

MAGELLAN PIPELINE COMPANY, L.P.

LOCAL AND JOINT VOLUME INCENTIVE PIPELINE TARIFF

APPLYING ON THE TRANSPORTATION OF

PETROLEUM PRODUCTS

MPL SOUTH ORIGINS

TO POINTS NAMED HEREIN

Issued under authority of ~~[C] 48 CFR 342.3 — indexation and~~ 18 CFR 342.4 (b) – market based pursuant to the Commission's Order on Application for Market Power Determination, Longhorn Partners Pipeline, L.P., Docket No. OR98-12-000, issued June 30, 1998 ~~[C] and 18 CFR 342.4 (b) — market based pursuant to the Commission's Order on Application for Market Power Determination, Chevron Pipe Line Company, Docket No. OR00-6-000, issued April 25, 2004~~

All rates contained herein are incentive rates, below the corresponding base rates found in F.E.R.C. No. ~~161.16.0~~ ~~or F.E.R.C. No. [W] 166.12.0~~ ~~166.11.0~~ **[W] 161.17.0**

Governed, except as otherwise provided herein, by rules and regulations published in Magellan Pipeline Company, L.P.'s F.E.R.C. No. ~~[W] 158.10.0~~ ~~158.9.0~~ or F.E.R.C. No. ~~[W] 159.7.0~~ ~~159.5.0~~ supplements thereto and reissues thereof.

The rates named in this Tariff are expressed in cents a barrel of 42 U.S. Gallons and are subject to change as provided by law.

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

ISSUED: December 16, 2015

EFFECTIVE: January 16, 2016

Issued & Compiled By: Tina R. Granger, Pipeline Tariffs
MAGELLAN PIPELINE COMPANY, L.P.
One Williams Center – MD 31-1
Tulsa, Oklahoma 74172
(918) 574-7415

PIPELINE INCENTIVE PROGRAM

| ITEM NO | <p align="center">QUARTERLY VOLUME INCENTIVE PROGRAM</p> <p>From: Texas City, TX (Galveston County) To: Pasadena, TX (Harris County)</p> | | | | | | |
|-----------------------------------|--|--|-----------|--|-----------------------------------|------------------------------|------------------|
| 200 | <p>1. Rates set forth in this Item apply to shipments of Petroleum Products from the Single Incentive Rate Origin defined as Texas City, TX to the Single Incentive Destination defined as Pasadena, TX.</p> <p>Any Shipper desiring to avail itself of the Incentive Rate, as set forth herein must satisfy all of the following provisions to be a "Participating Shipper"</p> <ul style="list-style-type: none"> • Shipper must enter into a prior written commitment with Carrier. • The Effective Date of this commitment will be on the first day of the first calendar month following receipt by Carrier of the executed written commitment from the Shipper. • The Minimum Quarterly Volume Requirement shall be 14,875,000 barrels. "Quarterly" means any three (3) consecutive months. <p>2. In addition to the terms and conditions contained in this item, all applicable rules and regulations in MPL's F.E.R.C. No. [W] <u>158.10.0</u> 458.9.0, supplements thereto and reissues thereof, also apply.</p> <p>3. Carrier will invoice the Shipper at the rate set out in Paragraph 4 of this item, at the time of shipment. Shipper will bear all other applicable charges in MPL's F.E.R.C. No. [W] <u>158.10.0</u> 458.9.0 and any, supplements thereto and reissues thereof.</p> <p>4. Incentive Rate:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>FROM</u></th> <th style="text-align: center;"><u>TO</u></th> <th style="text-align: center;"><u>Incentive Rate</u> <u>(cents per barrel)</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Texas City, TX (Galveston County)</td> <td style="text-align: center;">Pasadena, TX (Harris County)</td> <td style="text-align: center;">[U] 22.73</td> </tr> </tbody> </table> <p>5. Carrier may increase the rate set out in paragraph 4 above if the corresponding base rate in Item 400 of MPL's F.E.R.C. No. [W] <u>161.17.0</u> 461.16.0 and any successive issues, reissues and amendment thereto, is increased. The increase will be limited to the same percentage as the corresponding base rate increase. However, if Carrier elects not to take an allowed increase in a given year, then it may take the cumulative increase from the previous increase set forth in this Paragraph in subsequent period.</p> <p>6. If at the end of any Quarter (three (3) consecutive months), the Shipper has not met the Minimum Quarterly Volume Requirement, Shipper will pay a deficiency equal to the Actual Volume Shipped multiplied by the difference in the Base Tariff Rate in F.E.R.C. No. [W] <u>161.17.0</u> 461.16.0 Item No. 400 supplements thereto and reissues thereof, and the Incentive Rate stated in paragraph 4 of this tariff.</p> <p>7. Shipper may cancel participation in this program by providing Carrier with 60 days written notice and/or Carrier may cancel this program by providing all participating shippers with 60 days written notice.</p> | <u>FROM</u> | <u>TO</u> | <u>Incentive Rate</u> <u>(cents per barrel)</u> | Texas City, TX (Galveston County) | Pasadena, TX (Harris County) | [U] 22.73 |
| <u>FROM</u> | <u>TO</u> | <u>Incentive Rate</u> <u>(cents per barrel)</u> | | | | | |
| Texas City, TX (Galveston County) | Pasadena, TX (Harris County) | [U] 22.73 | | | | | |

PIPELINE INCENTIVE PROGRAM

QUARTERLY VOLUME INCENTIVE PROGRAM

| ITEM NO | From: East Houston, TX; Galena Park, TX To: Belen Station (Valencia Co.), NM | | | | | | |
|-------------------------------------|---|--|-----------|--|-------------------------------------|----------------------------------|-------------------|
| 300 | <p>1. Rates set forth in this item apply to shipments of Petroleum Products from the Incentive Origins defined as East Houston, TX or Galena Park, TX to the single Incentive Destination defined as Belen Station (Valencia Co.), NM.</p> <p>Any Shipper desiring to avail itself of the Incentive Rate, as set forth herein must satisfy all of the following provisions to be a "Participating Shipper"</p> <ul style="list-style-type: none"> • Shipper must enter into a prior written commitment with Carrier. • The Effective Date of this commitment will be on the first day of the first calendar month following receipt by Carrier of the executed written commitment from the Shipper. <p>The Minimum Quarterly Volume Requirement shall be 100,000 barrels. "Quarterly" means any three (3) consecutive months.</p> <p>2. In addition to the terms and conditions contained in this item, all applicable rules and regulations in MPL's F.E.R.C. No. [W] <u>158.10.0</u> 158.9.0, supplements thereto and reissues thereof, also apply.</p> <p>3. Carrier will invoice the Shipper at the rate set out in Paragraph 4 of this item, at the time of shipment. Shipper will bear all other applicable charges in MPL's F.E.R.C. No. [W] <u>158.10.0</u> 158.9.0, supplements thereto and reissues thereof.</p> <p>4. Incentive Rate:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>FROM</u></th> <th style="text-align: center;"><u>TO</u></th> <th style="text-align: right;"><u>Incentive Rate</u> <u>(cents per barrel)</u></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">East Houston, TX Galena Park, TX</td> <td style="vertical-align: top; text-align: center;">Belen Station (Valencia Co.), NM</td> <td style="vertical-align: top; text-align: right;">[U] 379.47</td> </tr> </tbody> </table> <p>5. Carrier may increase the rate set out in paragraph 4 above if the corresponding base rate in Item 310 of MPL's F.E.R.C. No. [W] <u>161.17.0</u> 161.16.0 and any successive issues, reissues and amendment thereto, is increased. The increase will be limited to the same percentage as the corresponding base rate increase. However, if Carrier elects not to take an allowed increase in a given year, then it may take the cumulative increase from the previous increase set forth in this Paragraph in subsequent period.</p> <p>6. If at the end of any Quarter (three (3) consecutive months), the Shipper has not met the Minimum Quarterly Volume Requirement, Shipper will pay a deficiency equal to the Actual Volume Shipped multiplied by the difference in the Base Tariff Rate in F.E.R.C. No. [W] <u>161.17.0</u> 161.16.0, Item No. 310 supplements thereto and reissues thereof, and the Incentive Rate stated in paragraph 4 of this tariff.</p> <p>7. Shipper may cancel participation in this program by providing Carrier with 60 days written notice and/or Carrier may cancel this program by providing all participating shippers with 60 days written notice.</p> | <u>FROM</u> | <u>TO</u> | <u>Incentive Rate</u> <u>(cents per barrel)</u> | East Houston, TX Galena Park, TX | Belen Station (Valencia Co.), NM | [U] 379.47 |
| <u>FROM</u> | <u>TO</u> | <u>Incentive Rate</u> <u>(cents per barrel)</u> | | | | | |
| East Houston, TX Galena Park, TX | Belen Station (Valencia Co.), NM | [U] 379.47 | | | | | |

PIPELINE INCENTIVE PROGRAM

| <p>ITEM NO.</p> | <p>15 – YEAR VOLUME INCENTIVE PROGRAM</p> | | | | | | | | | | | | |
|-------------------------------------|---|-------------------------------------|--------------------------------------|--------------------------------------|--|-------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|------------|------------|-----------------|------------|
| | <p>From: East Houston, TX and Galena Park, TX and Port Arthur, TX To: Santa Teresa (UP Fuel Depot), NM</p> | | | | | | | | | | | | |
| <p align="center">400</p> | <p>1. Rates set forth in this Item apply to the transportation of diesel fuel products meeting all of Carrier’s published specifications therefor (“Product”) from the Incentive Rate Origins defined as East Houston, TX and Galena Park, TX to the Single Incentive Destination defined as Santa Teresa (UP Fuel Depot), NM.</p> <p>Any Shipper desiring to avail itself of the Incentive Rates, as set forth herein must satisfy all of the following provisions to be a “Participating Shipper”</p> <ul style="list-style-type: none"> • Shippers must enter into a prior written Throughput and Deficiency Agreement (“T&D”) with Carrier. • The “Commitment Term” shall be at least one hundred eighty (180) months, but not longer than the effectiveness of this Item or any successive issues, reissues, amendments thereto, or extensions as provided for in the T&D. The first (1st) Contract Year of the Commitment Term will begin on the Service Commencement Date. • The Service Commencement Date of this commitment will be defined in the executed T & D between Carrier and Shipper. <p>2. In addition to the terms and conditions contained in this item, all applicable rules and regulations in MPL’s F.E.R.C. NO. [W] 158.10.0 458.9.0, supplements thereto and reissues thereof, for movements from East Houston, TX or Galena Park, TX and F.E.R.C. No. [W] 159.7.0 459.6.0 for movements from Port Arthur, TX also apply.</p> <p>3. Shipper must select a Minimum Annual Volume Commitment of either (A) the First Tier Volume level of 1,825,000 barrels per year or (B) the Second Tier Volume Level of 2,555,000 barrels per year. The applicable Volume Incentive Rates for each Tier are specified in Paragraph 4 of this Item.</p> <p>If Shipper selects the Minimum Annual Volume Commitment of the First Tier Volume level of 1,825,000 barrels, Shipper may make a one-time election to increase its Minimum Annual Volume Commitment to the Second Tier Volume level of 2,555,000 barrels by providing Carrier 60 days advance written notice prior to the Service Commencement Date or at the expiration of any of the first five (5) Contract Years during the Commitment Term. If such election occurs pursuant to such duly-given notice, Shipper will be afforded the Second Tier Volume Incentive Rate specified in Paragraph 4 of this Item effective, as applicable, upon the Service Commencement Date or the Contract Year immediately succeeding the expired Contract Year.</p> <p>For any Shipper that selects the Minimum Annual Volume Commitment of the First Tier Volume level and that ships a volume of Product in excess of 7,000 barrels per day multiplied by the number of days in a given calendar month, such volumes that are in excess of the 7,000 barrels-per-day computation shall be deemed Excess Monthly Shipments. Any such Excess Monthly Shipments shall receive the Second Tier Volume Incentive Rate specified in Paragraph 4 of this Item.</p> | | | | | | | | | | | | |
| | <p>4. Volume Incentive Rates</p> <table border="1" data-bbox="321 1598 1409 1881"> <thead> <tr> <th rowspan="2">FROM</th> <th rowspan="2">TO</th> <th colspan="2">Incentive Rate (cents per barrel)</th> </tr> <tr> <th>First Tier Volume Incentive Rate</th> <th>Second Tier Volume Incentive Rate</th> </tr> </thead> <tbody> <tr> <td>East Houston, TX Galena Park, TX</td> <td rowspan="2">Santa Teresa (UP Fuel Depot), NM</td> <td align="center">[U] 254.99</td> <td align="center">[U] 231.80</td> </tr> <tr> <td>Port Arthur, TX</td> <td align="center">[I] 320.69</td> <td align="center">[I] 297.50</td> </tr> </tbody> </table> | FROM | TO | Incentive Rate (cents per barrel) | | First Tier Volume Incentive Rate | Second Tier Volume Incentive Rate | East Houston, TX Galena Park, TX | Santa Teresa (UP Fuel Depot), NM | [U] 254.99 | [U] 231.80 | Port Arthur, TX | [I] 320.69 |
| FROM | TO | | | Incentive Rate (cents per barrel) | | | | | | | | | |
| | | First Tier Volume Incentive Rate | Second Tier Volume Incentive Rate | | | | | | | | | | |
| East Houston, TX Galena Park, TX | Santa Teresa (UP Fuel Depot), NM | [U] 254.99 | [U] 231.80 | | | | | | | | | | |
| Port Arthur, TX | | [I] 320.69 | [I] 297.50 | | | | | | | | | | |

PIPELINE INCENTIVE PROGRAM

| | |
|-----------------|---|
| ITEM NO. | 15 – YEAR VOLUME INCENTIVE PROGRAM (continued) |
| | <p>From: East Houston, TX and Galena Park, TX and Port Arthur, TX To: Santa Teresa (<i>UP Fuel Depot</i>), NM</p> |
| 400 cont'd | <p>The Volume Incentive Rates from East Houston, TX and Galena Park, TX to Santa Teresa (UP Fuel Depot), NM will automatically escalate beginning on July 1, 2014 and continuing on each anniversary date thereafter for the duration of the Commitment Term, at the rate of two and one-half percent (2.5%) per year.</p> <p>The Incentive Rate contained herein will only apply to volumes of Product from Shipper's inventory shipped by Shipper, in its name and for its own account, from the Incentive Rate Origins, and delivered at the Incentive Destination from Shipper's inventory during the Commitment Term.</p> <p>5. Carrier will invoice the Shipper at the rates set out in Paragraph 4 of this item, at the time of shipment. Shipper will bear all other applicable charges in MPL's F.E.R.C. No. [W] <u>158.10.0</u> 158.9.0, supplements thereto and reissues thereof for movements from East Houston, TX or Galena Park, TX. Shipper will bear all other applicable charges in MPL's F.E.R.C. No. [W] <u>159.7.0</u> 159.6.0, supplements thereto and reissues thereof for movements from Port Arthur, TX.</p> <p>6. If at the end of any Contract Year, the Shipper has not met the defined Minimum Annual Volume Commitment, Shipper will pay a deficiency equal to the difference between its defined Minimum Annual Volume Commitment and the actual volume of Product duly-nominated and delivered for shipment at the Incentive Rate Origins and Carrier's Origins* defined in Item 200, F.E.R.C. No. [W] <u>161.17.0</u> 161.16.0, any supplements thereto and reissues thereof, during the applicable Contract Year multiplied by the First Tier Volume Incentive rate from East Houston, TX and/or Galena Park, TX defined in Paragraph 4 of this item. Such a "Deficiency Payment" will be treated as a prepayment and the Shipper will be credited for prepaid transportation, on a dollar for dollar basis, toward the Shipper's payment obligations for its shipments of certain Product volume under this tariff during the immediately-succeeding Contract Year, but only to the extent of such Shipper Product volumes in excess of the volumes delivered by such Shipper over and above its Minimum Annual Volume Commitment for that Contract Year. Additionally, any prepaid transportation accrued by a Shipper in the first Contract Year will be applied, during a twenty-four month period immediately-succeeding the first Contract Year, but only to the extent of such Shipper Product volumes in excess of the volumes delivered by such Shipper over and above its Minimum Annual Volume Commitment for the applicable Contract Year. At the expiration of the Commitment Term, Shipper shall have the immediately-following twelve month period to apply any remaining Prepaid Transportation as a credit against the applicable transportation movement. All remaining Prepaid Transportation that is not applied within the allotted time period shall become sole property of MPL.</p> <p>* Shipper will be given credit against its Minimum Annual Volume Commitment for a Contract Year for each barrel of Product from Shipper's inventory which is shipped on Carrier's pipeline system by Shipper, in its name and for its own account, from Carrier's Origins defined in Item 200, F.E.R.C. No. [W] <u>161.17.0</u> 161.16.0, any supplements thereto and reissues thereof, and delivered at the Incentive Destination during such Contract Year.</p> <p>7. Carrier shall not be obligated during any one calendar month to receive for shipment from a Shipper more than one hundred twenty-five percent (125%) of the prorated monthly Minimum Annual Volume Commitment for that Shipper, as defined in Paragraph 3.</p> |

PARTICIPATING CARRIERS

Explorer Pipeline Company

| | |
|------------|------------------------|
| [C] | Cancel |
| [I] | Increased |
| [U] | Unchanged |
| [W] | Change in Wording Only |