

# MAGELLAN PIPELINE COMPANY, L.P.

## LOCAL PIPE LINE TARIFF

APPLYING ON

## PETROLEUM PRODUCTS

(AS DEFINED HEREIN)

GOVERNED BY THE RULES AND REGULATIONS CONTAINED HEREIN

### TABLE OF RATES

FROM	TO	RATE IN CENTS PER BARREL OF 42 UNITED STATES GALLONS
El Paso Station El Paso County, Texas (Western Refinery or HEP El Paso)	United States - Mexico International Border	[I] 45.76

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Issued under authority of 18 CFR 342.3 – *indexing*.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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**ISSUED: May 26, 2023**

**EFFECTIVE: July 1, 2023**

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## EXPLANATION OF TECHNICAL TERMS AND ABBREVIATIONS

<u>Terms and Abbreviations</u>	<u>Explanation</u>
API .....	American Petroleum Institute
ASTM .....	American Society for Testing Materials
Barrel.....	Forty-two (42) gallons at sixty degrees (60°) Fahrenheit and zero ("0") gauge pressure if the vapor pressure is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the petroleum is above atmospheric pressure.
Batch .....	Volume of Petroleum Product moved through Carrier's system as an identifiable unit
Carrier .....	Magellan Pipeline Company, L.P. (MPL)
Consignee.....	Party, including a connecting pipeline system, to whom Shipper has ordered delivery of Petroleum Products
° .....	Degrees
Delivery .....	The transfer from Carrier at destination to Consignee
HEP .....	Holly Energy Partners-Operating, L.P.
Receipt .....	Transfer from Shipper at origin to Carrier for transportation
Shipper .....	Party who contracts with Carrier for the transportation of Petroleum Products under the terms of this tariff

## GENERAL RULES AND REGULATIONS

**This Carrier will receive Petroleum Products for pipe line transportation only to established Delivery points subject to the following rules and regulations:**

### **RULE 5 PETROLEUM PRODUCTS DEFINED**

Where the term "Petroleum Products" is used it refers to Gasoline, Commercial Jet fuel, and Petroleum Oil Distillates.

### **RULE 10 SPECIFICATIONS REQUIRED**

Petroleum Products will be accepted for transportation at such time as Petroleum Products of same quality and specifications are being transported from receiving point to destination. Prior to acceptance of Petroleum Products for transportation the Carrier may require from Shipper a certificate setting forth, in detail, the specifications of each shipment of Petroleum Products.

All additives and inhibitors to be included in Shipper's Petroleum Products must first be approved by the Carrier before such Petroleum Products will be accepted for transportation. The maximum temperature of any Petroleum Products accepted for transportation will be one hundred and twenty degrees (120°) Fahrenheit.

Gasolines containing MMT and/or oxygenates such as methanol, ethanol, TAME or MTBE as blending components will not be accepted for shipment.

**RULE 15            MINIMUM TENDER**

Petroleum Products will be accepted for transportation in quantities of not less than 5,000 barrels for any one commodity of quality and specifications as described herein at one point of origin from one Shipper.

Carrier shall not be obligated to accept petroleum products for transportation during any calendar month unless the Shipper submits a nomination on or before the fifteenth day of the preceding calendar month. 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. Nominations received after the 15th day of the preceding calendar month will be accepted only until total capacity of Carrier's system has been nominated. When the 15th of the month falls on a weekend, nominations will be required on the previous workday. When the 15th of the month falls on a holiday, nominations will be required two workdays prior to the holiday.

**RULE 20            MINIMUM DELIVERY AT DESTINATION**

Carrier will deliver all or part of any shipment of Petroleum Products at destinations named herein provided that the quantity of Petroleum Products of same specification delivered to one Consignee at any established destination is not less than five thousand (5,000) barrels.

**RULE 25            ORIGIN AND DESTINATION FACILITIES**

Petroleum Products will be accepted for transportation only when Shipper has provided equipment and facilities, including storage facilities, satisfactory to Carrier for delivering such tenders to the Carrier's El Paso Station at a pumping rate equal to Carrier's current rate of pumping and for receiving same without delay upon arrival at destination. Carrier may require satisfactory evidence to be furnished that the necessary facilities are available for delivering shipments to El Paso Station and for the prompt receiving of shipments at destination before Carrier is obligated to accept tenders for transportation.

**RULE 30            IDENTITY OF PETROLEUM PRODUCTS**

Petroleum Products will be accepted for transportation upon the conditions that: (1) the Carrier may inject corrosion inhibitor compound in the product to be transported; (2) the Carrier while in possession thereof will use diligence to transport same to destinations with a minimum amount of contamination and that it shall be subject to such changes in gravity, quality or characteristics while in transit as may result from the mixture with other Petroleum Products. Carrier will not be liable for discoloration, contamination or deterioration of Petroleum Products transported hereunder.

Subject to the foregoing, Carrier will use its best efforts to maintain the identity of individual shipments of Petroleum Products. However, in view of the impracticability of maintaining the exact identity of shipments at all times, the Carrier reserves the right at any time to substitute and deliver a product of the same kind as the commodity shipped.

**RULE 35            TESTING, GAUGING, AND METERING**

All shipments tendered to Carrier for transportation shall be tested, gauged or metered by a representative of Carrier prior to, or at the time of Receipt from the Shipper, but the Shipper or Consignee shall at all times have the privilege of being present or represented during the testing, gauging or metering. Quantities shall be corrected as to temperature from observed temperature to 60° Fahrenheit basis by use of applicable API-ASTM volume correction factor tables. Full deduction will be made for all water and other impurities. The net balance, after applicable deduction, will be the quantity deliverable by Carrier and upon which transportation charges will be assessed.

**RULE 40            TRANSPORTATION CHARGES**

Transportation charges will be assessed and collected by Carrier at the rates named herein at the time of Receipt on the basis of the quantity received at origin after making adjustments as provided for herein.

The payment of transportation and all other lawful charges accruing on Petroleum Products accepted for transportation may be required before the release of said Petroleum Products. Carrier shall have a lien on all Petroleum Products in its possession belonging to the Shipper to secure the payment of all unpaid lawful charges due by such Shipper and may withhold such Petroleum Products from Delivery until all such unpaid charges have been paid.

**RULE 45            DELIVERY AT DESTINATIONS**

Carrier shall notify the Consignee of the arrival at destination of each shipment. Upon arrival at destination, the Petroleum Products will be delivered to storage tanks of Consignee through the facilities provided by the Consignee. The Consignee shall receive from Carrier's line without delay the Petroleum Products which have been transported to the destination point for its account. If Shipper or Consignee is unable or refuses to receive said Petroleum Products as it arrives at destination, the Carrier reserves the right to make whatever arrangements for disposition of the Petroleum Products it deems appropriate in order to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by Shipper or Consignee.

**RULE 50            LIENS AND TITLE**

Carrier shall have the right to reject any Petroleum Products, when tendered for transportation which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind. If Carrier has a reasonable basis to believe that such a situation exists, it will require of the Shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity to protect Carrier against any and all loss resulting from transporting Petroleum Products involved in litigation.

**RULE 55            DIVERSION OR RECONSIGNMENT**

If no out-of-line or backhaul movement or interference with shipping sequence is required, diversion or reconsignment may be made without charge, provided notice is given not less than forty-eight (48) hours before scheduled arrival at original destination, subject to the rates, rules and regulations as provided in this tariff.

**RULE 60            PIPAGE CONTRACTS REQUIRED**

Separate pipage contracts in accord with this tariff and these regulations covering further details may be required of the proposed Shipper before any duty of transportation shall arise.

**RULE 65            LIABILITY OF PARTIES**

As a condition to Carrier's acceptance of Petroleum Products under this tariff, each Shipper agrees to protect and indemnify Carrier against claims or actions for injury and/or death of any and all persons whomever and for damage to property of Carrier, Shipper, Consignee and/or any third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by Shipper, Consignee, their agents, employees or representatives and 2) the negligent acts(s) or failure(s) to act of Shipper, Consignee, their agents, employees or representatives in connection with Delivery or Receipt of Petroleum Products.

The Carrier, while in possession of Petroleum Products herein described, shall not be liable for any loss; damage; or delay caused by act of God, war, act of public enemy, quarantine, the authority of law, strikes,

riots, civil disorder, requisition or necessity of the Government of the United States in time of war default of Shipper or owner, or from any cause not due to the sole negligence of the Carrier.

- (a) In case of loss of any Petroleum Products from any such causes, after it has been received for transportation and before the same has been delivered to Shipper or Consignee, such loss will be charged proportionally to each Shipper in the ratio that his Petroleum Products, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all Petroleum Products then in the custody of the Carrier for transportation via the lines or other facilities in which the loss occurs.
- (b) Carrier will be obligated to deliver only that portion of such Petroleum Products remaining after deducting Shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered.
- (c) For Petroleum Products losses for which Carrier is liable, Carrier may obtain and deliver to Shipper other Petroleum Products of the same quantity and substantially the same grade as that which is lost, but Carrier shall not be obligated to do so. In the alternative, Carrier may compensate shipper for such loss at market price for that particular grade of Petroleum Product as agreed upon by both parties in United States

**RULE 70 CLAIMS, TIME FOR FILING**

Claims for loss or damage must be made in writing with Carrier within nine (9) months after Delivery of the property, or in case of a failure to make Delivery, then within nine (9) months after a reasonable time for Delivery has elapsed. Suits for loss or damage shall be instituted only within two (2) years and one (1) day after Delivery of the property, or in case of a failure to make Delivery, then within two (2) years and one (1) day after a reasonable time for Delivery has elapsed; provided, however, that where claims have been duly filed with the Carrier, suit must be brought 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 for any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and the Carrier will not be liable.

**RULE 75 APPORTIONMENT WHEN TENDERS ARE IN EXCESS OF FACILITIES**

- 1. Definition of terms. Except where the context requires another meaning, the following terms have the following meanings:
  - 1.1 "New Shipper" means a Shipper that is not a Regular Shipper. A Shipper that becomes a New Shipper shall remain one for twelve (12) consecutive calendar months.
  - 1.2 "Regular Shipper" means a Shipper that has
    - (a) shipped product on the Carrier's system within the 12-month period preceding the first day of a month in which the system or a portion of the system is prorated; and
    - (b) first shipped product on the system more than twelve (12) months prior to the first day of the month in which the system is prorated.
- 2. Prorating of Capacity
  - 2.1 When capacity will be prorated. The Carrier will prorate the capacity of its system or a portion of its system during any month when, based upon the signed tender origin forms properly submitted by Shippers, the Carrier determines, in its sole discretion, that the

total volume nominated by all Shippers for shipment on the Carrier's system or portion thereof during that month exceeds the capacity of the system or portion thereof.

- 2.2 Division of capacity between Shipper classes. Except as provided in paragraphs 2.7 and 2.9, prorated capacity shall be divided between Regular Shippers as a class and New Shippers as a class.
- 2.3 Availability of capacity to Regular Shippers. After the adjustment for New Shippers, as provided in paragraphs 2.5 and 2.6, all remaining capacity plus any pour-over capacity (as determined in accordance with paragraph 2.7) plus any unused allocated capacity as determined in accordance with paragraph 2.9 shall be available to Regular Shippers who have nominated volumes for that month.
- 2.4 Allocation to each Regular Shipper. Each Regular Shipper shall be allocated a volume of the capacity available to all Regular Shippers that is equal to a fraction, the numerator of which is the total shipments by that Shipper on the Carrier's system during the twelve (12) months preceding the first day of the month for which the Shipper's allocation is being calculated, and the denominator of which is the total shipments during such 12-month period by all Regular Shippers, multiplied by the total capacity available to all Regular Shippers during that month.
- 2.5 Availability of capacity to New Shippers. Not more than five (5) percent of the total available prorated capacity of the Carrier's system or portion thereof shall be made available to New Shippers.
- 2.6 Allocation to each New Shipper. Each New Shipper shall be allocated a volume of the capacity available to all New Shippers which is equal to the lesser of:
  - (a) five (5) percent of the total available prorated capacity of the Carrier's system or portion thereof divided by the number of New Shippers who nominated volumes for shipment on the system or portion thereof during the month for which the allocation is being calculated; or
  - (b) 1.25 percent (one-fourth of 5%) of the available capacity of the system or portion thereof for that month.
- 2.7 Pour-over capacity. Any amount of prorated capacity which is available to New Shippers under the rules in paragraphs 2.5 and 2.6 but is not nominated by an eligible New Shipper shall be deemed "pour-over capacity" and shall be made available to Regular Shippers in accordance with the rules in paragraphs 2.3 and 2.4.
- 2.8 Basis for allocation: notification. When prorating of the capacity of the Carrier's system or portion thereof is in effect
  - (a) the Carrier's available capacity shall be allocated among eligible Shippers on a monthly basis; and
  - (b) the Carrier shall use reasonable efforts to notify each Shipper entitled to an allocation of capacity of the amount of its allocation not later than the first working day of the month for which the allocation is made.
- 2.9 Reallocation of unused allocated capacity. If, during a month of prorating, a Shipper fails to use all of its allocated capacity, such unused capacity shall be available to other Shippers, as follows:

- (a) Unused allocated capacity resulting from a Regular Shipper's failure to use all of its allocated capacity shall be reallocated among other Regular Shippers in accordance with the rules in paragraph 2.4.
- (b) Unused allocated capacity resulting from a New Shipper's failure to use all of its allocated capacity shall be reallocated among other New Shippers in accordance with the rules in paragraph 2.6. If, however, the reallocation would cause any New Shipper's total allocation for a month to exceed 1.25 percent of the available capacity for that month, such excess shall be treated as unused allocated capacity and shall be reallocated among Regular Shippers in accordance with the rules in subparagraph (a) of this paragraph.

2.10 Failure to use allocated capacity.

- (a) Except as provided in subparagraph (b) of this paragraph, a Shipper that fails to use all of its allocated capacity during a month of prorating shall have its allocation of capacity reduced in each subsequent month of prorating until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated capacity and shall be reallocated among other Shippers in accordance with the rules in paragraph 2.9.
- (b) Reduction of a Shipper's allocation for failure to use its allocated capacity during a prior month of prorating may be waived, in whole or in part if the Carrier determines, in its sole discretion, that the Shipper's failure to use all or some of its allocated capacity was due to factors beyond the Shipper's reasonable control.

2.11 Transfer of prorated capacity; use of affiliates. Except as provided in paragraph 2.9, prorated volumes allocated to a Shipper may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper. However, a Shipper's allocation may be transferred as an incident of the bona fide sale of the Shipper's business or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy. A Shipper may not use an affiliated or cooperating entity to obtain an increased allocation of prorated capacity or, in the case of a Regular Shipper, seek New Shipper status in order to pool two or more allocations to the benefit of the Shipper.

**RULE 80 USE OF COMMUNICATION FACILITIES**

Where this Carrier maintains private communication facilities, messages incident to shipment may be transmitted by Carrier for Shipper without extra charges. However, this Carrier shall not be liable for non-delivery of messages, for error or delay in transmission, or for interruption of service.

**RULE 85 CHARGE FOR SPILL COMPENSATION**

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 a commodity, 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 commodities within their jurisdiction for the purpose of creating a fund for the prevention, containment, cleanup and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom.

**RULE 90            CONNECTION POLICY**

Connections to Carrier's pipeline(s) will only be considered if made by formal written notification to Carrier and all requests will be subject to the following standards and conditions.

All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of the Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with governmental regulations.

**RULE 95            CREDIT-WORTHINESS OF SHIPPERS**

All prospective Shippers must submit sufficient financial information to establish credit-worthiness. If a prospective Shipper is not credit-worthy, or if a current Shipper's credit deteriorates, Carrier may require prepayment of transportation charges and/or a letter of credit from an appropriate financial institution in a form acceptable to Carrier.

**EXPLANATION OF REFERENCE MARKS:**

**[C]** Cancel    **[D]** Decrease    **[I]** Increase    **[N]** New    **[U]** Unchanged    **[W]** Change in wording only