

# Magellan Pipeline Company, L.P. Pipeline Proration Procedure

## South System

June 1, 2024

This Magellan Pipeline Company, L.P. (“MPL”) Pipeline Proration Procedure (“Pipeline Proration Procedure”) governs pipeline segments within the Magellan South System (as defined in Section 1.4) where the aggregate volume of refined petroleum product (“Product”) properly nominated for shipment exceeds the available capacity in MPL’s facilities requiring allocation of available capacity on such facilities.

1. Definitions. In addition to terms otherwise defined in this Pipeline Proration Procedure, the following terms will be defined as follows:

- 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. “Fully Allocated Line Segment” means a Line Segment on which, in any given month, allocations awarded to shippers equal the full capacity of the Line Segment.
- 1.3. “Line Segment” means, as applicable, any pipeline segment in the Magellan South System that may become subject to allocation, including the following pipeline segments:
  - a. The “Albuquerque Line Segment” which refers to that portion of the Magellan South System facilitating movements from El Paso, TX to destinations in New Mexico.
  - b. The “East Houston to Odessa Line Segment” which refers to that portion of the Magellan South System facilitating movements from MPL’s pump station in Alexander, TX to Odessa, TX or Midland, TX.
  - c. The “Odessa to El Paso Line Segment” which refers to that portion of the Magellan South System facilitating movements from MPL’s pump station in Odessa, TX to El Paso, TX.
  - d. The “Stanton to El Paso Line Segment” which refers to that portion of the Magellan South System facilitating movements from MPL’s pump station in Stanton Station, TX to El Paso, TX.
- 1.4. “Magellan South System” means the MPL pipeline system governed by, and subject to, the F.E.R.C. Tariff No. 158.33.1, and the Texas Tariff No. 49.22.0, as applicable, including any supplements thereto or reissues thereof.

- 1.5. “MPL Rules Tariff” means Item 185 of the F.E.R.C. Tariff No. 158.33.1 and the Texas No. 49.22.0, including any supplements thereto and reissues thereof.
- 1.6. “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.
- 1.7. “Portal” means MPL’s web-based customer portal.
- 1.8. “Regular Shipper” means any Shipper who shipped volumes during the twelve consecutive months that comprise the Base Period.
- 1.9. “Reserved Capacity Shipper” means any shipper who nominates and ships pursuant to a reserved capacity program.
- 1.10. “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 Magellan South System, as necessary.
  - 2.2. Up to five percent (5%) of the capacity to be allocated will be reserved for New Shippers. Each New Shipper will be allocated 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 up to 5% capacity reserved for New Shippers, MPL will administer a lottery process as 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 each applicable reserved capacity program.
  - 2.4. Any remaining capacity not allocated via the New Shipper Allocation or otherwise 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 p.m. 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 nominations, Reserved Capacity Shippers must submit any additional information required by their applicable 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 the 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 in Section 2.
- 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 confirmation 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. MPL will administer a lottery process to allocate capacity to New Shippers pursuant to Section 2.2 above as follows:
  - 4.1. 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).
  - 4.2. 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 New Shipper Allocation is fully allocated.
  - 4.3. Following the lottery, MPL will notify each New Shipper the capacity, if any, it was allocated for that month.
5. Shipper Obligation.
  - 5.1. In any month when a particular Line Segment is fully allocated, if a New or Regular Shipper does not tender its confirmed allocated volume for shipment to the nominated

destination on the Fully Allocated Line Segment during that month, 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 volume allocated to shipper on the Fully Allocated Line Segment, less any volumes actually shipped on the Fully Allocated Line Segment during the month, multiplied by the local tariff rate indicated below:

Line Segment	Local Tariff Rate
East Houston to Odessa Line Segment	East Houston (Harris County) to Odessa, (Ector County) TX or Midland, Texas
Albuquerque Line Segment	El Paso, El Paso County, TX to Albuquerque Station, Bernalillo County, New Mexico
Odessa to El Paso Line Segment	East Houston (Harris County) to El Paso, El Paso County, TX
Stanton to El Paso Line Segment	Stanton Station, TX to El Paso, El Paso County, TX (incentive rates apply if participating shipper)
Any other Line Segment	A representative tariff rate associated with the Line Segment as reasonably determined by MPL and communicated to Shippers

- 5.2. Shippers must tender their confirmed allocated volume for shipment to the nominated and confirmed destination. Shipments made to destinations other than the nominated and confirmed destination are not counted toward the total volume shipped for purposes of determining the unused allocation charge in Section 5.1 above. Shippers will build history only based on volumes actually shipped, not on the basis of any unused allocation charge paid.
- 5.3. If Shipper fails to meet the obligations set forth in Section 5.1 during a given month, through no fault of the Shipper and such failure is caused directly by either of the following: (a) Shipper's allocated capacity or line time awarded by a downstream connected pipeline carrier is unexpectedly reduced, or (b) a delay in transportation services or loss of Petroleum Products occurs that is caused by any event described in the MPL Rules Tariff, then MPL will proportionally reduce or eliminate the unused allocation charge described in Section 5.1. The Shipper must provide notice of its claim to MPL in writing within ten (10) days following the end of the calendar month during which the Shipper failed to meet its obligation but requests relief due to an event described in this Section 5.3.
- 5.4. This Section 5 does not apply to a Reserved Capacity Shipper shipping pursuant to the terms of a reserved capacity program. Section 5 does apply to a Reserved Capacity Shipper shipping as a Regular Shipper or a New Shipper outside of a reserved capacity program.