

**R.C.T. No. 34**  
(Cancels R.C.T. No. 29)

# **MAGELLAN PIPELINE COMPANY, L.P.**

## **LOCAL PIPELINE TARIFF**

RECEIVED  
RRC OF TEXAS

CONTAINING

JUN 03 2010  
SAFETY DIVISION  
AUSTIN, TEXAS

## **RULES AND REGULATIONS**

GOVERNING THE TRANSPORTATION AND HANDLING

OF

## **PETROLEUM PRODUCTS**

TRANSPORTED BY PIPELINE FROM

## **TEXAS SYSTEM**

Carrier will accept and transport Petroleum Products offered for transportation through Carrier's facilities only as provided in this Rules and Regulations Tariff, except to the extent that specific rules and regulations published in other tariffs conflict with the general rules and regulations in this tariff, such specific rules and regulations shall supersede the general rules and regulations.

This Tariff shall apply only to those tariffs, which specifically incorporate this Tariff by reference; such reference includes supplements to this Tariff and successive issues thereof.

The matter published herein will have no adverse effect on the quality of the human environment.

**EFFECTIVE: July 1, 2010**

Issued & Compiled By: Tina R. Granger, Pipeline Tariffs  
MAGELLAN PIPELINE COMPANY, L.P.  
One Williams Center  
Tulsa, Oklahoma 74172  
(918) 574-7415

**TABLE OF CONTENTS**

| SUBJECT   | ITEM NO.       | PAGE NO.     |
|---|----------------|--------------|
| Abbreviations and Reference Marks, Explanation of.....                | --             | 11           |
| Acceptance Free from Liens and Charges.....                           | 60             | 5            |
| Claims: Time for Filing.....  | 190            | 10           |
| Commodity.....  | 35             | 4            |
| Communication Facilities.....   | 175            | 9            |
| Consignment, Minimum.....   | 100            | 8            |
| Corrosion Inhibitors.....   | 65             | 5            |
| Definitions.....  | 15             | 3            |
| Delivery to Destination.....  | 135            | 8            |
| Demurrage Charges.....  | 145            | 9            |
| <b>[W]</b> Diesel Distillate Handling.....                            | 169            | 9            |
| Duty of Carrier.....  | 180            | 9            |
| Facilities Required at Origin and Destination.....                    | 70             | 6            |
| <b>[N]</b> High RVP Unleaded Gasoline                                 | <b>[N]</b> 160 | <b>[N]</b> 9 |
| Liability of Carrier.....   | 185            | 10           |
| Payment of Transportation and Other Charges.....                      | 75             | 6            |
| Petroleum Products Defined.....                                       | 20             | 3            |
| Pipeline Contracts Required.....                                      | 90             | 7            |
| Proration of Pipeline Capacity.....                                   | 50             | 5            |
| Rates From or To Intermediate Points, Application of.....             | 120            | 8            |
| Reconsignment.....  | 115            | 8            |
| Shipment, Identity of.....  | 125            | 8            |
| Shipment, Minimum.....  | 95             | 8            |
| Shipments, <b>[W]</b> Nominations & Scheduling of.....                | 45             | 5            |
| Spill Compensation Acts and Regulations, Charges for.....             | 170            | 9            |
| Tax Registration.....   | 80             | 7            |
| Testing and Measuring.....  | 40             | 4            |
| Transmix Handling.....  | 28             | 3            |
| Volume Corrections and Tender Deductions.....                         | 30             | 4            |
| Withdrawals from Carrier's <b>[W]</b> System Terminal Facilities..... | 85             | 7            |

## GENERAL RULES AND REGULATIONS

### DEFINITIONS

#### ITEM 15 – DEFINITIONS

"**ATLAS**" means Automated Transportation Logistics Activity System. **ATLAS** is a computerized information system to which all Shippers have access upon request. **ATLAS** enables Shippers to nominate and release product and to monitor and coordinate the movement of Petroleum Products while on Carrier's system.

"**Barrel**" means forty-two (42) United States gallons at sixty (60) degrees Fahrenheit.

"**Carrier**" means and refers to Magellan Pipeline Company, L.P. (MPL).

"**Consignee**" means and refers to the party having ownership of Petroleum Product transferred to them.

"**Consignor**" means the party, which tendered Petroleum Products to Carrier.

"**Destination**" means the facility of Carrier at which Carrier delivers Petroleum Products out of Carrier's pipeline or terminal not owned by MPL to which Petroleum Products are delivered from Carrier's pipeline.

"**Inventory Owner**" means and refers to the party, either Shipper or Consignee, holding title to Petroleum Product(s) in Carrier's terminal.

"**Origin**" means the facility of Carrier at which Carrier receives Petroleum Products into Carrier's pipeline.

"**Origin Release**" means the written commitment of a Consignor to schedule a batch of Petroleum Products into Carrier's facilities.

"**Petroleum Products**" means the commodities more specifically defined in Item 20 and meeting the specifications referenced in Item [W] 40 25.

"**Shipment Request**" represents a commitment by an established Shipper to receive Petroleum Product from an Origin point into the Carrier's system.

"**Shipper**" means the party who contracts with the Carrier for transportation of Petroleum Products pursuant to the terms of this tariff.

"**Tender**" means an offer by a Shipper to a Carrier of a stated quantity of Petroleum Products from a specified Origin or Origins to a specified Destination or Destinations pursuant to the terms of this tariff.

"**Transit Time**" means the time a shipment would take to move from Origin to Destination.

### COMMODITY DESCRIPTION AND MEASUREMENT

#### ITEM 20 - PETROLEUM PRODUCTS DEFINED

Where the term Petroleum Products is used, the same refers to:

|                        |                                |
|------------------------|--------------------------------|
| Unleaded Gasolines     | Petroleum Fuel Oil Distillates |
| Jet Fuels – Commercial | Gasoline Feedstock             |
| Reformulated Gasolines |                                |

Exception to this Item is referenced in MPL's R.C.T. No. [W] 33 24, supplements thereto and reissues thereof.

#### ITEM 28 – TRANSMIX HANDLING

Transmix occurring in the Carrier's system that cannot be combined with compatible products shall be retained in Carrier's custody for disposal by the Carrier on behalf of the Shippers to ensure efficient operations of the pipeline.

The total Transmix accumulated in Carrier's system will be allocated to all Shipper's in proportion to each Shipper's barrels received into the system from all Shipper's in a calendar month. Carrier shall dispose of the Transmix for Shippers and provide each Shipper's net proceeds from the disposition of the Transmix.

## GENERAL RULES AND REGULATIONS

### COMMODITY DESCRIPTION AND MEASUREMENT (continued)

#### ITEM 30 - VOLUME CORRECTIONS AND TENDER DEDUCTIONS

**SECTION A.** In measuring the quantity of Petroleum Products received and delivered, correction shall be made from volume at actual or observed temperature to volume at sixty (60) degrees Fahrenheit.

**SECTION B.** A tender deduction of one-tenth of one percent (0.1%) by volume will be made on the quantity of Petroleum Products accepted for transportation from all Origins.

Exceptions to this Item are referenced in MPL's R.C.T. No.'s **[N]** 32, **[W]** 33 24 and **30** 28, supplements thereto and reissues thereof.

### PRESHIPMENT REQUIREMENTS AND PROCEDURES

#### ITEM 35 – COMMODITY

Carrier is engaged in the transportation of Petroleum Products specified and described in Item 20 and therefore will not accept any other commodities for transportation. No Petroleum Products will be received for transportation except good merchantable Petroleum Products of substantially the same kind and quality as that being currently transported through the same facilities for other Shippers. Consignor and Shipper warrant to Carrier that any Petroleum Products tendered to Carrier conform with the specifications for such Petroleum Products and are merchantable. Petroleum Products of substantially different grade or quality will be transported only in such quantities and upon such terms and conditions as Carrier and Shipper may agree. Shipper shall be liable for any contamination or damage to other Petroleum Products being transported, or to Carrier's pipeline or other facilities in the event products tendered are substandard to the specifications stated on Shipper's laboratory certificate. In the event of variance between Carrier's test and Shipper's certificate, Carrier's test results shall prevail.

#### ITEM 40 – TESTING AND MEASURING

Petroleum Products shall be accepted for transportation only when such Petroleum Products meet all required specifications as uniformly established by Carrier as stated in the following documents and found at the public website [www.magellanlp.com/specs.asp](http://www.magellanlp.com/specs.asp) or on request. Each Product Grade Document and its effective date are identified below.

| PRODUCT GRADE DOCUMENT TITLE   | EFFECTIVE DATE  |
|--|-----------------|
| PA – Alkylate  | 10/1/2004       |
| A3 – Premium Unleaded Gasoline   | 7/1/2007        |
| AR – Premium Unleaded Blendstock   | 7/1/2007        |
| AZ2 – Arizona Premium Summer CBG   | 7/30/2009       |
| AZ6 – Arizona Premium Winter CBG   | 7/30/2009       |
| N – Regular Unleaded Gasoline  | 6/1/2006        |
| NR – Regular Unleaded Blendstock   | 7/1/2007        |
| NZ2 – Arizona Summer CBG   | 7/30/2009       |
| NZ6 – Arizona Winter CBG   | 7/30/2009       |
| Q – Commercial Jet Fuel  | 7/1/2007        |
| TA – Texas Low Emmission Diesel Fuel (no additive needed)                        | 7/1/2007        |
| TB – Texas Low Emmission Diesel Fuel (additive needed)                           | 7/1/2007        |
| TC – Texas Low Emmission Diesel Fuel (alternataive plan with no additive needed) | 7/1/2007        |
| V – Sub Octane Unleaded Gasoline   | 7/30/2009       |
| <b>[N]</b> <u>V66 – Sub-Octane Gasoline 6.6 RVP</u>                              | <u>4/1/2010</u> |
| X – Ultra Low Sulfur Diesel Fuel   | 6/1/2006        |

Notification to Shippers of changes in these documents are made via this tariff. If a prospective Shipper should desire current specifications they may access the website mentioned above. Demonstration of conformance with the product specifications shall be made through the submission of a Certificate of Analysis that accurately represents the product characteristics. Accuracy of the Certificate of Analysis is the sole responsibility of the party who establishes the Origin Release. Costs associated with handling, distribution, and disposal of products that enter the system that do not meet the product specifications shall be borne entirely by the party who establishes the Origin Release.

## GENERAL RULES AND REGULATIONS

### PRESHIPMENT REQUIREMENTS AND PROCEDURES (Continued)

#### ITEM 45 – NOMINATIONS & SCHEDULING OF SHIPMENTS

**SECTION A.** Carrier is under no obligation to accept Petroleum Products for transportation in any month unless Shipper submits a nomination on or before the fifteenth (15<sup>th</sup>) day of the calendar month preceding the desired shipment date. If the fifteenth (15<sup>th</sup>) day of the month falls on a weekend or holiday, nominations are due on the last workday before the fifteenth (15<sup>th</sup>). The nomination may be e-mailed, faxed or submitted via Carrier's ATLAS system. A nomination must specify, for each shipment, the quantity, product grade, Origin, Destination, Supply source(s) and Shipper.

**SECTION B.** Petroleum Products shall be accepted for transportation at such time as Petroleum Products of the same specifications are currently being transported from point of Origin to a Destination or Destinations in accordance with schedules of shipments and consignments to be issued from time to time to each Consignor by the Carrier. Such schedules may be modified from time to time in the manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of the Carrier's facilities and to reasonably accommodate Consignor's needs for transportation. Shippers may elect to utilize Carrier's "ATLAS" system to schedule shipments. Origin Releases and Shipment Requests should be completed fourteen (14) days before the scheduled entry date of product into Carrier's facilities. If an Origin Release or Shipment Request is not timely submitted, Carrier will handle in a manner to facilitate the efficient, economic use and operation of the Carrier's facilities and to reasonably accommodate Consignor's needs for transportation of product. MPL will provide a pump date for a completed nomination a minimum of seven (7) days prior to the release date.

#### ITEM 50 – PRORATION OF PIPELINE CAPACITY

When the total volume of the various commodities offered for shipment on Carrier's facilities, in accordance with the procedures for scheduling of shipments, is greater than can be transported within the period covered by such schedules, then commodities offered by each Shipper, including any new Shipper, for transportation will be transported in such quantities and at such times, to the limit of Carrier's normal operating capacity, so as to avoid unjust discrimination or undue preference among Shippers and to fulfill requirements of governmental agencies.

System-wide pipeline operating capacity, as determined by Carrier, will be allocated based on Inventory Owner's historical loadings at Carrier's facilities.

New Shippers [i.e., Shippers without a loading history over the preceding six (6) months], in aggregate, shall be allocated capacity up to a maximum of 5% of the pipeline capacity, but no one shipper or its associated affiliate can move more than 25,000 barrels per month as a new shipper. All subsequent allocations of capacity shall be based on the history developed by the Shipper.

#### ITEM 60 – ACCEPTANCE FREE FROM LIENS AND CHARGES

The Carrier shall have the right to reject any Petroleum Products when tendered for shipment which may be involved in litigation, the title of which may be in dispute, or which may be encumbered by lien or charge of any kind. Further, Carrier will require Shipper's proof of perfect and unencumbered title or a satisfactory indemnity bond.

#### ITEM 65 – CORROSION INHIBITORS

Consignor may be required to inject oil-soluble corrosion inhibitor, approved by Carrier, in the Petroleum Products to be transported.

## GENERAL RULES AND REGULATIONS

### PRESHIPMENT REQUIREMENTS AND PROCEDURES (Continued)

#### ITEM 70 – FACILITIES REQUIRED AT ORIGIN AND DESTINATION

**SECTION A.** The Carrier will not provide storage or other tankage facilities at points of Origin and/or at Destinations. Petroleum Products will be accepted for transportation only when Consignor has provided equipment and facilities satisfactory to the Carrier, including but not limited to the facilities necessary to meet Carrier's mainline pumping rate at the origin, and when Consignor or Consignee has ascertained from the Carrier or has furnished evidence satisfactory to the Carrier that there are adequate facilities at Destination, which are available for receipt of the shipment as it arrives without delay.

**SECTION B.** In the event Consignor or Consignee fails to provide adequate facilities at the Destination for receipt as provided in Section A hereof, Carrier shall have the right, on 24 hours notice, to divert or reassign, subject to the rates, rules and regulations applicable from point of Origin to actual final Destination, or make whatever arrangements for disposition as are deemed appropriate to clear the Carrier's facilities, including the right of private sale for the best price reasonably obtainable. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all transportation and other applicable lawful charges and necessary expenses of the sale and the expense of caring for and maintaining the Petroleum Products until disposed of and the balance shall be held for whosoever may be lawfully entitled thereto.

#### ITEM 75 - PAYMENT OF TRANSPORTATION AND OTHER CHARGES

The transportation and all other applicable lawful charges, except demurrage charges, accruing on Petroleum Products accepted for transportation shall be paid before release of Petroleum Products from the custody of Carrier. If required by Carrier, Shipper shall either prepay all such charges or furnish guaranty of payment satisfactory to Carrier. Petroleum Products accepted for transportation shall be subject to a carrier's lien, as provided by Article 7 of 12A Okla. Stat. (as such article may be amended from time to time), for all applicable, lawful charges.

If such charges are not paid by the due date stated on the invoice, the balance due on the entire past due balance (including principal and accumulated but unpaid finance charges) shall bear interest from that due date until paid in full at the rate equal to the lesser of one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York as of the due date or the maximum finance charge rate allowed by law.

In addition to all other liens, statutory or otherwise, to which Carrier is entitled **[N]** and unless the following grant is expressly prohibited by the terms of one or more security agreements or credit agreements creating prior, perfected security interests in the hereinafter-defined Collateral, Shipper hereby grants to Carrier a first priority, continuous and continuing security interest in all of the following, whether now or hereafter existing or acquired, as collateral for the prompt and complete payment and performance of Shipper's Obligations (as defined below): (a) All Petroleum Products accepted by Carrier for transportation, terminaling, storage, or otherwise; (b) all other property of Shipper now in the possession of and at any time and from time to time hereafter delivered to Carrier or its agents; (c) all of Shipper's pre-payments, deposits, balances, and credits with, and any of its claims against, Carrier, at any time existing; and (d) all products and proceeds of any of the foregoing property in any form. The property described or referred to in subsections (a) through (c) above is collectively referred to as the "Collateral." This grant secures the following (collectively the "Obligations"): (a) all antecedent, current and future transportation, storage, terminaling, special, ancillary and other lawful charges arising under or related to this tariff or the contracts entered into in connection with this tariff; (b) the repayment of any amounts that Carrier may advance or spend for the maintenance, storage or preservation of the Collateral; (c) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and (d) all other amounts now or in the future owed by Shipper to Carrier, whether or not of the same kind or class as the other obligations owed by Shipper to Carrier. **[N]** Shipper authorizes Carrier to file such financing statements or other documents necessary to perfect and maintain the security interest herein granted.

Upon a default by the Shipper under this tariff or the contracts entered into in connection with this tariff, Carrier may, without further notice, setoff (including by set off, offset, recoupment, combination of accounts, deduction, retention, counterclaim, or withholding across or within each or all of such tariff and contracts, collectively "Setoff") (a) any amounts owed by Carrier to the Shipper under any other agreements, instruments or undertakings between the Shipper and Carrier against (b) any amounts owed by the Shipper to Carrier under any other agreements, instruments or undertakings between the Shipper and Carrier. Carrier shall give the Shipper notice of any Setoff pursuant to this paragraph, as soon as practicable thereafter, provided that failure to give such notice shall not affect the validity of the Setoff.

This tariff shall be construed in accordance with and governed by the laws of the State of Oklahoma (including without limitation the Uniform Commercial Code, 12A Okla. Stat. § 1-101 et seq., as it may be amended from time to time), without regard to any choice of law rules which may direct the application of the laws of any other jurisdiction.

## GENERAL RULES AND REGULATIONS

### PRESHIPMENT REQUIREMENTS AND PROCEDURES (Continued)

#### ITEM 80 - TAX REGISTRATION

Consignors and Consignees shall be required to provide proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies, or assessments. Failure of the Consignor and Consignee to do so shall not relieve the Consignor or Consignee from the obligation to pay any such tax, levy, or assessment. Any tax, levy, assessment, or other charge imposed by such authority against Carrier as the result of such failure shall be collected by Carrier under the provisions of Item 75.

#### ITEM 85 - WITHDRAWALS FROM CARRIER'S SYSTEM

If a Consignor ships and consigns to Destinations where the Carrier provides terminal facilities in accordance with the schedules of shipments furnished by the Carrier, Carrier may permit the Consignee to withdraw such consignments from Carrier's terminal beginning at any time after the shipment has sustained its associated Transit Time from the shipment's Origin to Destination. The Inventory Owner must maintain a minimum inventory balance, herein referred to as a Minimum Allocation. An Inventory Owner's Minimum Allocation is calculated by applying the Inventory Owner's percentage of overall demand from all system delivery points for a specific Petroleum Product against Carrier's system minimum inventory requirement as established by Carrier for such Petroleum Product. In no event will the calculation of an individual Inventory Owner's Minimum Allocation be less than the minimum inventory levels for each Petroleum Product established by the Carrier for all Inventory Owners which are actively utilizing the system delivery points. Consignments in Carrier's system which fulfill an Inventory Owner's Minimum Allocation will be charged an initial transportation rate of [D] 115.43 ~~116.95~~ cents per barrel. An Inventory Owner's Minimum Allocation requirement will be updated on the first (1st) day of every month based on the immediately preceding thirty (30) day period during which Petroleum Product withdrawal privileges were in effect. Inventory Owners have until midnight of the seventh (7th) calendar day of every month to satisfy their Minimum Allocation obligation.

New Inventory Owners will be required to submit a loading forecast, which will be used to calculate an initial Minimum Allocation for each Petroleum Product. A new Inventory Owner's withdrawals will be monitored during the first (1st) month and the associated Minimum Allocation may be adjusted by the Carrier, if necessary.

An Inventory Owner with an inventory balance less than its Minimum Allocation will be deemed inactive and will not be allowed to withdraw Petroleum Product from Carrier's terminal facilities until the first (1st) day of the month following the month during which the Inventory Owner has provided sufficient inventory to meet its Minimum Allocation which was in effect immediately prior to the suspension of its withdrawal privileges. If an Inventory Owner thereafter fails or refuses to ship in accordance with the schedule of shipments furnished by the Carrier or fails to maintain its Minimum Allocation, Carrier may suspend, until further notice, withdrawal privileges of any such Inventory Owner.

Subject to Items 75 and 185, Minimum Allocation may be withdrawn from the system coincidental with the monthly adjustment to all Inventory Owners' Minimum Allocations after the seventh (7th) calendar day of the month following the month in which Carrier receives written notification of Inventory Owner's intent to discontinue shipments under this Item.

Inventory Owners and associated authorized suppliers shall be permitted to withdraw Petroleum Products at Carrier's terminals only upon acquiring a loading agreement for said terminal and if positive inventory is maintained at that location, regardless of the Inventory Owner's system-wide status. If an Inventory Owner's balance at a location reaches zero, rack deliveries will be suspended until the Inventory Owner replenishes its product inventory at the location.

#### ITEM 90 - PIPEAGE CONTRACTS REQUIRED

Separate pipeage contracts in accordance with this tariff and these regulations covering further details may be required of a Shipper before any duty to transport shall arise.

## GENERAL RULES AND REGULATIONS (Continued)

### TRANSPORTATION SERVICES AND RELATED REQUIREMENTS

#### ITEM 95 - MINIMUM SHIPMENT

**SECTION A.** A shipment of 25,000 Barrels or more of Petroleum Products, of the same required specifications only, shall be accepted for transportation at one point of Origin from one Consignor.

**SECTION B.** A shipment of not less than 5,000 Barrels of Petroleum Products, of the same specifications only, shall be accepted for transportation at one point of Origin from one Consignor subject to delay until Carrier has accumulated at receiving point the minimum shipment described in Section A of the same specifications from the same or other Consignors.

#### ITEM 100 - MINIMUM CONSIGNMENT

**SECTION A.** A consignment of Petroleum Products of the same specifications may be made as provided in Section B herein to one Consignee at any Destination on the MPL system or any point directly intermediate thereto, or to any Destination on other pipelines named in tariffs issued by or concurred in by MPL which are lawfully on file with the F.E.R.C. or State Commissions, subject to the rates, rules and regulations applicable from point of Origin to final Destination.

**SECTION B.** A consignment of Petroleum Products of the same specifications may be made as follows:

- (1) Except as otherwise provided, a minimum of 5,000 Barrels of the same product must be consigned to a Destination.
- (2) Any quantity of barrelage may be consigned to a Destination provided that the Carrier can consolidate such consignment with other barrelage so that the total barrelage is 5,000 or more Barrels of the same specifications consigned to the same Destination by the same or other Consignors.

#### ITEM 115 - RECONSIGNMENT

If no out-of-line or backhaul movement is required and if the current scheduled operations will permit, Consignor may reassign, without charge, any shipment that is in Carrier's possession to Destinations, or any point directly intermediate thereto, or to Destinations on other pipelines named in tariffs issued by or concurred in by Carriers party to this tariff, lawfully on file with the F.E.R.C. and/or State Commissions, subject to the rates, rules and regulations applicable from point of Origin to actual final Destination.

Additional Transit Time maybe applied on reassignments.

Backhaul reassignments are only allowed at Carrier's discretion. A reassignment is considered a backhaul when the Transit Time from the Origin of the inventory to the new location is less than the Transit Time from the Origin to the original location.

Reassignment shall not prevent or change the running of time used in computing the demurrage charge, except that no demurrage charge shall accrue thereon from midnight of the day such consignment is removed from the tankage for transportation to the Destination to which reassigned.

#### ITEM 120 - APPLICATION OF RATES FROM OR TO INTERMEDIATE POINTS

Shipments of Petroleum Products accepted for transportation from any Origin or to any Destination not named in any tariff making reference hereto, which Origin or Destination is directly intermediate to any Origin or Destination from or to which a rate applying though such unnamed point is published, the Carrier will apply, from or to such unnamed intermediate point, the rate published from or to the next more distant point specified in the tariff.

#### ITEM 125 - IDENTITY OF SHIPMENT

Because it is impracticable to maintain the identity of each shipment or consignment of Petroleum Products, substitution of barrelage, but not substitution of one kind of Petroleum Product for another by Carrier, shall be permitted.

#### ITEM 135 - DELIVERY TO DESTINATION

Upon arrival at Destination, Petroleum Products shall be delivered into terminal or other facilities provided by the Consignor or Consignee, or into terminal facilities furnished by the Carrier where Carrier furnishes terminal facilities, pending receipt by Carrier from Consignor or Consignee of instructions relative to the further transportation thereof.



**GENERAL RULES AND REGULATIONS (Continued)**

**TRANSPORTATION SERVICES AND RELATED REQUIREMENTS (Continued)**

**ITEM 145 - DEMURRAGE CHARGES**

In order to provide space for delivery of succeeding shipments in Carrier's tankage or to otherwise prevent or relieve congestion at Destinations where Carrier provides tankage, Carrier may give notice to Consignors or Consignees to remove Petroleum Products from such terminal facilities. Petroleum Products specified in the notice which are not removed at the close of a five (5) day period, beginning the day after such notice is sent by the Carrier, shall be subject to a demurrage charge of **[U] five cents (5¢) per barrel** per day until removed. Demurrage charges shall be payable upon presentation of an invoice by the Carrier.

**SPECIAL AND ANCILLARY SERVICES AND RELATED REQUIREMENTS**

**[N] ITEM 160 - HIGH RVP UNLEADED GASOLINE**

**High RVP Unleaded Gasoline Withdrawal (MAY 1 THROUGH SEPTEMBER 15)**

Shippers must withdraw all high RVP gasoline (gasoline whose RVP is above the May 1 MPL delivery specifications found at [www.magellanlp.com/specs.asp](http://www.magellanlp.com/specs.asp)) from Carrier's inventory prior to May 1. All inventory transactions will be recorded on a First In First Out (FIFO) basis. Shippers with high RVP inventory in Carrier's system beyond May 1 will be charged **93.89 per barrel per month**. After May 1, Shippers will not be allowed to withdraw any high RVP gasoline inventories in Carrier's system until September 15.

**ITEM 169 - DIESEL HANDLING**

Pursuant to the Environmental Protection Agency's (EPA's) regulation of 40 CFR Part 80 Subpart I, Carrier has established a diesel handling surcharge to recover prudently incurred costs necessary for carrier to facilitate the handling of both high and low sulfur diesel products, (excluding home heating oil, jet fuel and gasoline).

The diesel surcharge of **[U] 0.81¢ per barrel** will apply only to the shipments of diesel products.

The surcharge will have a ten year life, whereupon at the end of the tenth year the surcharge will be cancelled. The capital investment costs will not be included in MPL's ratebase. At the end of each annual period, Carrier will adjust the diesel surcharge upward or downward based on the previous year's applicable actual volumes and costs.

Exception to this Item is referenced in MPL's R.C.T. Nos. **[W] 31 23** and **30 28**, supplements thereto and reissues thereof.

**ITEM 170 - CHARGES FOR SPILL COMPENSATION ACTS AND REGULATIONS**

In addition to the transportation charges and all other charges accruing on Petroleum Products accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such Petroleum Products pursuant to any Federal, State, or Local act or regulation which levies a tax, fee, or other charge on the receipt, delivery, transfer, or transportation of such Petroleum Products within their jurisdiction for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or reimbursement of persons sustaining such costs or losses therefrom.

**ITEM 175 - COMMUNICATION FACILITIES**

Shippers may use the Message Facility of Carrier's "ATLAS" system to conduct pipeline business only. All messages are subject to audit. Use of the Carrier's "ATLAS" system for any purpose, other than to conduct pipeline business will cause Shipper's privilege of use to be suspended for twelve (12) months. Carrier will not be liable for non-delivery of messages or for errors or delays in transmission or interruption of such service.

LIABILITY AND CLAIM SETTLEMENT

**ITEM 180 - DUTY OF CARRIER**

The Carrier shall transport and deliver into terminal facilities at Destination, with reasonable diligence, the quantity of Petroleum Product accepted for transportation, less the appropriate tender deduction and transmix as referenced in Items 28 and 30, herein.

In the event of non-delivery due to interface cuts or other operating losses in excess of the tender deduction, the Carrier shall have the right to satisfy any claim by product replacement or cash payment.

**ITEM 185 - LIABILITY OF CARRIER**

The Carrier shall not be liable for any delay in transportation or terminaling services or loss of Petroleum Products caused by acts of God; storm, flood, extreme weather, fire, explosion; war, invasion, hostilities, rebellion, terrorism, insurrections, riots; strikes, picketing or other labor stoppages, whether of Carrier's employees or otherwise; electrical or electronic failure or malfunction; communications failure or malfunction; computer hardware and/or software failure, malfunction; breakage or accident to machinery or equipment; proration; temporary restraining orders, injunctions or compliance orders issued by courts or governmental agencies; seizure or destruction under quarantine or customs regulations, or confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade; or any cause not due to fault or negligence of Carrier. In the event of such loss, each owner shall bear the loss in the same proportion as its share of the total quantity of the kind of product involved in the loss in the custody of the Carrier at the time of such loss. Each Shipper or Consignee shall be entitled to receive only so much of its share remaining after its due proportion of the loss is deducted. The Carrier shall compute the quantities of loss and shall prepare and submit a statement to the Shippers or Consignees showing the apportionment of the loss among the Shippers or Consignees involved.

Carrier will transport and deliver Petroleum Products with reasonable diligence and dispatch, but will not be liable for delays in transportation of Petroleum Products to a particular market.

The Carrier shall not be liable for discoloration, contamination or deterioration of Petroleum Products transported unless such discoloration, contamination or deterioration results from the negligence of the Carrier. In the event of such damage, each Shipper's or Consignee's share of the damaged Petroleum Product shall be in the same proportion as its share of the total quantity of shipments involved and each such Shipper or Consignee shall be allocated only its proportionate share of damaged Petroleum Product.

Inventory Owner shall protect, indemnify, defend and hold Carrier, its parent and affiliates harmless from and against all claims, losses, suits, liabilities, fines, penalties, damages and expenses (including reasonable attorneys' fees and expenses) of any kind or character arising from or related to (1) negligent or willful acts or omissions on the part of Inventory Owner, its employees, agents or contractors (including, but not limited to, any contractors transporting product(s) to or from any location on Carrier's system), or (2) liability arising from the chemical characteristics of product(s), except to the extent such liability arises from Carrier's negligence.

Product(s) in this Item refers to any individual product, as defined in this Tariff (in Item 20 – Petroleum Products Defined), or any combination thereof, whether achieved via in-line (automated) or splash (manual) blending.

In no event shall Carrier be liable to any Shipper or Inventory Owner for any losses, liabilities or damages, including special, punitive, exemplary, consequential, incidental or indirect losses or damages howsoever caused, (including but not limited to loss of revenue, loss of profits or present or future opportunities) whether or not foreseeable, and irrespective of the theory or cause of action upon which such damages might be based, except for such actual losses or damages sustained as a result of, and to the extent of, Carrier's negligence.

GENERAL RULES AND REGULATIONS (Continued)

**ITEM 190 - CLAIMS: TIME FOR FILING**

Claim for any delay, damage to, loss of or liability with respect to Petroleum Products must be made in writing to the Carrier within nine (9) months after delivery from the Carrier's facilities of the shipment involved at the Destination to which such shipment was consigned, or in case of failure by Carrier to deliver, then within nine (9) months after the date upon which delivery would have reasonably been completed by Carrier. Such written claim, as aforesaid, shall be a condition precedent to any suit.

Suit for any delay, damage to, loss of or liability with respect to Petroleum Products shall be instituted within two (2) years and one (1) day after notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part thereof specified in the notice.

Claims or suits for delay, damage to, loss of or liability with respect to Petroleum Products not filed or instituted in accordance with the foregoing provisions will be deemed to have been waived and released by the applicable Shipper or Inventory Owner, will not be paid, and Carrier will not be liable.

**EXPLANATION OF ABBREVIATIONS AND REFERENCE MARKS**

|          |  |
|----------|--|
| EPA      | Environmental Protection Agency            |
| F.E.R.C. | Federal Energy Regulatory Commission       |
| MPL      | Magellan Pipeline Company, L.P.            |
| No       | Number                                     |
| Psi RVP  | Pounds per square inch Reid Vapor Pressure |
| R.C.T    | Railroad Commission of Texas               |

|     |                   |
|-----|-------------------|
| [D] | Decrease          |
| [N] | New               |
| [U] | Unchanged         |
| [W] | Change in Wording |