



**Magellan Pipeline Company, L.P. (“MPL”)
Pipeline Proration Procedure
Mountain System
June 1, 2024**

During any month when the aggregate volume of Petroleum Products nominated to be transported exceeds the available capacity, capacity in the MPL Mountain System will be equitably allocated among all Shippers under the following Proration Procedure.

1. Definitions

- 1.1. “Base Period” means the twelve (12) month period, beginning thirteen (13) months prior to the month being allocated (which excludes the month preceding the month of allocation).
- 1.2. “New Shipper” means any Shipper that does not qualify under the definition of a Regular Shipper. A New Shipper will become a Regular Shipper after shipping for twelve consecutive months.
- 1.3. “Portal” means MPL’s web-based customer portal.
- 1.4. “Regular Shipper” means any Shipper who shipped volumes during the twelve consecutive months that comprise the Base Period.
- 1.5. “Reserved Capacity Shipper” means any Shipper who has elected to participate in the Mountain Reserved Capacity program published by MPL in F.E.R.C. No. 200.0.0.
- 1.6. “Shipper” means any New Shipper, any Regular Shipper or any Reserved Capacity Shipper

2. Allocation Procedures

- 2.1. Capacity will be allocated monthly for each segment of the system, as necessary.
- 2.2. Up to 5% of the capacity to be allocated will be reserved for New Shippers. Each New Shipper will be allocated a maximum of one-tenth (1/10) of up to 5% of the total pipeline capacity (the “New Shipper Allocation”). If the total allocation for New Shippers exceeds the capacity reserved for New Shippers hereunder, MPL will administer a lottery process outlined in Section 4 below. A New Shipper may not participate in the lottery process for a given month if MPL reasonably determines that it is an affiliate of a Regular Shipper. Additionally, if MPL reasonably determines that two or more New Shippers are affiliates of one another, only one (1) may participate in the lottery process for a given month.

- 2.3. Reserved Capacity Shippers will be awarded reserved capacity pursuant to the terms of F.E.R.C. No. 200.0.0 and their Transportation Services Agreements with MPL.
 - 2.4. Any remaining capacity not allocated to New Shippers or reserved for Reserved Capacity Shippers will be allocated to Regular Shippers. The capacity will be allocated based on each Regular Shipper's respective proportions of total shipments during the Base Period.
 - 2.5. Allocated capacity of one Shipper may not be assigned, conveyed, or used by another Shipper during such time as this policy is in effect.
3. Allocation Procedure Schedule
- 3.1. Shippers must submit nominations via email to MPL's designated scheduler ("Scheduler") or submitted via the Portal prior to 5:00 PM Central time the fifteenth (15th) day of the month preceding the month for which the nominations apply. If the fifteenth (15th) day of the month falls on a weekend or holiday, nominations are due on the last business day before the fifteenth (15th) day of the month. Along with their nominations, Reserved Capacity Shippers must submit any additional information required by their Transportation Services Agreements with MPL.
 - 3.2. The Scheduler will, within three (3) business days after the fifteenth (15th) day of the month preceding the month for which nominations apply, notify Shippers via the Portal, or by email if Portal notifications are unavailable, of their allocated volume based on the Allocation Procedures described above.
 - 3.3. Shippers will, within two (2) business days, notify the Scheduler via the Portal, or by email if Portal notifications are unavailable, of its acceptance of the allocated volumes.
 - 3.4. MPL's failure to receive Shipper's notice of acceptance of the allocated volume, within the timeframe and as provided in Section 3.3 above, constitutes non-acceptance by Shipper; Any allocated capacity previously awarded, but not accepted, will be automatically withdrawn and cancelled without further notice. Magellan will re-allocate such volume in accordance with Section 2.4.
 - 3.5. At the time of acceptance, Shipper may elect to reduce its allocated volume, and any allocated capacity that is not confirmed or accepted by Shipper will be re-allocated in accordance with Section 2.4.

4. Lottery Process

- 4.1. MPL will administer a lottery process to allocate capacity to New Shippers pursuant to Section 2.2 above as follows:
- 4.2. MPL will use a random number generating process to randomly assign each New Shipper a number from one to the number representing the total number of New Shippers participating in the lottery (i.e. if there are thirty New Shippers, numbers one through thirty will be assigned).
- 4.3. The New Shipper assigned number one will receive the first New Shipper Allocation. Thereafter, New Shipper Allocations will be assigned to New Shippers sequentially, from lowest assigned number to highest assigned number, until the capacity referenced in Section 2.2 above is fully allocated.
- 4.4. Following the lottery, MPL will notify each New Shipper the capacity, if any, it was allocated for that month.

5. Shipper Obligation

- 5.1. If a Shipper does not tender for shipment its confirmed allocated volume during any month in which the pipeline is prorated, the Shipper will be invoiced and will be responsible for payment of an unused allocation charge in an amount equal to eighty-five percent (85%) of the total allocated volume, less any volumes actually shipped during the month, times the current tariff rate for shipments from El Dorado, KS to Denver, CO. Shippers will build history only on the basis of volumes actually shipped, not on the basis of any unused allocation charge paid.
- 5.2. If, during a given month, a delay in transportation services or loss of Petroleum Products caused by any event described in Item 185 of MPL's Tariff F.E.R.C. No. 158.32.0 (and supplements to and reissues thereof, collectively, the "MPL Rules Tariff") occurs, and if a Shipper fails to meet the obligation set forth in Section 5.1 as a direct result of such delay in transportation services or loss of Petroleum Products, MPL will proportionally reduce or eliminate the unused allocation charge described in Section 5.1 of this policy. The affected Shipper must assert its claim to MPL in writing within ten (10) days following the end of the calendar month during which the Shipper did not meet its obligation as a direct result of an event described in Item 185 of the MPL Rules Tariff.
- 5.3. This Section 5 does not apply to a Reserved Capacity Shipper shipping pursuant to the terms of a reserved capacity program. This Section 5 does apply to a Reserved Capacity Shipper shipping as a Regular Shipper or a New Shipper outside of a reserved capacity program.