design of the 700 West/800 West Connection so as to minimize the impact of such roadway on the remaining portion of WCR's property. Such dedication shall be without cost to the City and shall be pursuant to such instruments or documents reasonably acceptable to the City and WCR. The 700 West/800 West Connection shall be dedicated free and clear of any monetary encumbrances created by WCR. Nothing set forth in this Section shall obligate the City to take the foregoing action; provided that if the City fails to take such action within five (5) years after the date hereof, the obligations of the parties set forth in this Section shall lapse and be of no further force or effect.

1.6 Northern Buffer Area Covenants. Concurrently with the Zone Change, WCR agrees to record a set of restrictive covenants, reasonably acceptable to the City, against the property included in the Northern Buffer Area (the **"Buffer Area Restrictive Covenants"**). Subject to Section 1.8 below, the Buffer Area Restrictive Covenants shall prohibit the installation on such property of any industrial buildings or other above-ground industrial facilities, or any new above-ground industrial uses. The Buffer Area Restrictive Covenants shall also prohibit any new commercial or residential uses without the prior approval of the City Planning Commission and compliance with applicable zoning requirements. Nothing set forth in this Section shall obligate the City to take the foregoing action; provided that if the City fails to complete the Zone Change by December 31, 2008, the obligations of the parties set forth in this Section shall lapse and be of no further force or effect.

1.7 Preservation of Right-of-Way Area. Until the dedication of the 700 West/500 South Connection and 700 West/800 West Connection, or within five (5) years after the date hereof, whichever occurs first, WCR will not install any improvements within the area contemplated for such Connections, as depicted on the Site Plan, that would substantially increase the cost to the City of completing the Connections.

1.8 Rail System in Northern Buffer Area. The City acknowledges that WCR shall be allowed to operate the rail system (including the new line depicted on the Site

Plan) in the Northern Buffer Area as contemplated on the Site Plan. Notwithstanding such right, WCR shall use commercially reasonable efforts to avoid the Storage (as defined below) of any rail cars on the D&RG tracks located along the western boundary of the Northern Buffer Area if such storage would be closer than approximately 200 feet from the nearest residence adjacent to such tracks. The City acknowledges that such rail system is subject to the usage rights of the railroad and that WCR may not have the right or reasonable ability to ensure that such Storage does not occur. In the event Storage of a rail car in such area occurs, WCR shall use commercially reasonable efforts to remove the same within two (2) business days after written notice to remove is received from the City. As used herein, the term "Storage" means the leaving of any rail car on the tracks located in the Northern Buffer Area for more than two (2) consecutive days.

1.9 **Railroad Crossing on 800 West Street**. The Modernization Projects that have been approved by the City Council pursuant to this Agreement include a new railroad crossing (and any necessary safety devices) on 800 West Street, which crossing may require temporary restrictions of traffic from time to time. The installation of such crossing is intended, among other things, to reduce the projected number of train crossings on 500 South Street absent such crossing, and such reduction is desired by WCR, the City and UDOT. It is the intent of the City and WCR to work in good faith to coordinate the timing of the installation of such crossing so that it occurs, to the extent reasonably practicable given the modernization and operational needs of the Refinery, after the vacation of 800 West Street by the City. In the event, however, that the City fails to vacate 800 West Street within the five (5)-year period provided in Section 1.3 or if at any time WCR determines in good faith that the orderly and efficient operation of the Refinery requires the crossing be made prior to the expiration of such five (5)-year period, WCR may do so provided it gives the City at least 90 days' prior notice to the City of such intent. For avoidance of doubt, the City has no obligation to vacate 800 West Street and WCR shall have no obligation to install the crossing if 800 West Street is not vacated by the City.

2. PROJECT APPROVALS.

2.1. **Approval**. Each Project is hereby approved subject only to WCR obtaining any necessary building permit required pursuant to the City Code and obtaining any necessary federal or state air quality or other environmental permits and approvals. The Site Plan (**Exhibit D**) and accompanying documents, copies of which are attached as **Exhibits B** and **C** (collectively, the **"Project Documents"**), depict the approved improvements, location and configuration of each Project. Each such Project that WCR elects to install shall be consistent with the Site Plan, Project Documents, and provisions of this Agreement.

2.2. **Final Construction Drawings.** The final construction drawings for each Project must not contain material differences from the Site Plan or Project Documents. For purposes of this Agreement, "material differences" do not include minor revisions to locations, footprints, and configurations of buildings, parking, sidewalks, and landscaping not affecting the requirements set forth in Section 3 below.

2.3. **Amendments.** Any amendment to the Site Plan relating to the Projects will require the approval of the Planning Commission. Any future work at the Refinery that requires a building permit and is not included in the Projects identified on **Exhibit B** or **Exhibit C** for which a building permit is required that is not identified in this Agreement shall be subject to review and approval by the City pursuant to the City Code.

2.4 **Phasing**. The Projects may be installed in one or more phases (each, a "**Phase**"), as determined by WCR in the exercise of its business judgment. Nothing herein shall require WCR to install any particular Project or the Projects in any particular order; provided that the 500 South Landscaping Improvements and all other Project Improvements, as defined below, shall be installed by WCR as provided herein.

2.5 **Timeliness**. Where further approvals or permits from the City are necessary for the Projects, the City agrees to cooperate in processing requests for such approvals and permits, and such approvals or permits shall not be unreasonably withheld, conditioned or delayed.

2.6 **Vested Rights and Reserved Legislative Powers**.

(a) Vested Rights. Subject to Section 2.5(b), WCR shall have the vested right for a period of fifteen (15) years to develop and construct each Project in accordance with the zoning, subdivision and other land use plans, policies, processes, ordinances, and regulations (together, the "**Land Use Laws**") in existence and effective on the date of final approval of this Agreement (the "**Vesting Date**"), and applying the terms and conditions of this Agreement.

(b) Reserved Legislative Powers. Nothing in this Agreement shall limit the City's future exercise of its police power in enacting generally applicable Land Use Laws after the Vesting Date. Notwithstanding the retained power of the City to enact such legislation under the police powers, such legislation shall only be applied to modify the vested rights of WCR under this Agreement based upon policies, facts, and circumstances meeting the compelling, countervailing public interest exception to the vested rights doctrine in the State of Utah. Any such proposed change affecting the vested rights of WCR shall be of general application to all development activity in the City; and, unless the City declares an emergency, WCR shall be entitled to prior written notice and an opportunity to be heard with respect to the proposed change and its applicability to any remaining Project under the compelling, countervailing public policy exception to the vested rights doctrine.

(c) No Waiver. Except as to the Northern Buffer Area and as otherwise expressly provided in Sections 7.2 and 7.3, nothing herein is or shall be construed to be a release or waiver of any existing right for the Refinery to be operated consistent with its historical use and other vested rights, all of which are expressly reserved. Nothing in this Agreement shall be construed to be a release or waiver of any existing right of the City to enforce laws applicable to the negligent or improper operation of the Refinery and other rights of the City, all of which are expressly reserved.

3. PROJECT IMPROVEMENTS.

3.1 **Landscaping Improvements**.

(a) Master Landscaping Plan. The City and WCR have jointly developed and approved a landscaping plan attached as **Exhibit F** hereto (the **"Master Landscaping Plan"**) that addresses the following areas:

(i) landscaping and related improvements within and along the 500 South Street right-of-way (the "**500 South Landscaping Improvements**");

(ii) buffer and landscaping improvements near the Rail Spur (as defined below);

(iii) buffer and landscaping improvements near the Co-Gen Facility (as defined below).

The City hereby approves the Master Landscaping Plan subject only to receipt of the UDOT Approval described in Section 3.1(b) below.

(b) UDOT's 500 South Plan. WCR and the City believe that some of the 500 South Landscaping Improvements will be installed and paid for by the Utah Department of Transportation ("**UDOT**") as a part of UDOT's 500 South Street improvement plan ("**UDOT's 500 South Plan**"). In addition, if the City is successful in obtaining third party grants or other funding, the City has agreed to fund a portion of the improvements included in UDOT's 500 South Plan (the "**City Contribution**"). WCR agrees to either fund or install that portion of the 500 South Landscaping Improvements which are not funded by UDOT and the City (the "**WCR Contribution**") concurrently with the receipt of the approval of the 500 South Landscaping Improvements from UDOT (the "**UDOT Approval**"). WCR and the City shall cooperate in (i) obtaining the UDOT Approval and including in UDOT's funding as much of the 500 South Landscaping Improvements as possible; (ii) seeking third-party grants and other funding to the extent reasonably available for the 500 South Landscaping Improvements; and (iii) making any changes to the 500 South Landscaping Improvements required by UDOT so long as (aa) no property is required to be donated by WCR beyond that shown in the Master Landscaping Plan; and (bb) the cost to WCR of installing the 500 South Landscaping Improvements (as so modified by UDOT) does not increase from the cost of installing the 500 South Landscaping Improvements under the original Master Landscaping Plan as of the date of this Agreement, except for any increase attributable to inflation. WCR shall have the right to attend and participate in any meetings or telephone calls with UDOT in which the 500 South Landscaping Improvements are discussed.

(c) WCR Contribution. Provided that UDOT approves the Master Landscaping Plan for 500 South Street, WCR shall promptly thereafter provide to the City the WCR Contribution in the form of funding or installation of such landscaping and improvements along 500 South Street as depicted in the Master Landscaping Plan, subject to receipt from the City and UDOT of any necessary permits and approvals.

3.2 Annex Area Buffer. The Modernization Projects include the potential installation of a co-generation power plant (the "**Co-Gen Facility**") in the area designated for such project on the Site Plan and included in the Annex Area. Concurrently with the installation of the Co-Gen Facility, WCR shall install, and will thereafter maintain, a landscape buffer on the west side of the Annex Area in the approximate location depicted on the Site Plan, which landscape buffer shall be installed in accordance with the Master Landscaping Plan.

3.3 Northern Area Railroad Buffer. The Modernization Projects include the potential installation of a new rail spur (the "**Rail Spur**") in the area designated for such Rail Spur on the Site Plan. Concurrently with the installation of the Rail Spur, WCR shall construct ,

and will thereafter maintain, a landscape buffer on the north side of the Rail Spur in the approximate location depicted on the Site Plan, which landscape buffer shall be installed and landscaped in accordance with the Master Landscaping Plan.

3.4 **Trail Parcel**. The City desires the donation of a strip of property up to fifteen feet (15') wide for the installation of a public trail in the area designated for such trail (the "**Trail Parcel**") along the west side of the existing D&RG rail line (the "**D&RG Rail Line**") identified on the Site Plan. The parties are uncertain, however, that after consideration of existing easements and WCR's need to fence the area to maintain safe operations and for security reasons, there will be adequate area for installation of a trail on the Trail Parcel. The parties will cooperate in negotiating with third parties for the waiver or modification of existing easements for the purpose of increasing the likelihood that a public trail may be installed in the Trail Parcel, as long as such cooperation does not impair the operation of the Refinery or any rail lines or increase WCR's cost or liability. If the City determines to install the public trail on the Trail Parcel, upon the City's reasonable request WCR will quit-claim the Trail Parcel to the City subject to a reserved easement in WCR for the fencing, maintenance and operation of the D&RG Rail Line. The size and configuration of the Trail Parcel shall be adjusted prior to such conveyance as necessary to meet any clearance, security, fencing or other requirements for the proper and safe operation and maintenance of the D&RG Rail Line and the Refinery, and to accommodate the existing easements encumbering the area as they may be waived or modified through negotiation as provided above. The form of such conveyance and reserved easement shall be mutually agreed upon by the City and WCR.

3.5 **Changes in Landscaping Plans or Trail Parcel**. Any changes to the Master Landscaping Plan or Trail Parcel referred to in this Section 3 shall be subject to the prior approval of the City and WCR, which approval shall not be unreasonably withheld, conditioned or delayed.

3.6 **Compliance with City Code.** WCR will provide, construct, and install all required onsite and offsite improvements for each Project as identified in this Section 3 (collectively, the **"Project Improvements"**) in a satisfactory manner in compliance with the requirements of this Agreement, the City Code, and all other applicable laws and requirements. WCR will allow the City reasonable access to the Project Improvements during the installation of the Project Improvements so the City may verify WCR's compliance with the City Code and this Agreement.

4. **DEDICATION OF 500 SOUTH LANDSCAPING IMPROVEMENTS.** If WCR opts to install the 500 South Landscaping Improvements rather than merely fund them, once such Improvements have been completed and passed final inspection, all such Improvements within the 500 South Street right-of-way will be dedicated by WCR to UDOT or such other public entity designated by UDOT to own such Improvements. If WCR installed such Improvements, WCR will continue to repair and replace such Improvements as necessary during the Warranty Period, as defined below. Except for WCR's obligations during the Warranty Period or pursuant to the City Code or any UDOT rule, if any, WCR shall have no responsibility for any repair, maintenance or replacement of such Improvements or liability to any third party arising out of any accident or other injury following dedication of the 500 South Landscaping Improvements. WCR will have continuing responsibility to repair, maintain, and replace any such Improvements on the Refinery Property that are not dedicated to UDOT or its designee.

5. WARRANTY OF 500 SOUTH LANDSCAPING IMPROVEMENTS.

5.1 Applicability. The provisions of this Section 5 shall apply only in the event WCR installs the 500 South Landscaping Improvements.

5.2 Warranty of 500 South Landscaping Improvements. If WCR installs the 500 South Landscaping Improvements, WCR warrants that the 500 South Landscaping Improvements and any repairs or restoration of such Improvements, will comply with the requirements of the UDOT Approval and will remain in good condition, free from all defects in workmanship or materials for a two-year period ("**Warranty Period**") beginning on the date such Improvements are completed in accordance with the UDOT Approval, without charge or cost to UDOT or the City.

5.2 Security for WCR's Obligations. To secure the satisfactory completion of the 500 South Landscaping Improvements and WCR's warranty obligations under this Agreement, WCR agrees to cause its contractor to provide a sufficient bond (the **"Bond Agreement"**) in the amount of 120 percent of the estimated cost of the 500 South Landscaping Improvements, as itemized in the Bond Agreement.

6. FEES AND CHARGES. WCR will pay all required fees and charges required by the City Code in connection with a Project, including building permit fees and impact fees, before a building permit for a particular Project is issued.

7. ENVIRONMENTAL PROVISIONS.

7.1 Compliance with Law. WCR shall comply with applicable federal and state laws in the operation, maintenance and repair of the Refinery.

7.2 Odor Control. The City and WCR share the common objective of minimizing odors from Refinery operations that may emanate beyond the Refinery Property. Odor control is inherently subjective and accordingly WCR shall be obligated only to use commercially reasonable efforts to identify and control odors from its operations. Notwithstanding the foregoing, WCR agrees to promptly undertake the following actions designed to minimize odors from Refinery operations:

(a) Install plastic sheets over all sewer manholes that are downstream of the flume house located on the Refinery Property to help control vapors or, in the alternative, carbon absorption packs shall be placed and maintained inside these same manholes.

(b) Utilize treatment additives (such as hydrogen peroxide) to treat sulfides in the wastewater system to the extent such additives remain a commercially reasonable way to treat such water; and, to the extent such additives do not remain a commercially reasonable way to treat such water or do not materially reduce odor levels, WCR will take other commercially reasonable steps to treat such water such that sulfides in such water leaving the Refinery are at 10 ppm or less, unless such treatment is prohibited under WCR's environmental permits or under applicable law.

(c) Adopt management practices to adjust the production/usage of sour water to minimize the risk of overflowing sour water to the Refinery wastewater system.

(d) Install a weather station to record the wind speed and direction to assist in identifying the source of odors that may escape the Refinery Property.

(e) Adopt a response plan requiring that upon receipt of a complaint of an odor emanating from the Refinery an authorized employee of WCR will make a site investigation, make note of any odor observed and complete an odor observation form for WCR's records, which report will be provided to the City; provided, that the failure to provide such report to the City shall not be a default hereunder unless WCR fails to provide such report within ten (10) business days after the City's written request.

7.3 Noise. The City and WCR share the common objective of minimizing unnecessary noise emanating from Refinery operations that may be transmitted beyond the Refinery Property. WCR shall install flow monitors on the North and South flares at the Refinery which are designed to better adjust the introduction of steam and reduce noise from such facilities. WCR will also take commercially reasonable measures to reduce or mitigate noise transmission beyond the Refinery Property that is generated from Projects installed at the Refinery after the date hereof, and such Projects will comply at all times with the City's applicable noise ordinance to the extent such ordinance is not preempted by applicable state or federal law; provided, that the parties acknowledge that WCR will be allowed to operate the Refinery at historical noise levels, as long as WCR operates the Refinery in a non-negligent manner in accordance with generally accepted refinery industry standards. Such noise limits shall not apply during construction, maintenance and repair activities or unanticipated outages.

7.4 Environmental Study. The City desires to perform a study of various environmental conditions in the vicinity of the Refinery and has developed a scope of work and proposed budget for such work, all as set forth on **Exhibit G** hereto (the "**Environmental Study**"). Concurrently with the signing of this Agreement, WCR agrees to contribute to the City up to the sum of $53,400.00 to help defray the cost of that portion of the Environmental Study related to the permitting of the Projects contemplated hereby.

8. BUFFER AREA ACQUISITION NOTIFICATIONS. It is WCR's present intent to pursue the acquisition of additional real property located in the buffer areas identified on the Site Plan; provided that nothing herein shall obligate WCR to acquire any such additional real property. WCR shall notify the City after acquiring any additional real property in the vicinity of the Refinery beyond the property currently owned by WCR. Upon acquiring any real property in the buffer areas identified on the Site Plan, WCR will record a memorandum of this Agreement against such property, and this Agreement will be deemed modified so that the restrictions and obligations contained in this Agreement will apply to such property.

9. DEFAULT. WCR will be in material default under this Agreement if any of the following occurs:

9.1 Failure to Perform. WCR substantially fails to perform its obligations under this Agreement and, after thirty (30) days' written notice from the City of such failure, WCR has not cured the failure; or, if the failure is not capable of being cured within such time, has not commenced to cure the failure within such time and diligently completed the cure within a reasonable time thereafter.

9.2. **Insolvency.** WCR becomes insolvent, a receiver is appointed for WCR, or a voluntary or involuntary petition in bankruptcy pertaining to WCR is filed and not dismissed within sixty (60) days thereafter.

9.3. **Foreclosure.** Foreclosure proceedings are commenced against any portion of the Refinery Property or such property is conveyed in lieu of foreclosure.

10. REMEDIES. In the event of WCR's material default under this Agreement, the City will be entitled to pursue any remedies allowed under this Agreement, at law, or in equity, including but not limited to specific performance of WCR's obligations under this Agreement; and recovery of all costs incurred by the City in enforcing its rights and remedies under this Agreement, including administrative costs; inspection fees; permit fees; and reasonable attorney, engineering, consultant, and expert witness fees, whether incurred in litigation or otherwise. The City's remedies under this Agreement, at law, and in equity are cumulative.

11. INSURANCE. In the event WCR elects to install the 500 South Landscaping Improvements, WCR will maintain throughout the installation of the 500 South Landscaping Improvements and Warranty Period comprehensive general liability insurance or, at WCR's option self-insurance, in the amount of $1,000,000, covering, among other things, liability, damage, loss, or injury to any person or property, including damage to WCR, or its property, as a result of the work of any contractor or agent of WCR in the installation of the 500 South Landscaping Improvements. Upon written request of the City, WCR will provide at least annually proof of the insurance required under this Agreement. If WCR fails to maintain insurance as required, the City, at its option, may obtain such insurance and collect from WCR the cost of insurance premiums as part of the City's recoverable costs, as described in Section 10. The insurance required under this Section 11 shall not limit any remedy the City may otherwise have against WCR.

12. WCR'S INDEPENDENT OBLIGATIONS. WCR's obligations with respect to the 500 South Landscaping Improvements and to fulfill its other obligations under this Agreement: (a) are independent of any obligation or responsibility of the City, express or implied; (b) are not conditioned upon the commencement of actual construction work for any Project; and (c) are independent of any other remedy available to the City to secure completion of the 500 South Landscaping Improvements and other Project Improvements. WCR may not assert as a defense that the City has remedies against other entities or has other remedies in equity or at law that would otherwise relieve WCR of its duty to perform, or preclude the City from requiring WCR's performance under this Agreement.

13. EMERGENCY RESPONSE.

13.1 **Emergency Response Plan.** WCR shall prepare and file with the City an emergency response plan regarding procedures for emergency response at the Refinery (**"Emergency Response Plan"**). The Emergency Response Plan shall include all emergency contact numbers for WCR representatives in the event of an emergency. WCR shall make any amendments or updates to the Emergency Response Plan as deemed necessary by WCR or as required by law, and shall provide the City with copies of the amendments or updates prior to or concurrent with the effective date of any such updates or amendments. WCR shall respond to any emergency situation within the time periods required by, and subject to and in compliance with, all applicable state and federal laws, rules and regulations.

13.2 Notification of the City. In addition to the notification requirements in the Emergency Response Plan, WCR shall immediately notify the City of any emergency situation that threatens the health or safety of persons or property located outside of the Refinery. If requested by the City, WCR shall follow-up any notice provided hereunder with a written summary of the event, including the identity of other governmental or regulatory agencies WCR has notified. Such follow-up shall be provided within thirty (30) days from the City's request for information. WCR shall provide the City with copies of any and all reports submitted to or by WCR to any federal, state or local regulatory agency regarding any emergency response involving the Refinery Property.

13.3 Emergency Response Training. WCR will cooperate with the City, Woods Cross City, Bountiful City, Davis County, South Davis Metro Fire Agency and any other affected governmental agency with jurisdiction, to (a) familiarize such entities with the Emergency Response Plan (and updates thereto); and (b) provide reasonable assistance for such entities to: establish a unified command organization; and develop an effective community notification system; and provide controlled access to the Refinery and affected areas. Such cooperation shall include participation in actual or table top emergency response drills.

13.4 Public Notification and Education. Until the expiration of WCR's vested rights under this Agreement, WCR will hold meetings at least annually (or such other frequency as WCR and the City may agree) to familiarize the City's residents with the Emergency Response Plan. WCR and the City will cooperate in providing notice of and carrying out such meetings. WCR will bear the expense of providing specific notice of such meetings to owners of property within 1000 feet of the Refinery Property.

14. MISCELLANEOUS PROVISIONS.

14.1 Assignment; Covenants Run with the Land. WCR shall not assign its obligations under this Agreement or any right or interest herein without giving prior written notice to the City. Any future assignee shall consent in writing to be bound by the terms and conditions of this Agreement as a condition precedent to the assignment. WCR shall not transfer Property, or any portion thereof, or otherwise convey its rights and obligations under this

wner") shall be liable for the performance of each of the obligations contained in this greement as it relates to that portion of the Refinery Property it is buying or being transferred. cceptance of a deed or bill of sale to any portion of the Refinery Property shall constitute an greement to assume and to be bound by the provisions of this Agreement as it relates to the efinery Property covered by the deed and/or bill of sale. Any reference to WCR herein shall e construed to refer to any Subsequent Owner with respect to the portion of the Refinery roperty owned by such Subsequent Owner. Notwithstanding the foregoing, (a) the covenants ontained in this Agreement will be construed as covenants with respect to real property and will un with the land. Such covenants will be binding upon the successors, assigns, agents, and egal representatives of WCR in the ownership or development of any portion of the Project. he City may record this Agreement or a memorandum of this Agreement.

14.2. Severability. The provisions of this Agreement are severable, and the nvalidity or unenforceability of any provision of this Agreement will not affect the validity or nforceability of the remaining provisions.

14.3 Captions. The section and paragraph headings contained in this Agreement are for the purpose of reference only and will not limit or otherwise affect the construction of any provision of this Agreement.

14.4 Entire Agreement; Modification; Waiver. This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and supersedes all previous or contemporaneous representations or agreements of the parties regarding the subject matter of this Agreement. No modification of this Agreement will be valid or binding unless made in writing and signed by both parties. Any waiver of any provision of this Agreement must be in writing and must be signed by the party waiving the provision.

14.5 No Third-Party Beneficiaries. This Agreement is made for the exclusive benefit of the parties and their respective heirs, successors, and assigns. No other person or entity, including lot purchasers, contractors, subcontractors, laborers, and suppliers, will have any interest under this Agreement or be classified as a third-party beneficiary. The City will not be liable to any claimant, in any way, for any obligation of WCR under this Agreement or otherwise.

14.6 Time of Essence. Time is of the essence in the performance of all obligations under this Agreement.

14.7 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Utah, except as such laws may be preempted or superseded by the laws of the United States. The parties hereby consent to the jurisdiction of the courts of the State of Utah, or the courts of the United States of America located in the State of Utah, as the case may be, with venue in Davis County, as the sole forum for any litigation arising out of this Agreement. The parties agree, intend, and understand that the obligations imposed by this Agreement are only such as are consistent with applicable state and federal law. The parties further agree that if any provision of this Agreement becomes, in its performance, inconsistent with state or federal law or is declared invalid, this Agreement shall be deemed amended to the extent necessary to make it consistent with state or federal law, as the case may be, and the balance of this Agreement shall remain in full force and effect.

14.8 No Partnership. The transactions contemplated under this Agreement are WCR's installation and warranty of the Improvements, and do not constitute a partnership, joint venture or other association between the parties.

14.9 Notices. All notices required under this Agreement must be in writing and will be deemed to have been sufficiently given or served when presented personally or when deposited in the United States Mail, by registered or certified mail, addressed as follows:

TO WCR: Woods Cross Refining Company, L.L.C
C/o Holly Refining & Marketing Company
Attn: Refinery Manager
393 South 800 West
Woods Cross, Utah 84087-1435

With copies to: Holly Corporation
Attn: General Counsel
100 Crescent Court, Suite 1600
Dallas, Texas 75201

Parr Waddoups Brown Gee & Loveless
Attn: Roger D. Henriksen, Esq.
185 South State Street, Suite 1300
Salt Lake City, Utah 84111

TO THE CITY: West Bountiful City
Attention: City Administrator
550 North 800 West
West Bountiful, Utah 84087

Either party may designate a different address by written notice to the other party. Any notice given under this Agreement will be deemed given as of the date delivered or mailed.

14.10 Warranty of Authority. The persons signing this Agreement on behalf of the parties hereby warrant that they have the requisite authority to execute this Agreement on behalf of the respective parties, which have agreed to be and are bound hereby.

14.11 Exhibits. All exhibits to this Agreement, as described in the attached exhibit list, are incorporated in this Agreement by reference.

14.12 Construction of Agreement. This Agreement should be construed so as to effectuate the public purpose of implementing long-range planning objectives, obtaining public benefits, and protecting any compelling, countervailing public interest while providing reasonable assurances of continuing vested development rights.

14.13 Cost of Enforcement. If this Agreement or any of its material provisions are breached, the party at fault agrees to pay the attorney's fees and all costs of enforcement of the non-breaching party.

14.14 Force Majeure. Neither party hereto shall be liable for any delay or failure in the keeping or performance of its obligations under this Agreement during the time and to the extent that any such failure is due to acts of God, acts of the United States Government or the State of Utah, fires, floods, or other casualties or causes beyond the reasonable control and without the fault or negligence of the party obligated to perform hereunder; provided the party seeking relief under the provisions of this Section: (1) notifies the other party in writing of a force majeure event within a reasonable time following the affected party's knowledge of the occurrence of the claimed force majeure event, and (2) promptly resumes the keeping and performance of the affected obligations after such cause has come to an end. Each party shall make every reasonable effort to keep delay in performance as a result of such a cause to a minimum.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first written above.

WCR:

WOODS CROSS REFINING COMPANY, L.L.C.
a Delaware limited liability company

By: _____
Lynn Keddington, Vice President

CITY:

WEST BOUNTIFUL CITY

_____
Mayor James Bennin

ATTEST:

_____
Beverly Haslam, City Recorder

WEST BOUNTIFUL CITY CORPORATE SEAL DAVIS COUNTY UTAH

ACKNOWLEDGMENTS

STATE OF UTAH)
: ss
County of Salt Lake)

On the 19th day of June 2007, appeared before me Lynn Keddington who, being duly sworn, acknowledged that he is the Vice President of Woods Cross Refining Company, L.L.C., a Delaware limited liability company, named in the foregoing Agreement, that he duly signed the Agreement on behalf of Woods Cross Refining Company, L.L.C., under authority of its operating agreement.

Notary Public
JENNIFER R. BALDI
1080 E Promontory Way I-302
Sandy, UT 84094
My Commission Expires
December 02, 2009
State of Utah

NOTARY PUBLIC

STATE OF UTAH)
: ss
County of Davis)

On the 28th day of June 2007, appeared before me James Behunin and Beverly Haslam who, being duly sworn, acknowledged that they are the Mayor and City Recorder, respectively, of West Bountiful City, and that they signed the foregoing Agreement on behalf of the City by authority of a duly adopted resolution of its City Council.

NOTARY PUBLIC

Notary Public
SUSAN BAILESS
5915 S. 1490 E.
Salt Lake City, UT 84121
My Commission Expires
January 24, 2011
State of Utah

LIST OF EXHIBITS

Exhibit A	Map of Refinery Property
Exhibit B	Environmental Projects
Exhibit C	Modernization Projects
Exhibit D	Site Plan
Exhibit E	Legal Description of Excess Property
Exhibit F	Master Landscaping Plan
Exhibit G	Environmental Study
Exhibit H	Prohibited Uses on Excess Property

EXHIBIT A

TO

DEVELOPMENT AGREEMENT

Map of Refinery Property

Sep 01, 2006 10:44:50 P:\PROJECTS\HEAVY SOUR UP\PROJ OFFSITES\REFY AERIAL PROPERTY.TIF

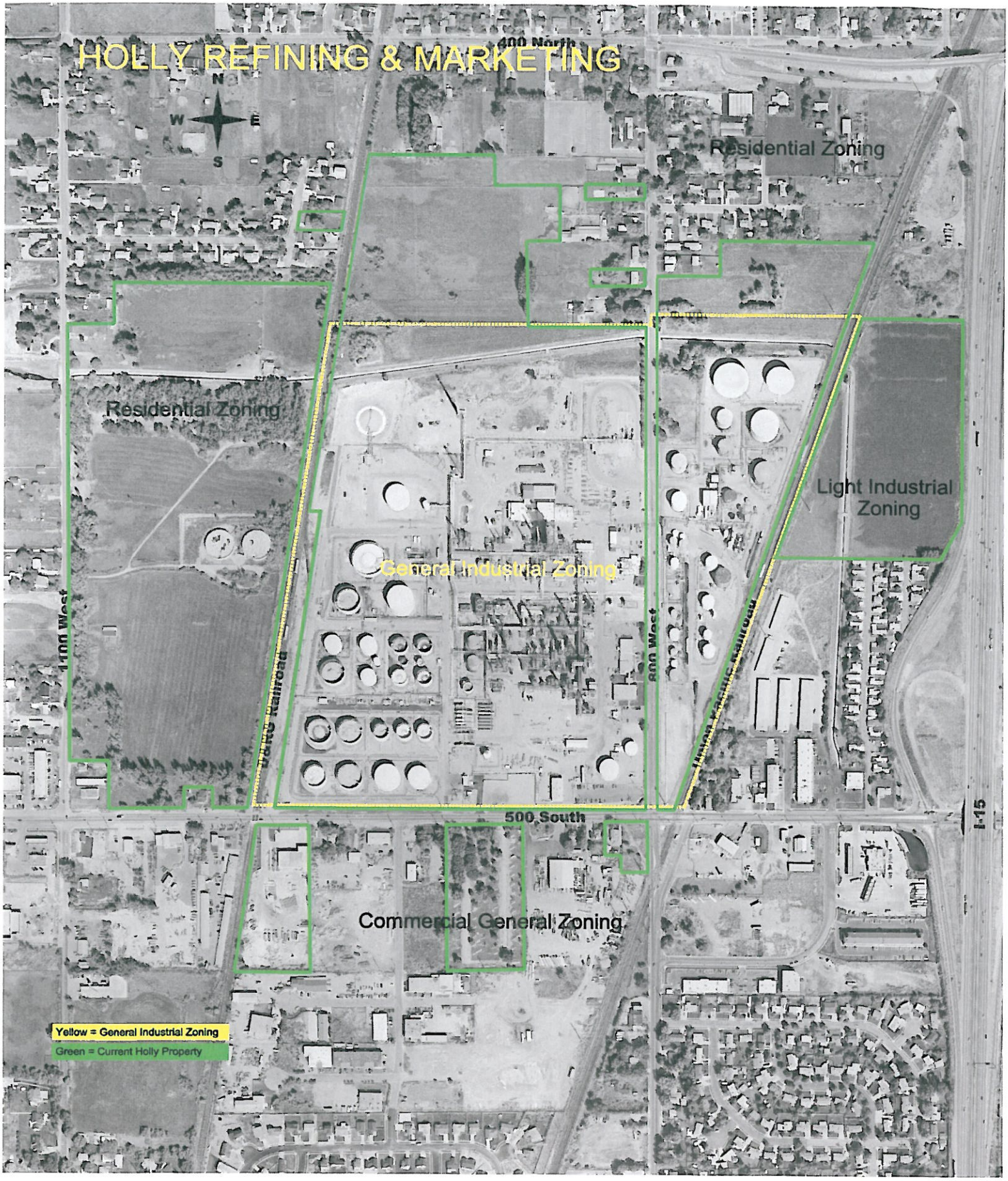


EXHIBIT B

TO

DEVELOPMENT AGREEMENT

Environmental Projects

The "Environmental Projects" referred to in the foregoing Agreement are generally described as follows:

- *Gas Oil Hydrocracker (GHC)* – 15,000 barrels per day (bpd) gas oil hydrocracker.
- *NaSH Plant* – The NaSH plant unit takes off-gas product from the GHC and treats the gas with caustic to make a NaSH product. Two NaSH product tanks and one caustic tank will need to be constructed for this process.
- *Sour Water Stripper* – A unit processes the H2S rich water produced as part of the GHC processing. One new sour water tank will need to be constructed for the feedstock.
- *Sulfur Recovery Unit Revamp* – This is a revamp of the existing Sulfur Recovery Unit to process the change in feed streams quality and quantity.
- *Crude Revamp/Desalter* – This modification will allow processing of black wax crudes and increase to production. This revamp will include the use of a parallel heat exchanger train.
- *SDA Conversion to ROSE* – This modification will provide flexibility to process increased quantities of black wax and Canadian crudes. This will increase the capacity of this unit. Two new tanks will be required as well as modification of three other tanks.
- *Wet Gas Scrubber* – This modification to the existing Fluid Catalyst Cracker (FCC) will "scrub" the flue gas from the FCC reducing overall emissions.
- *Control Room Modifications* – Modifications to the existing control are required for the distributive control systems for the new units.
- *NO_x Burners* – Installation of NO_x burners in connection with the environmental controls required under WCR's air quality permit.
- *Hydrogen Plant*- Installation of a plant to generate hydrogen to be used in the sulfur removal processes.
- *Electrical Infrastructure Upgrades*- Installation of necessary electrical facilities, systems and equipment as necessary to operate the new and existing facilities at the Refinery.
- *Related Improvements* – Installation of interconnecting piping, instrumentation and utilities as necessary to operate the new and existing facilities at the Refinery.

EXHIBIT C

TO

DEVELOPMENT AGREEMENT

Modernization Projects

The "Modernization Projects" referred to in the foregoing Agreement are generally described as follows:

- *Railroad* – A new line will be installed to connect the east rail spur and west rail spurs with various other loading and unloading modifications.

- *Crude Unloading* – The capacity of the existing crude unloading facility will be expanded from 3 to 6 bays.

- *Co-Gen Facility* – A new power plant that utilizes as a fuel source heavy fuel oil produced by the Refinery.

- *Related Improvements* – Installation of interconnecting piping, instrumentation and utilities as necessary to operate the new and existing facilities at the Refinery.

EXHIBIT D

TO

DEVELOPMENT AGREEMENT

Site Plan

May 08, 2007 14:43:55 O:\ENVIRONMENTAL\COMMUNITY ISSUES\ REFY PLOT PLAN2 HES.DWG

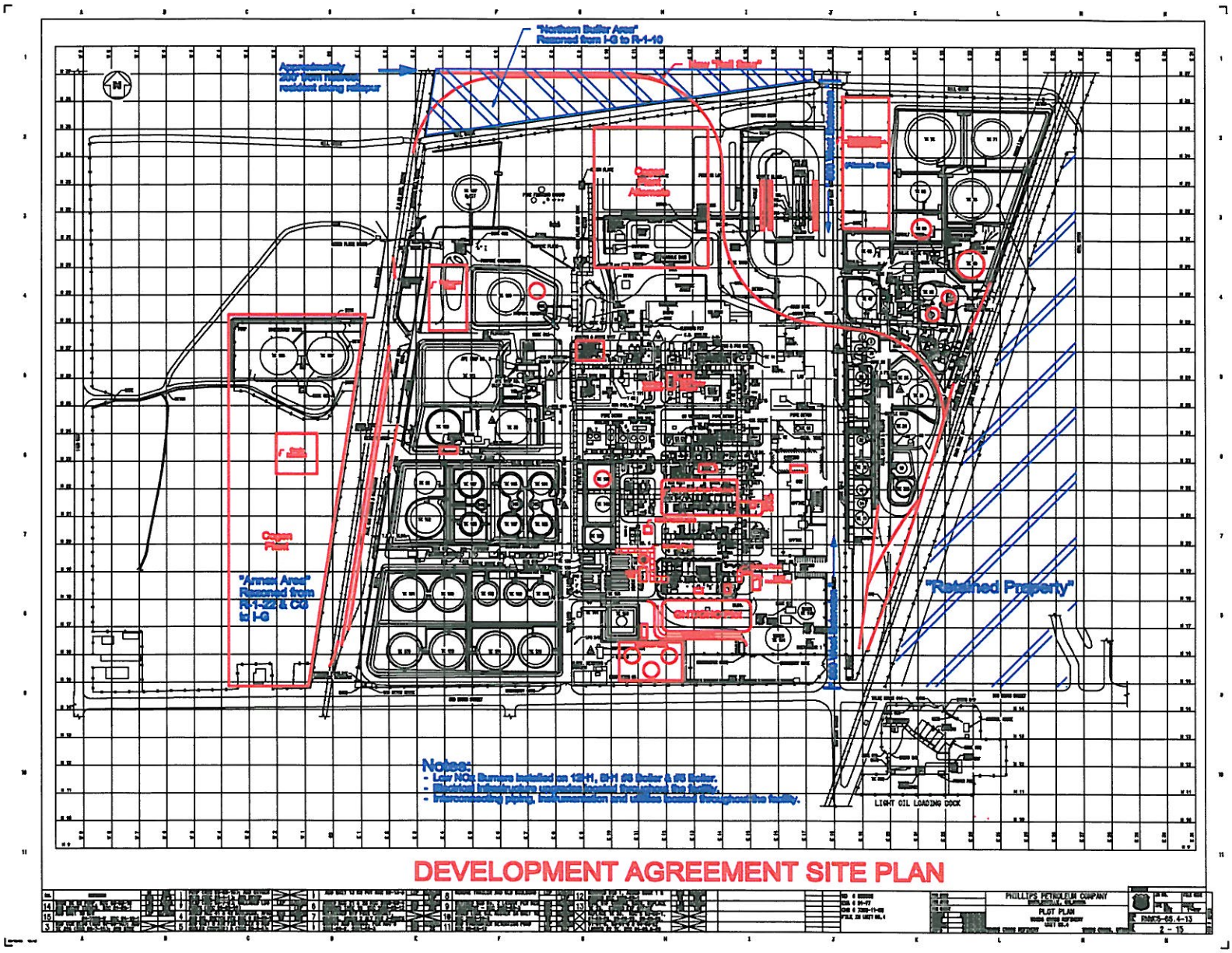
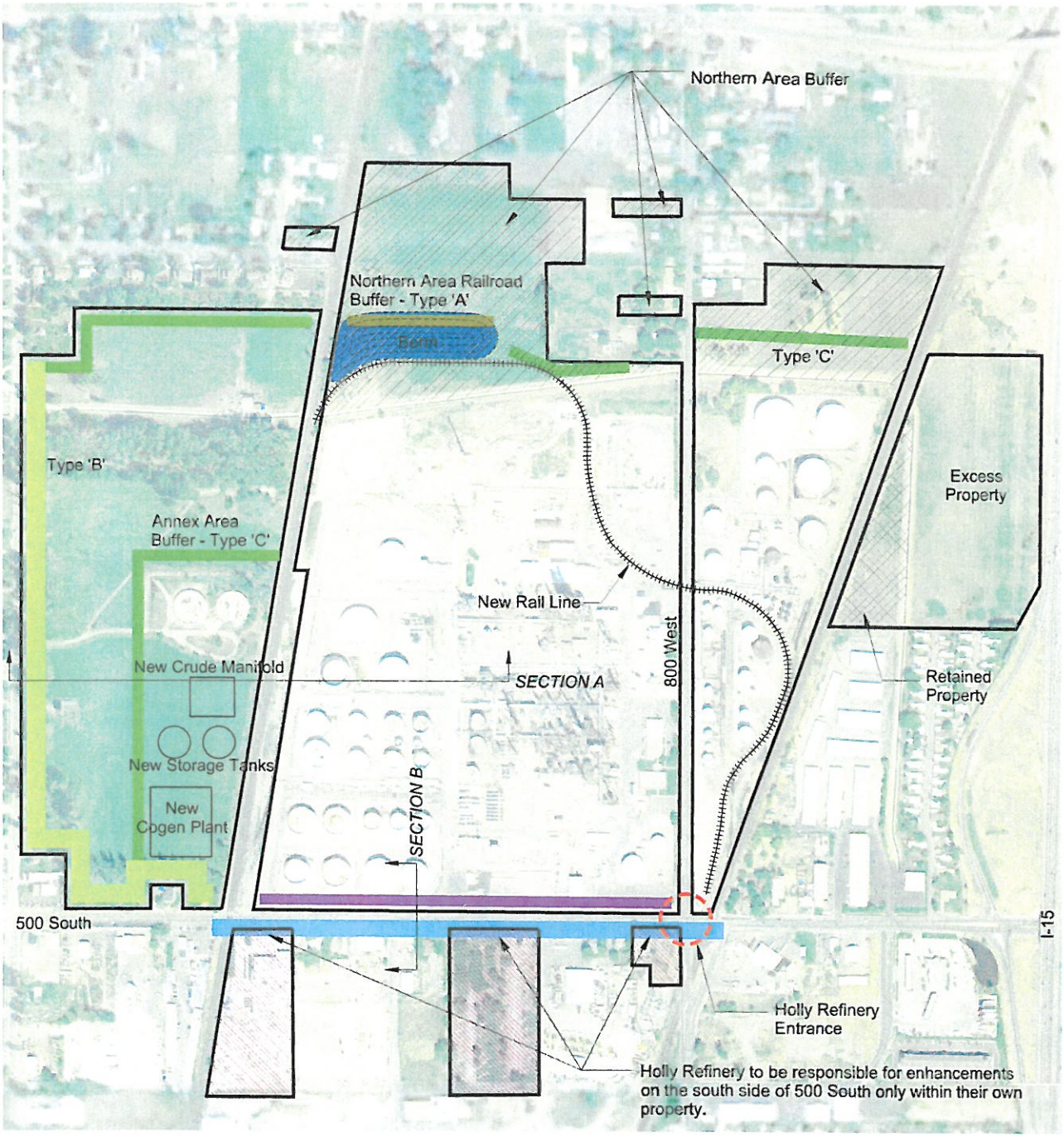


EXHIBIT D

HOLLY REFINERY

SITE PLAN (continued)



- Type 'A' Screening
- Type 'B' Screening
- Type 'C' Screening
- Vegetative Screening
- 500 South Streetscape Enhancements
- Mixed Use Development
- Berm
- Holly Refinery Entrance

EXHIBIT D

1

05/08/2007

NORTH

200 0 200 400

FEET

REV	BY	DATE	DESCRIPTION

PRELIMINARY
NOT FOR
CONSTRUCTION

PRINCIPAL: PAUL HIRST	INITIAL/DATE
PROJECT MANAGER: BILL COOCH	INITIAL/DATE
CHECKER: MATT HIRST	INITIAL/DATE
DRAWN BY: BRANDON TUCKER	INITIAL/DATE
SCALE: 200:1	DATE ISSUED: 03-09-07

CALDWELL
RICHARDS
SORENSEN
ANSWERS TO INFRASTRUCTURE™

2060 East 2100 South
Salt Lake City, UT 84109
Phone: (801) 359-5565
Fax: (801) 359-4272
www.crsengineers.com

WEST BOUNTIFUL RAILROAD CROSSING
3-13-2007

WEST BOUNTIFUL UT

RD SHEET 1 OF 1

PROJ. #
PROJECT NUMBER

EXHIBIT D

EXHIBIT E

TO

DEVELOPMENT AGREEMENT

Legal Descriptions of Excess Property and Retained Property

The "Excess Property" referred to in the foregoing Agreement is located in Davis County, Utah and is more particularly described as follows:

PARCEL 6 EAST OF MILLCREEK (**"Excess Property"**)

BEGINNING AT A POINT NORTH 89°58'52" EAST 379.58 FEET ALONG THE SECTION LINE AND DUE NORTH 644.97 FEET AND NORTH 89°40'50" EAST 304.21 FEET FROM THE SOUTH 1/4 CORNER OF SECTION 24, TOWNSHIP 2 NORTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, SAID POINT ALSO BEING ON THE EASTERLY LINE OF AN EASEMENT GRANTED TO DAVIS COUNTY; AND RUNNING ALONG SAID EASTERLY EASEMENT LINE NORTH 02°54'00" EAST 1010.69 FEET TO THE EASTERLY LINE OF THE UTA (OREGON SHORT LINE) RAILROAD RIGHT OF WAY; THENCE ALONG SAID EASTERLY RIGHT OF WAY LINE NORTH 19°21'49" EAST 93.08 FEET TO AN EXISTING FENCE (H. DEWEY PETERSON PROPERTY KNOWN AS SERIAL NO. 06-039-0175); THENCE ALONG SAID FENCE NORTH 89°49'24" EAST 449.22 TO THE WESTERLY LINE OF STATE HIGHWAY I-15 RIGHT OF WAY; THENCE ALONG SAID WESTERLY RIGHT OF WAY LINE THE FOLLOWING 2 COURSES AND DISTANCES: 1)SOUTH 01°14'32" WEST 863.18 FEET TO A POINT ON A NON TANGENT CURVE TO THE RIGHT (RADIUS POINT BEARS NORTH 85°26'11" WEST 750.37 FEET); 2) ALONG THE ARC OF SAID CURVE 241.01 FEET THROUGH A CENTRAL ANGLE OF 18°24'09" (CHORD BEARS SOUTH 13°45'54" WEST 239.97 FEET) TO THE NORTH LINE OF THE SW WOOD ENTERPRISES, INC. PROPERTY KNOWN AS SERIAL NO.S 06-039-0030 AND 06-039-0031; THENCE SOUTH 89°40'50" WEST 455.41 FEET TO THE POINT OF BEGINNING.

The "Retained Property" referred to in the foregoing Agreement is located in Davis County, Utah and is more particularly described as follows:

PARCEL 6 WEST OF MILLCREEK (**"Retained Property"**)

BEGINNING ON THE EASTERLY LINE OF THE UTA (OREGON SHORT LINE) RAILROAD RIGHT OF WAY AT A POINT NORTH 89°58'52" EAST 379.58 FEET ALONG THE SECTION LINE AND DUE NORTH 644.97 FEET FROM THE SOUTH 1/4 CORNER OF SECTION 24, TOWNSHIP 2 NORTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE NORTH 19°21'49" EAST 838.84 FEET ALONG SAID RIGHT OF WAY LINE TO A POINT ON THE WEST LINE OF AN EASEMENT GRANTED TO DAVIS COUNTY; THENCE ALONG SAID WEST EASEMENT LINE SOUTH 02°54'00" WEST 791.07 FEET; THENCE SOUTH 89°40'50" WEST 238.11 FEET TO THE POINT OF BEGINNING.

EXHIBIT F

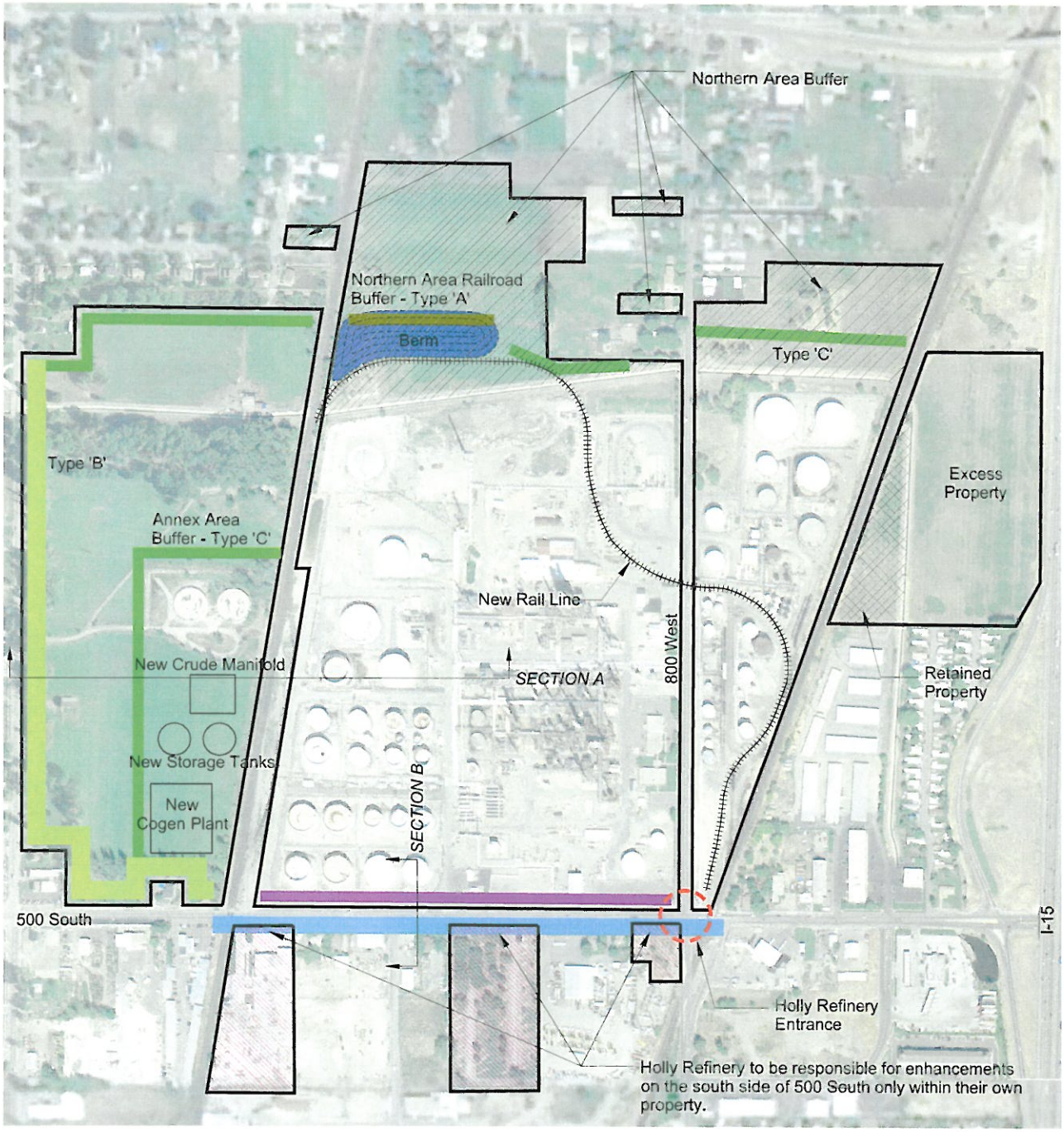
TO

DEVELOPMENT AGREEMENT

Master Landscaping Plan

HOLLY REFINERY

Preliminary Landscape Master Plan



- Type 'A' Screening
- Type 'B' Screening
- Type 'C' Screening
- Vegetative Screening
- 500 South Streetscape Enhancements
- Mixed Use Development
- Berm
- Holly Refinery Entrance

EXHIBIT F

1

05/08/2007

NORTH

200 0 200 400

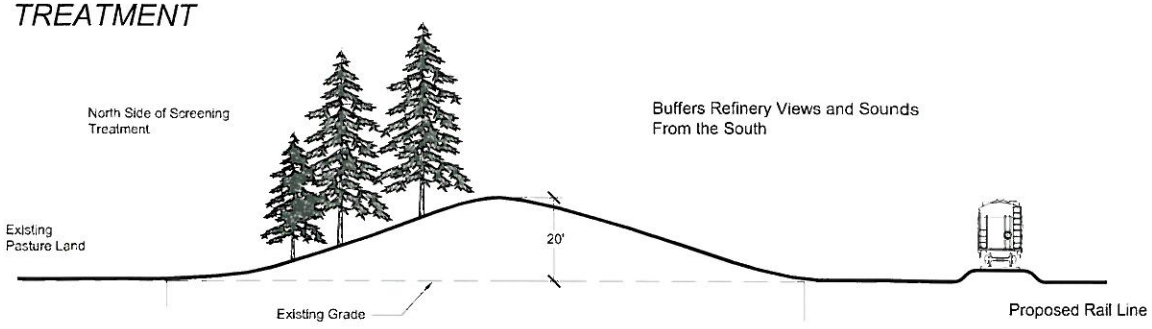
FEET

LANDMARK DESIGN

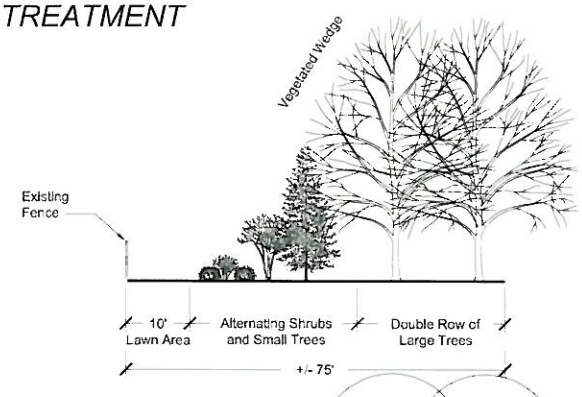
HOLLY REFINERY

Screening Ideas

TYPE 'A' SCREENING TREATMENT



TYPE 'B' SCREENING TREATMENT



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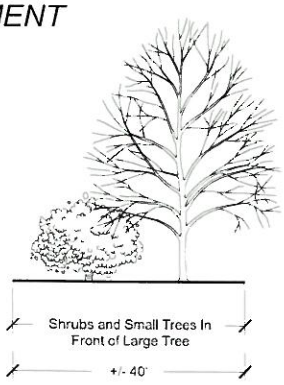


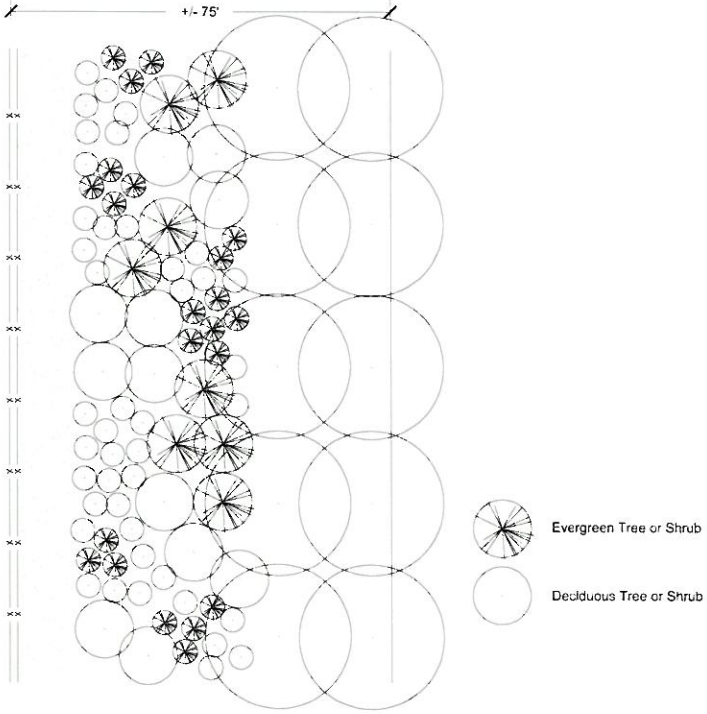


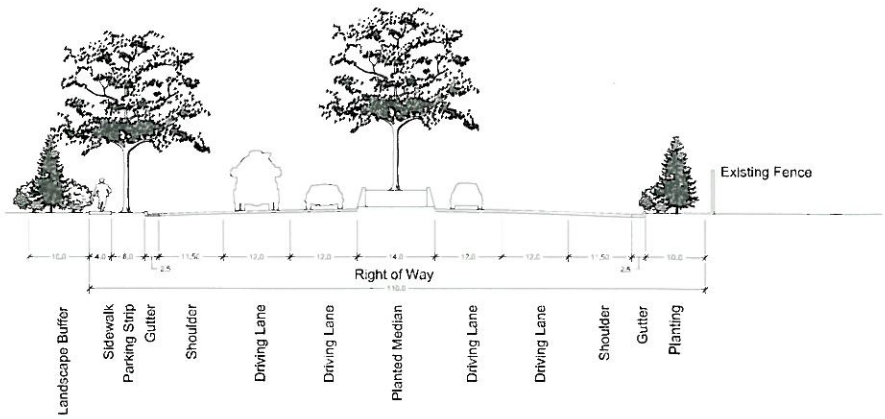
EXHIBIT F

LANDMARK DESIGN

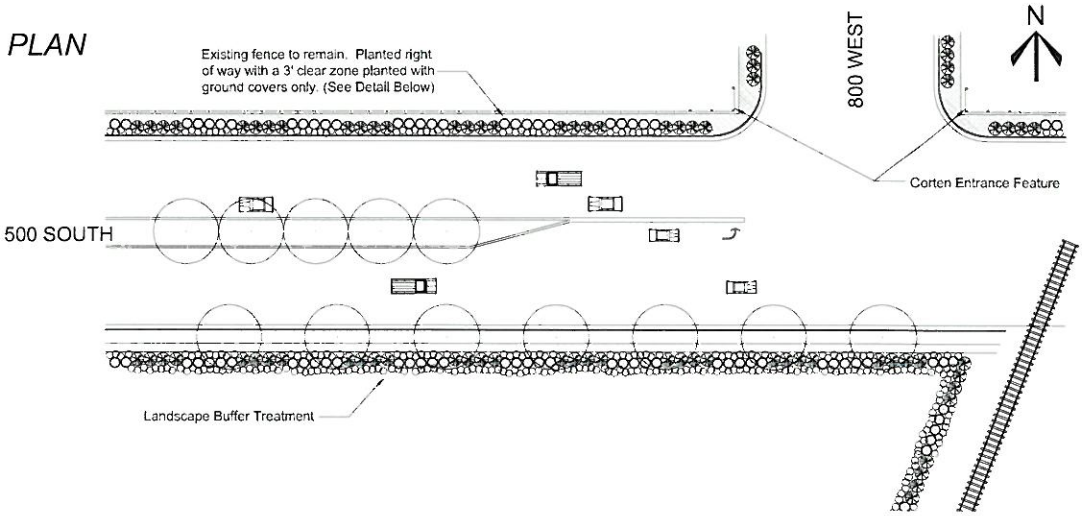
HOLLY REFINERY

500 SOUTH OPTIONS - LANDSCAPING

SECTION B



PLAN



VEGETATIVE SCREENING - NORTH SIDE OF 500 SOUTH

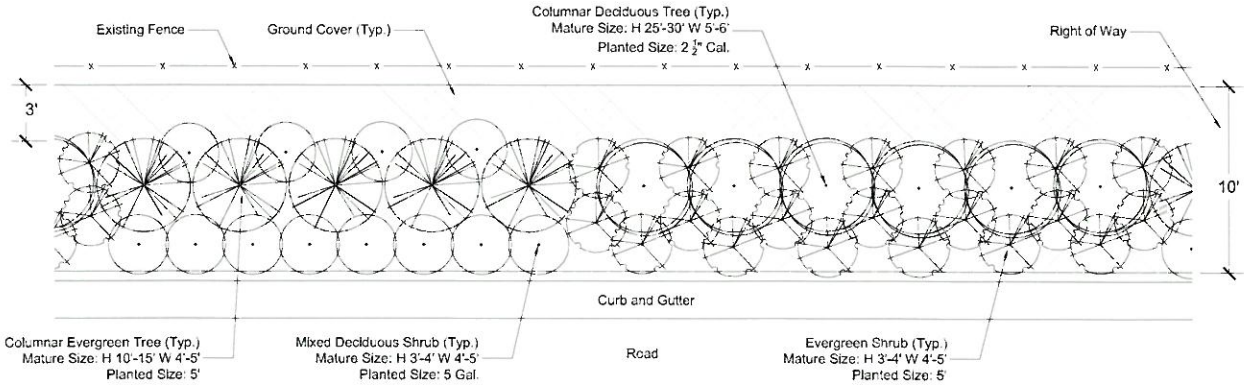


EXHIBIT F

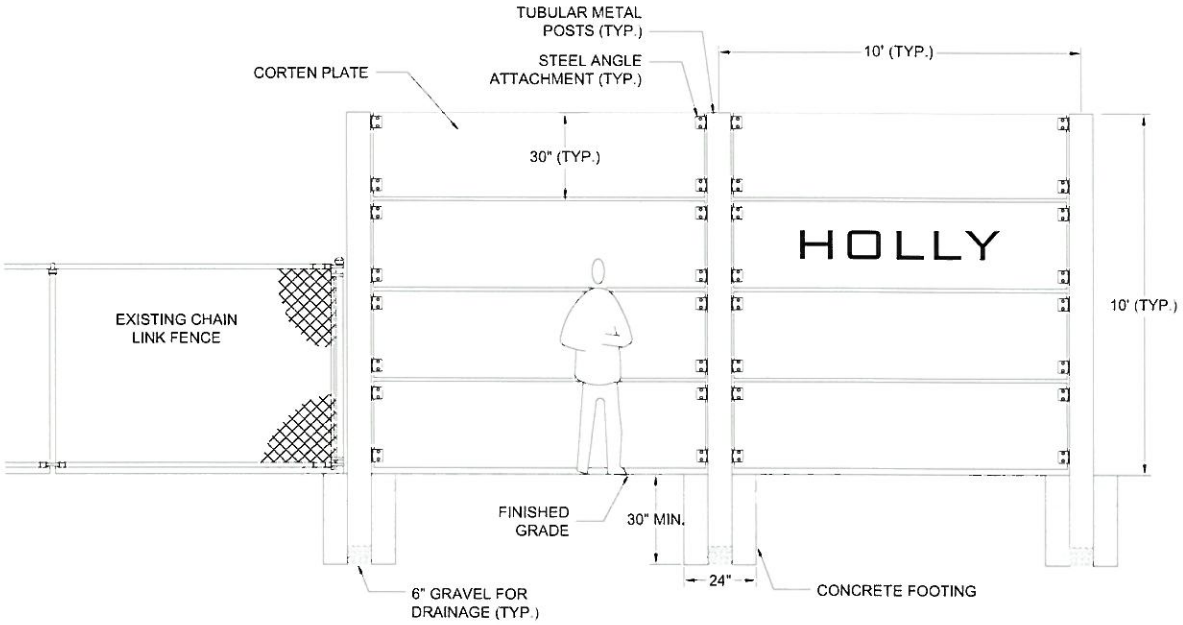
05/08/2007

LANDMARK DESIGN

HOLLY REFINERY

500 SOUTH OPTIONS - ENTRY CONCEPT

ENTRY CONCEPT



POST AND ATTACHMENT DETAIL

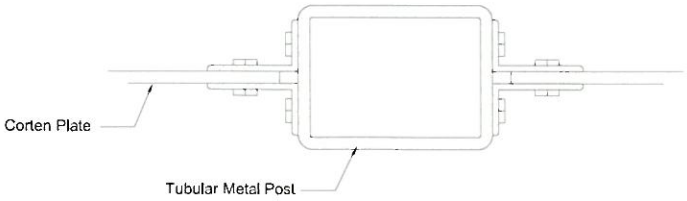


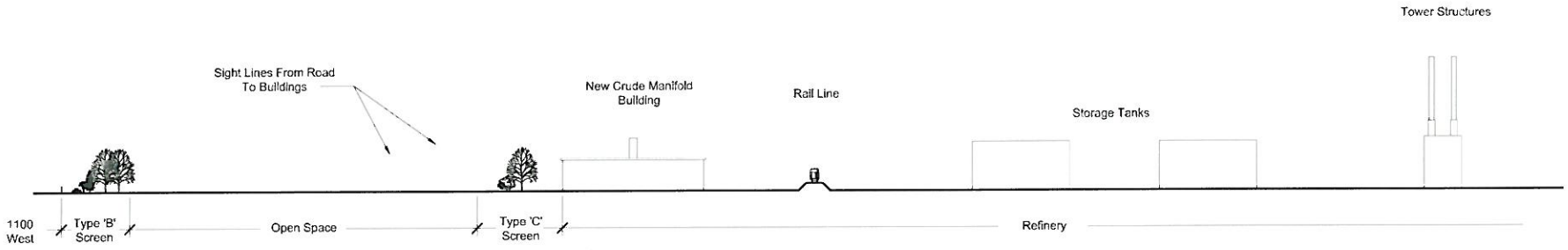
EXHIBIT F

LANDMARK DESIGN

HOLLY REFINERY

SECTION A

1100 West to Refinery - Looking North



5 05/08/2007

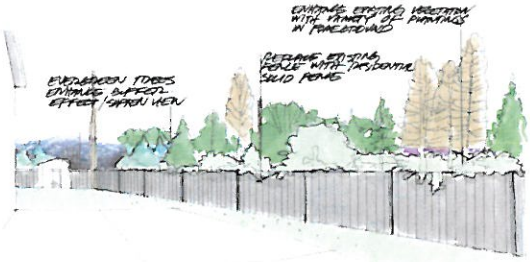
EXHIBIT F

LANDMARK DESIGN

HOLLY REFINERY

Photo Points

1



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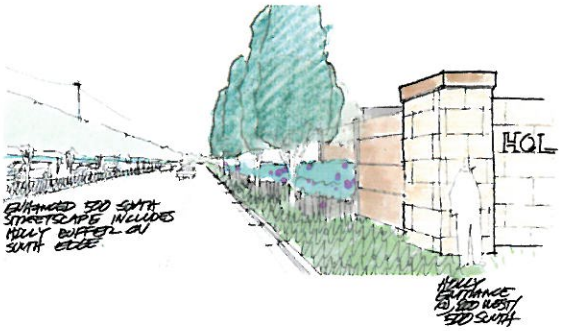

Photo Point Locations

EXHIBIT F

05/08/2007

LANDMARK DESIGN

EXHIBIT G

TO

DEVELOPMENT AGREEMENT

Environmental Study

The scope of work and proposed budget for the Environmental Study referred to in the foregoing Agreement is set forth in detail in that certain Proposal for Assessment of Potential Environmental Impacts from "Proposed Modification of the Holly Refining Plant – Woods Cross Refinery" dated February 27, 2007, submitted by Bowen Collins & Associates, Inc., attached hereto.

EXHIBIT H

TO

DEVELOPMENT AGREEMENT

Prohibited Uses on Excess Property

The covenants encumbering the Excess Property shall prohibit the following uses without the prior written consent of WCR:

A. Prohibited Uses anywhere on the Excess Property:

1. Residential Uses;
2. Hospitals and residential healthcare facilities;
3. Grocery stores;
4. Theaters;
5. Schools, parks and other public gathering places;
6. Hotel, motel and extended stay facilities;
7. Restaurants, cafeterias and fast food eating establishments; and
8. Any use that has operating hours after 11:00 p.m. or before 6:00 a.m.

B. Prohibited Uses on that portion of the Excess Property located within 200 feet of the existing Railroad Tracks: The only uses permitted on this portion of the Excess Property will be parking lots (including motor vehicle or boat sales lots), undeveloped open space, trails and similar uses, as approved in writing by WCR.