

**K.C.C. No. 37**

Cancels KCC. No. 36

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

IN CONNECTION WITH PARTICIPATING CARRIERS SHOWN HEREIN

**LOCAL, and  
VOLUME INCENTIVE  
PIPELINE TARIFF**

CONTAINING

**RATES, RULES AND REGULATIONS**

GOVERNING THE TRANSPORTATION AND HANDLING

OF

**PETROLEUM PRODUCTS**

TRANSPORTED BY PIPELINE  
FROM AND TO POINTS NAMED HEREIN

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; also to the Rules and Regulations published herein, Supplements thereto and reissues thereof. Issued under authority of the State Corporation Commission of Kansas, Docket No. 81, 225-R and Supplements thereto.

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

**Issued: May 25, 2017**

**Effective: July 1, 2017\***

\*or the date of issuance of the Kansas Corporation Commission's  
Final Order approving the requested tariff change(s)/rate(s) pursuant  
to K.S.A. 66-117(d), whichever date is later.

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## SECTION NO. 1 – GENERAL RULES AND REGULATIONS

### FORMAT OF TARIFF

For information only. The application of this tariff is governed by the rules, regulations, terms, and conditions set forth elsewhere herein and not by this "Format".

This tariff is divided into four basic parts. The first of these consists of preliminary matter including an alphabetical table of contents.

The second basic part of the tariff is **SECTION NO. 1, GENERAL RULES AND REGULATIONS**, which contains all generally applicable rules and regulations. Section No. 1 is further subdivided as follows:

#### **Tariff Reissue and Supplementation**

This subsection explains methods of supplementing, canceling, or reissuing tariff matter. It is exceedingly important that all effective supplements to this tariff be referred to for correct interpretation of the tariff.

#### **Commodity Description and Measurement**

This subsection describes commodities to be transported together with methods of measurement defined.

#### **Preshipment Requirements and Procedures**

This subsection sets forth requirements and procedures of which knowledge is essential prior to tendering Petroleum Products for shipment.

#### **Transportation Services and Related Requirements**

This subsection describes the line haul services provided by the Carriers.

#### **Terminaling Services and Related Requirements**

This subsection describes the various terminal services which the Carriers perform and the charges therefore, if any.

#### **Special and Ancillary Services and Related Requirements**

This subsection describes all special or ancillary services offered by the Carriers and the charges therefore, if any.

#### **Liability and Claim Settlement**

The final subsection of Section No. 1 contains items which set forth Carriers' limits of liability and time requirements for filing claims and suits to satisfy legal requirements.

The third basic part of the tariff is **SECTION NO. 2, LOCAL AND VOLUME INCENTIVE RATES**, which catalogs all rates from applicable Origins to all applicable Destinations.

Particular note should be made of the application of the rate items for differing Petroleum Products as outlined by various reference marks.

Section No. 2 also contains the Rates, Rules and Regulations, which apply to the Volume Incentive Programs.

The last basic section of the tariff is **SECTION NO. 3**, which contains an explanation of abbreviations and reference marks found throughout the tariff.

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## SECTION NO. 1 – GENERAL RULES AND REGULATIONS

### GENERAL APPLICATION OF TARIFF

Petroleum Products will be transported, terminaled and/or handled through Carrier's facilities only as provided for in these rules and regulations.

### 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"** as used herein shall consist of forty-two (42) United States gallons at sixty (60) degrees Fahrenheit.

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

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

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

**"Destination"** means the facility at which Carrier delivers Petroleum Products out of Carrier's pipeline.

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

**"Minimum Allocation"** means the minimum level of Open Stock Petroleum Product inventory required in order for an Inventory Owner to maintain active withdrawal privileges at Carrier's terminal facilities.

**"Open Stock Petroleum Product"** means the commodity grades of Petroleum Products, as defined by Item 15 that the Carrier transports under Open Stock Status.

**"Open Stock Status"** means that a Shipper may withdraw at a Carrier Destination the same quantity of the Petroleum Product which Carrier is receiving at a Carrier Origin from Shipper on the same day if both Shipper's and Carrier's inventories are sufficient as stated in Item 80.

**"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 15 and meeting the specifications referenced in Item 20.

**"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 and/or terminaling 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.

## SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)

### TARIFF REISSUE AND SUPPLEMENTATION

#### ITEM 1 - METHOD OF CANCELING ITEMS

As this tariff is supplemented, numbered items with letter suffixes cancel corresponding numbered items in the original tariff or in a supplement. Letter suffixes will be used in alphabetical sequence starting with A.

EXAMPLE - Item 60-A cancels Item 60; and Item 90-B cancels 90-A in a prior supplement, which, in turn, canceled Item 90.

#### ITEM 5 - METHOD OF DENOTING REISSUED MATTER IN SUPPLEMENTS

Matter brought forward without change from one supplement to another will be designated as "Reissued" by a reference mark in the form of a square enclosing a number, the number being that of the supplement in which the reissued matter first appeared in its currently effective form. To determine the supplement's original effective date, refer to the explanation of reference marks on the last page of the supplement. For further details, consult the supplement in which the reissued matter first became effective.

#### ITEM 10 - REFERENCE TO ITEMS, NOTES, RULES, ETC.

When reference is made in this tariff, and supplements hereof, to items, notes, rules, etc., such references are continuous and include supplements to and successive reissues of such items, notes, rules, etc.

### COMMODITY DESCRIPTION AND MEASUREMENT

#### ITEM 15 - PETROLEUM PRODUCTS DEFINED

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

Diesel Fuel Distillates	Jet Fuels – Commercial
Unleaded Gasolines	Gasoline Feedstock

#### ITEM 20 - PRODUCTS ACCEPTANCE SPECIFICATIONS

Petroleum Products shall be accepted for transportation only when such Petroleum Products meet all required specifications as uniformly established by Carrier. All of the required specifications for Petroleum Products shall be issued from time to time in the manner and to the extent appropriate to facilitate the efficient and economical use and operation of the Carrier's facilities and to reasonably accommodate Shipper's needs for transportation.

#### ITEM 22- TRANSMIX HANDLING

Transmix accumulated in Carrier's system for movements to Great Bend, KS, Scott City, KS and Denver, CO will be allocated to all Shippers based on the proportion to each Shipper's barrels delivered at Great Bend, KS, Scott City, KS and Denver, CO 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.

#### ITEM 25- 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-twentieth (1/20) of one (1) percent by volume will be made on the quantity of Petroleum Products accepted for transportation. Carrier will only be accountable for delivery of that quantity of Petroleum Products accepted for transportation after the tender deduction.

**SECTION C.** Product downgrades associated with handling multiple grades of distillate products that have varied sulfur levels will be allocated to shippers.

### PRESHIPMENT REQUIREMENTS AND PROCEDURES

#### ITEM 30 - COMMODITY

Carrier is engaged exclusively in the transportation of Petroleum Products specified and described in Item 15 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 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.

## SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)

### PRESHIPMENT REQUIREMENTS AND PROCEDURES (continued)

#### ITEM 35 - TESTING AND MEASURING

Petroleum products shall be accepted for transportation only when such products meet all required specifications as uniformly established by Carrier found at the public website [www.magellanlp.com/WhatWeDo/ProductSpecs.aspx](http://www.magellanlp.com/WhatWeDo/ProductSpecs.aspx) or upon request. 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.

#### ITEM 40 - SCHEDULING OF SHIPMENTS

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 can distribute shipments to MPL Destinations by designating specific locations or by selecting automatic shipment distribution. Automatic shipment distribution is the distribution of Shippers' volumes on a system-wide basis to even out the day's supply based on historical weighted average loadings to all valid locations where the Shipper conducts business. Shippers may specify Destinations by Origin and Grade for automatic shipment distribution. 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 45 - 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 **[C]** and ~~deliveries to offline facilities~~. An Inventory Owner's maximum inventory balance will be controlled using an allocation method, which will be based on the moving average of the Inventory Owner's daily rack deliveries **[C]** and ~~deliveries to offline facilities~~ for each Petroleum Product covering thirty (30) days.

A new Shipper [i.e., a Shipper without a loading history over the preceding twelve (12) months] shall be allocated capacity sufficient to permit a minimum shipment as defined in Item 90. All subsequent allocations of capacity shall be based on the loading history developed by the Shipper after Transit Time has elapsed in accordance with the inventory controls provisions of Item 80.

#### ITEM 55 - 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 of the Consignor proof of his perfect and unencumbered title or a satisfactory indemnity bond.

#### ITEM 60 - CORROSION INHIBITORS

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

## SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)

### PRESHIPMENT REQUIREMENTS AND PROCEDURES (continued)

#### ITEM 65 - FACILITIES REQUIRED AT ORIGIN AND DESTINATION

**SECTION A.** The Carrier will not provide storage facilities at points of Origin or storage or loading facilities at Destinations designated with a ‡. Petroleum Products will be accepted for transportation only when Consignor has provided equipment and facilities satisfactory to the Carrier 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 re consign, 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 whomsoever may be lawfully entitled thereto.

#### ITEM 70 - 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 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. 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 item 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.



## SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)

### PRESHIPMENT REQUIREMENTS AND PROCEDURES (continued)

#### ITEM 75 - 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 70.

#### ITEM 80 - WITHDRAWALS FROM CARRIER'S TERMINAL FACILITIES

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 acceptance of the shipment for transportation. In order for the Inventory Owner to immediately withdraw its inventory of Open Stock Petroleum Products, 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 Carrier's terminals ~~[C] and offline deliveries~~ for a specific Open Stock Petroleum Product against Carrier's system inventory required to maintain Open Stock Status for such Open Stock 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 Open Stock Petroleum Product established by the Carrier for all Inventory Owners which are actively utilizing the Carrier's terminal facilities. Consignments in Carrier's system which fulfill an Inventory Owner's Minimum Allocation will be charged an initial transportation rate of ~~[I] 149.48~~ 149.18 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 Open Stock 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 Open Stock Petroleum Product. A new Inventory Owner's withdrawals will be monitored during the first (1<sup>st</sup>) 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 for a period of six (6) consecutive, full calendar months thereafter (the "Inactive Period") and will not without Carrier's express approval, be allowed to withdraw Open Stock Petroleum Product from Carrier's terminal facilities during the Inactive Period or afterward 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, Open Stock Status for such Inventory Owner.

Subject to Items 70 and 170, 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.

Withdrawals of Non-Open Stock Petroleum Products from Carrier's terminal facilities will be permitted after the shipment has sustained its associated Transit Time from the shipment's Origin to Destination. In addition, Carrier may require Inventory Owner to maintain minimum inventory on Non-Open Stock products.

Inventory Owners shall be permitted to withdraw Petroleum Products at Carrier's terminals only 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 can be suspended until the Inventory Owner replenished its product inventory at the location.

In case of events or circumstances which prevent or threaten to prevent normal transportation and delivery of consignments to a Destination or Destinations, Open Stock Status may be suspended or controlled as to all Inventory Owners at such Destination or Destinations until further notice. When Open Stock Status has been suspended as to any Inventory Owner at a Destination or Destinations, further withdrawals may not be made from a consignment until its physical delivery into terminal facilities at such Destination.

#### ITEM 85 - 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.

## SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)

### TRANSPORTATION SERVICES AND RELATED REQUIREMENTS

#### ITEM 90 - MINIMUM SHIPMENT (Note 1)

**Section A.** A shipment of 25,000 Barrels or more of Petroleum Products of the same required specifications 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 shall be accepted for transportation at one point of Origin from one Consignor subject to delay until Carrier has accumulated at receiving point 25,000 Barrels of the same specifications from the same or other Consignors.

**Section C.** A shipment of not less than 7,500 Barrels of the same specifications of Petroleum Products shall be accepted for transportation from one Consignor at any point of Origin.

#### ITEM 95 - MINIMUM CONSIGNMENT (Note 1)

**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 named in this tariff or any point directly intermediate thereto, or to any Destination on other pipe lines named in tariffs issued by or concurred in by MPL which are 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 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 12,500 Barrels of the same product may 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 12,500 or more Barrels of the same specifications consigned to the same Destination by the same or other Consignors.
- (3) 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 and further provided that the Carrier can consolidate the 5,000 Barrels with 12,500 or more Barrels of the same specifications consigned by the same or other Consignors to a Destination on the same line situated beyond the Destination to which the 5,000 Barrels is destined.

#### ITEM 100 – RECONSIGNMENT

If no out-of-line or backhaul movement is required and if the current scheduled operations will permit, Consignor may reconsign, 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. Reconsignments are not permitted from terminals not owned by Carrier.

If a Shipper elects to use automatic reconsignments to cover negative inventory positions, the locations from which the product will be reconsigned must be specified. A negative inventory position will be allowed to remain for three (3) working days. After three (3) days, volumes in the account of a Shipper having a negative inventory position will be reconsigned automatically from other locations on MPL to eliminate the negative inventory position.

Transit Time is applied on reconsignments of Open Stock Grades for Transit Time Shippers. Intransit inventory for the Open Stock Grades is automatically released for loading when the Transit Time from the Origin to the Destination has been met.

Backhaul reconsignments are allowed only for Open Stock Grades by Open Stock Shippers and/or for Specialty Grades by Open Stock Status Shippers to correct inventory imbalances or errors made by Shippers in entering consignments. A reconsignment 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.

Reconsignment 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 reconsigned.

#### ITEM 105 - 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.

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**SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)**

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

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**ITEM 110 - 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 products for another by Carrier, shall be permitted.

**ITEM 115 - DIESEL FUEL MINIMUM SHIPMENT (Note 1)**

A shipment of 12,500 Barrels or more of Diesel Fuel of the same required specifications shall be accepted for transportation from one Consignor between the points contained in the applicable rate item.

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**TERMINALING SERVICES AND RELATED REQUIREMENTS**

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**ITEM 120 - MPL COMPANY TERMINALING SERVICES**

The rates published in Section 2 of this Tariff include the charges for line haul and the charges for loading into railroad tank cars or tank trucks through MPL terminal facilities, Except: Great Bend, Scott City and Wichita, KS rates are for line haul only. Carrier may require additional contract for loading or other services. Terminal facilities include tanks, loading racks and meters. Carrier may require Shipper to provide storage for Non-Open Stock Petroleum Products.

**ITEM 125 - 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. Carrier may require Shipper to provide storage for Non-Open Stock Petroleum Products.

**ITEM 130 - MINIMUM DELIVERY FROM CARRIER'S TERMINAL FACILITIES**

Each delivery from Carrier's terminal facilities by Consignor or Consignee must not be less than 4,000 United States gallons in volume before temperature correction.

**ITEM 135 - 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.

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**SPECIAL AND ANCILLARY SERVICES AND RELATED REQUIREMENTS**

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**ITEM 140 - FILTRATION AND SPECIAL TESTING SERVICE**

When a Consignor or Consignee requires filtration and/or special testing of a Petroleum Product to guarantee a minimum of impurities more stringent than normally warranted by the Carrier, the Carrier will provide such service for a charge as set forth below:

**Commercial Jet Fuel Filtration**

Removal of particulate matter, free water and surfactants .....**[I]** 5.40 ~~5.39~~ Cents/BBL

**ITEM 145 - SPECIAL HANDLING SERVICES**

Petroleum Products which require special handling in MPL's pipelines or terminals because of special properties and/or specifications or because demand is insufficient may, if economically feasible and otherwise practical, be handled for an additional charge as set forth below:

**(A) Premium Unleaded Gasoline**

Transported and Handled via Terminals NOT noted with a ‡ **[I]** 10.83 ~~10.81~~ Cents/BBL

**(B) Premium Unleaded Gasoline**

Transported and Handled via Terminals noted with a ‡ **[I]** 7.22 ~~7.24~~ Cents/BBL

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**SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)**

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**SPECIAL AND ANCILLARY SERVICES AND RELATED REQUIREMENTS (continued)**

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**ITEM 147 HIGH RVP UNLEADED GASOLINE****High RVP Unleaded Gasoline Shipments (JANUARY 1 THROUGH APRIL 30)**

From January 1 through April 30, MPL will transport unleaded gasoline having a Reid Vapor Pressure (RVP) which exceeds Carrier's normal Reid Vapor Pressure specifications, but which does not exceed **ASTM D4814 Volatility Classifications** at the time of shipment for ~~[I] 17.99~~ **47.95** cents per barrel in addition to the published transportation rate.

Shipments will be scheduled only when MPL has determined that the volume, specifications and routing of the various shipments will not impair its ability to comply with all Federal, State and Local regulations regarding the Reid Vapor Pressure of deliveries from Carrier's Facilities. Scheduling of high RVP shipments will be performed in a manner so as to avoid unjust discrimination or undue preference among Shippers.

**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/WhatWeDo/ProductSpecs.aspx](http://www.magellanlp.com/WhatWeDo/ProductSpecs.aspx)) 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 can be charged ~~[I] 121.59~~ **424.35** cents 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 150 - 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 costs or losses therefrom.

**ITEM 155 - 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 nondelivery of messages or for errors or delays in transmission or interruption of such service.

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**LIABILITY AND CLAIM SETTLEMENT**

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**ITEM 165 - DUTY OF CARRIER****[W] Quantity**

The Carrier shall transport and deliver into terminal facilities at the applicable Destination(s), with reasonable diligence, ~~the a~~ a quantity of Petroleum Product equal in volume to the quantity of Petroleum Product accepted for transportation, less the appropriate tender deduction, transmix allocation and any other volume reduction provided or referenced in this tariff. 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.

**[N] Quality**

Carrier shall have no duty to deliver Petroleum Product other than in conformance with state and federal governmental requirements for such Petroleum Product that apply to deliveries at the applicable Destination, except as otherwise noted in the specifications that apply to deliveries at such Destination as established by Carrier and set forth at the public website [www.magellanlp.com/WhatWeDo/ProductSpecs.aspx](http://www.magellanlp.com/WhatWeDo/ProductSpecs.aspx).

## SECTION NO. 1 – GENERAL RULES AND REGULATIONS (continued)

### LIABILITY AND CLAIM SETTLEMENT (continued)

#### ITEM 170- 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, terrorism, rebellion, 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, or inaccuracy; 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 or any cause reasonably beyond the control 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 products(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 15 – 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 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.

#### ITEM 175 - CLAIMS: TIME FOR FILING

Notice of any claim for loss, or liability for or in connection with Petroleum Products ("Claim", whether one or more) must be made in writing to the Carrier within nine (9) months after delivery of the Petroleum Products at the applicable Destination(s) or, in the case of a failure of Carrier to so deliver, then within nine (9) months after a reasonable time for delivery has elapsed. Failure to give such notice of any Claim shall be deemed to be a waiver and release of such Claim and of all rights to assert such Claim, and Carrier shall have no liability or obligation with respect thereto.

Suit against Carrier for any Claim must be instituted within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that the Carrier has disallowed all or any part of such Claim. Any Claim for which suit has not been instituted in accordance with the foregoing provisions shall be deemed to have been waived, relinquished and released, and Carrier shall have no liability or obligation with respect thereto.

## SECTION NO. 2 – LOCAL and VOLUME INCENTIVE RATES

### LOCAL RATES (Rates In Cents Per Barrel)

[I] Increased. All Rates on this Page Are Increased.

Rates in Section 2 apply on commodities as described in Item 15.

ITEM NO.	FROM	TO	RATES
200	Coffeyville, Kansas El Dorado, Kansas	‡ Kansas City (Argentine), KS	166.31
		Kansas City (Fairfax and Olathe), KS	182.02
		‡ Kansas City (Santa Fe), KS	166.31
		‡ St. Joseph (Wathena, KS), MO	199.36
		Topeka, KS	182.02
		‡ El Dorado, KS	120.34
	Coffeyville, Kansas	‡ Great Bend, KS	204.91
		‡ Scott City, KS	241.11
		‡ Wichita, KS	101.57
	El Dorado, Kansas	‡ Great Bend, KS	84.54
		‡ Scott City, KS	120.75
		‡ Wichita, KS	38.06
	McPherson, Kansas	‡ Great Bend, KS	99.64
		‡ Kansas City (Argentine), KS	181.41
		Kansas City (Fairfax and Olathe), KS	197.13
		‡ Kansas City (Santa Fe), KS	181.41
		‡ Scott City, KS	135.84
		‡ St. Joseph (Wathena, KS), MO	234.99
		Topeka, KS	197.13
		‡ El Dorado, KS	135.47
		‡ Wichita, KS	53.15

## SECTION NO. 2 – LOCAL and VOLUME INCENTIVE RATES (continued)

ITEM NO.	<p style="text-align: center;"><b>TEN-YEAR INCENTIVE PROGRAM</b></p> <p><b>From Incentive Origins:</b> Kansas and McPherson, KS Origins  <b>To Incentive Destinations:</b> Kansas City, KS (Fairfax and/or Olathe) and Wichita, KS</p>																
265	<p>1. Rates corresponding to this Item (Item 266: Ten Year Incentive Rates herein) apply to Supplier deliveries of Petroleum Products at the Incentive Destinations from any Incentive Rate Origins or Origin Groups as defined in Item 266 herein. The Incentive Destinations defined under the corresponding Volume Incentive program in Item 165, F.E.R.C. No. <b>[W] 170.20.0</b> <del>170.19.0</del>, supplements thereto and reissues thereof are included herein in Paragraph 3 of this Item as reference to the entire program.</p> <p>Any Supplier, the authorized party via Carrier's ATLAS system who delivers Petroleum Products out of the system, desiring to avail themselves of the Incentive Rates as set forth herein must satisfy all of the following provisions to be a "Participating Supplier":</p> <ol style="list-style-type: none"> <li>A Participating Supplier must enter into a prior written commitment with Carrier,</li> <li>The Commitment Term shall be ten-years (120 months), but not longer than the effectiveness of this Item or any successive issues, reissues and amendments thereto,</li> <li>The Effective Date of this commitment will be no sooner than the first day of the first calendar month following receipt by Carrier of the executed written commitment from Participating Supplier, and.</li> <li>The Total Guaranteed Committed Volume shall be equal to the amounts specified in Paragraph 3 of this Item.</li> </ol> <p>2. In addition to the terms and conditions contained in this Item, all applicable rules and regulations contained within this tariff also apply.</p> <p>3. The <b>Total Guaranteed Committed Volume</b> under this Item shall be equal to 90,885,500 barrels over the ten year (120 month) Commitment Term. The Total Guaranteed Committed Volume shall be comprised of all the barrels delivered by Carrier for the Participating Supplier to the following Carrier destinations.</p> <p>Incentive Destinations:                      <b>Kansas City, KS (Fairfax and/or Olathe)</b>     <b>‡ Wichita, KS</b></p> <p>(Referenced Incentive Destinations in Item 165, F.E.R.C. No. <b>[W] 170.20.0</b> <del>170.19.0</del>, supplements thereto and reissues thereof)  Des Moines, IA  Omaha (MPL), NE  Tulsa, OK</p> <p>In addition to the Total Guaranteed Committed Volume requirement, Carrier must deliver for Participating Supplier a <b>Minimum Two-Year (24 month) Destination Guaranteed Committed Volume</b> equal to <b>18,177,000</b> comprised of the following Incentive Destinations over a consecutive two-year (24 month) period.</p> <table border="1" data-bbox="313 1264 1425 1610"> <thead> <tr> <th>Incentive Destinations</th><th>Minimum Two-Year (24 month) Destination Guaranteed Committed Volumes (barrels)</th></tr> </thead> <tbody> <tr> <td><b>Kansas City, KS (Fairfax and/or Olathe)</b></td><td style="text-align: right;"><b>9,855,000</b></td></tr> <tr> <td><b>‡ Wichita, KS</b></td><td style="text-align: right;"><b>2,190,000</b></td></tr> <tr> <td colspan="2">(Referenced Incentive Destinations in Item 165, F.E.R.C. No. <b>[W] 170.20.0</b> <del>170.19.0</del>, supplements thereto and reissues thereof)</td></tr> <tr> <td>Des Moines, IA</td><td style="text-align: right;">1,204,500</td></tr> <tr> <td>Omaha (MPL), NE</td><td style="text-align: right;">547,500</td></tr> <tr> <td>Tulsa, OK</td><td style="text-align: right;">4,380,000</td></tr> <tr> <td><b>TOTAL Minimum Two-year (24 month) Commitment</b></td><td style="text-align: right;"><b>18,177,000</b></td></tr> </tbody> </table> <p>4. Qualifying volumes that will apply toward the Total Guaranteed Committed Volume and the Minimum Two-Year (24 month) Destination Guaranteed Committed Volume obligation during the Commitment Term shall include:</p> <ol style="list-style-type: none"> <li>All volumes delivered from any Origin at the Incentive Destinations defined in Paragraph 3 by Carrier for the Participating Supplier, and</li> <li>All volumes delivered from any Origin at the Incentive Destinations defined in Paragraph 3 by Carrier for a supplier other than Participating Supplier, for which the volume is delivered to a final destination owned by the Participating Supplier and who is identified as the consignee on the bill of lading. Carrier may require Participating Supplier to provide satisfactory documentation for verification of any volumes delivered pursuant to this provision.</li> </ol>	Incentive Destinations	Minimum Two-Year (24 month) Destination Guaranteed Committed Volumes (barrels)	<b>Kansas City, KS (Fairfax and/or Olathe)</b>	<b>9,855,000</b>	<b>‡ Wichita, KS</b>	<b>2,190,000</b>	(Referenced Incentive Destinations in Item 165, F.E.R.C. No. <b>[W] 170.20.0</b> <del>170.19.0</del> , supplements thereto and reissues thereof)		Des Moines, IA	1,204,500	Omaha (MPL), NE	547,500	Tulsa, OK	4,380,000	<b>TOTAL Minimum Two-year (24 month) Commitment</b>	<b>18,177,000</b>
Incentive Destinations	Minimum Two-Year (24 month) Destination Guaranteed Committed Volumes (barrels)																
<b>Kansas City, KS (Fairfax and/or Olathe)</b>	<b>9,855,000</b>																
<b>‡ Wichita, KS</b>	<b>2,190,000</b>																
(Referenced Incentive Destinations in Item 165, F.E.R.C. No. <b>[W] 170.20.0</b> <del>170.19.0</del> , supplements thereto and reissues thereof)																	
Des Moines, IA	1,204,500																
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Tulsa, OK	4,380,000																
<b>TOTAL Minimum Two-year (24 month) Commitment</b>	<b>18,177,000</b>																

**SECTION NO. 2 – LOCAL and VOLUME INCENTIVE RATES (continued)**

<b>ITEM NO.</b>	<p align="center"><b>TEN-YEAR INCENTIVE PROGRAM (continued)</b></p> <p><b>From Incentive Origins:</b> Kansas and McPherson, KS Origins  <b>To Incentive Destinations:</b> Kansas City, KS (Fairfax and/or Olathe) and Wichita, KS</p>
<p align="center"><b>265 (Cont.)</b></p>	<ol style="list-style-type: none"> <li>5. Any volumes delivered by Carrier for Supplier under this Item shall not be eligible for any other volume incentive program.</li> <li>6. Volumes moved under the corresponding Volume Incentive Program in Item 165 of F.E.R.C. No. <b>[W] 170.20.0 170.19.0</b>, and Item 265 of O.C.C. No. <b>[W] 14.11.0 14.10.0</b>, supplements thereto and reissues thereof, may apply towards the Total Guaranteed Committed Volumes and the Minimum Two-Year (24 month) Destination Guaranteed Committed Volumes in this Item. Similarly, volumes moved under this Item may apply towards the Total Guaranteed Committed Volume and the Minimum Two-Year (24 month) Destination Guaranteed Committed Volume in the corresponding Volume Incentive Program in the tariff publications listed hereinabove, supplements thereto and reissues thereof.</li> <li>7. The Incentive Rate will be applied only to volumes delivered by Carrier for Participating Supplier that Participating Supplier is the named supplier at the Incentive Destinations defined in Paragraph 3 from the eligible Incentive Rate Origins or Origin Groups as defined in Item 266 herein during the Commitment Term. No volumes that qualify under 4. (b) above will receive the Incentive Rate.</li> <li>8. Carrier may adjust the Incentive Rates set out in Item 166 at any time by the same percentage change as the corresponding base rate is adjusted. If Carrier elects not to take an allowed increase in a given year, Carrier may take the cumulative allowed increases in any subsequent year. Adjustment of the Incentive Rates is contingent upon the effectiveness of such rates as allowed by the Federal Energy Regulatory Commission. If for any reason, the Federal Energy Regulatory Commission orders an investigation or suspension of Carrier's tariff, Carrier shall have the right to terminate its obligations under this Item by providing sixty (60) days written notice to Participating Supplier. Carrier may terminate this commitment as to any Incentive Destination upon ninety (90) days prior written notice if the Carrier sells any or all of its pipelines connecting or supplying the Incentive Destination and such sale would significantly impair Carrier's ability to perform its obligations as to such Incentive Destination under this Item.</li> <li>9. Carrier will invoice at the time of shipment and at rates set out in Item 200 of this tariff. After the end of each month, Carrier will calculate the difference between the rate invoiced and the applicable Incentive Rate defined in Item 266 for volumes delivered in Participating Supplier's name during the previous month at the Incentive Destinations from all eligible Incentive Rate Origins or Origin Groups, and will issue a payment to Participating Supplier.</li> <li>10. At the end of each two-year (24 month) period from the commitment Effective Date, if the Participating Supplier did not meet the Minimum Two-Year (24 month) Destination Guaranteed Committed Volume at one or more Destinations, the Participating Supplier will pay a Commitment Reversion equal to the difference between the total Minimum Two-Year (24 month) Destination Guaranteed Committed Volume for each Destination requirement and the actual qualifying volumes, as defined in Paragraph 4(a) and 4(b) above, delivered to that Destination during the two-year (24 month) period multiplied by the Incentive Rate defined in Item 166 of F.E.R.C. No. <b>[W] 170.20.0 170.19.0</b>, supplements thereto and reissues thereof, from Kansas Origins to the respective Destination in effect at the end of the two-year (24 month) period. No volumes shall be carried forward to meet the Minimum Two-Year (24 month) Destination Guaranteed Committed Volume in subsequent years.</li> <li>11. Carrier shall not be obligated during any one calendar month to deliver more than one hundred fifty percent (150%) of the prorated monthly Minimum Two-Year (24 month) Destination Guaranteed Committed Volume, based on volumes set out in Paragraph 3 above.</li> <li>12. If a Participating Supplier fails to meet the Minimum Two-Year (24 month) Destination Guaranteed Committed Volume, and that failure is the direct result of the Carrier's inability to provide service, the Total Guaranteed Committed Volume and/or the Minimum Two-Year (24 month) Destination Guaranteed Committed Volume, shall be reduced prorata on a day for day basis for each day that the Carrier was unable to provide service. The Participating Supplier must assert its claim of Carrier's failure to provide service in writing to Carrier within the first ten (10) days of the month following the event of Carrier's failure to provide service. The Participating Supplier will bear the burden of proof in showing that Carrier's failure to provide service did, in fact, result in the Participating Supplier's failure to meet its commitment obligations.</li> </ol>



## SECTION NO. 2 – LOCAL and VOLUME INCENTIVE RATES (continued)

ITEM NO.	<b>TEN-YEAR INCENTIVE PROGRAM (continued)</b> <b>From Incentive Origins:</b> Kansas and McPherson, KS Origins <b>To Incentive Destinations:</b> Kansas City, KS (Fairfax and/or Olathe) and Wichita, KS
<b>265 (Cont.)</b>	<p>13. In the event Participating Supplier withdraws all business activities as a result of the sale of assets to a non-affiliated third party within a market area defined herein, Participating Supplier shall provide to Carrier, a 90 day prior written notification of such sale and/or event. The notification must detail the circumstances involved in the exiting of the defined market area. Upon Carrier's receipt of notification, Carrier shall reduce the Total Guaranteed Committed Volume and/or the Minimum Two-Year (24 month) Destination Guaranteed Committed Volume for the defined market area on a prorated basis. The Commitment Reversion defined in paragraph 10 herein, shall be administered on a prorated basis subject to the provisions of this paragraph</p> <p>14. In the event Participating Supplier experiences Force Majeure that delays delivery of product to Carrier at point of origin, Carrier may, at its sole discretion, upon written notification of circumstances from Participating Supplier, extend the Commitment Term. Such extension period shall in no event, individually or cumulatively, exceed a total of thirty (30) days over the Commitment Term. Force Majeure shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, terrorists, insurrections, riots, lightning, earthquakes, fires, floods, storms, washouts and any other causes, not within the control of Participating Supplier.</p>

### TEN-YEAR INCENTIVE RATES

(Rates in Cents Per Barrel)

**[I]** Increased. All rates on this page are Increased.

Item No.	TO	Kansas Origins	McPherson, KS	Coffeyville, KS
		Coffeyville El Dorado		
<b>266</b>	Kansas City, KS (Fairfax and/or Olathe)	109.22	118.27	---
	‡ Wichita, KS	---	---	54.14

**SECTION NO. 2 – LOCAL and VOLUME INCENTIVE RATES (continued)**

ITEM NO.	TEN-YEAR TIER INCENTIVE PROGRAM																				
	From Kansas and McPherson, KS Origins To Kansas City (Santa Fe), KS																				
290	<p>1. Rates corresponding to this Item (Item 291: First Tier Incentive Rates and Item 292: Second Tier Incentive Rates herein) apply to deliveries of Petroleum Products to the Incentive Destinations from any Incentive Rate Origin or Origin Group as defined in Items 291 and 292 herein. The Incentive Destinations under this Item shall be defined as any of Carrier's destinations identified in Paragraph 3 of this Item.</p> <p>Shippers desiring to avail themselves of the Incentive Rates, as set forth herein must satisfy all of the following provisions.</p> <ul style="list-style-type: none"><li>• Shippers must enter into a prior written commitment with Carrier.</li><li>• The Commitment Term shall be one-hundred twenty (120) months, but not longer than the effectiveness of this Item or any successive issues, reissues and amendments thereto.</li><li>• 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.</li><li>• The Total Guaranteed Committed Volume shall be greater than or equal to the amounts specified in Paragraph 3 of this Item.</li></ul> <p>2. In addition to the terms and conditions contained in this Item, all applicable rules and regulations contained within this tariff also apply.</p> <p>3. The Total Guaranteed Committed Volume under this Item shall be greater than or equal to 45,500,000 barrels over the one-hundred twenty (120) month Commitment Term. The Total Guaranteed Committed Volume shall be comprised of all the barrels delivered by Carrier for Shipper to the following destinations:</p> <table><tr><th>Destination</th><th>Total <i>Destination</i> Guaranteed Committed Volume (barrels)</th></tr><tr><td>‡ Kansas City (Santa Fe), KS</td><td>14,000,000</td></tr><tr><td colspan="2"><i>Reference destinations in Item 180 of F.E.R.C. No. [W] 170.20.0 470.19.0, supplements thereto and reissues thereof.</i></td></tr><tr><td>Des Moines, IA</td><td>7,000,000</td></tr><tr><td>‡ Lincoln (BN), NE</td><td>20,000,000</td></tr></table> <p>4. The Incentive Rate will only be applied to volumes delivered at the Incentive Destinations which were delivered by Carrier for the Shipper during the Commitment Term from any Incentive Rate Origin or Origin Group set out in Items 291 and 292 herein.</p> <table><tr><th></th><th>Tier Rate Threshold</th><th>Incentive Rate</th></tr><tr><td>First Tier Incentive Rate:</td><td>0 – 45,500,000 barrels</td><td>Rates as listed in Item 291</td></tr><tr><td>Second Tier Incentive Rate:</td><td>&gt; 45,500,000 barrels</td><td>Rates as listed in Item 292</td></tr></table> <p>5. All volumes to which a Participating Shipper holds title, in its name, at the time of delivery at the Incentive Destination defined in Paragraph 3 hereinabove, will apply toward the Tier Rate Threshold, Total Guaranteed Committed Volume and Total Destination Guaranteed Committed Volume obligation during the Commitment Term. Title transfer of eligible barrels from another Shipper or Shippers to Participating Shipper must occur prior to time of delivery at the Incentive Destination.</p> <p>6. Volumes moved under any other Item of this Tariff will not apply towards the Tier Rate Threshold, Total Guaranteed Committed Volume and the Total Destination Guaranteed Committed Volume required under this Item. However, volumes moved under the corresponding Volume Incentive Program in Item 180 of F.E.R.C. No. [W] 170.20.0 470.19.0, supplements thereto and reissues thereof, may apply towards the Tier Rate Threshold, Total Guaranteed Committed Volume and the Total Destination Guaranteed Committed in this Item. Similarly, volumes moved under this Item may apply towards the Tier Rate Threshold, Total Guaranteed Committed Volume and the Total Destination Guaranteed Committed Volume in the corresponding Volume Incentive Program in the interstate (F.E.R.C.) tariff publication listed hereinabove.</p>		Destination	Total <i>Destination</i> Guaranteed Committed Volume (barrels)	‡ Kansas City (Santa Fe), KS	14,000,000	<i>Reference destinations in Item 180 of F.E.R.C. No. [W] 170.20.0 470.19.0, supplements thereto and reissues thereof.</i>		Des Moines, IA	7,000,000	‡ Lincoln (BN), NE	20,000,000		Tier Rate Threshold	Incentive Rate	First Tier Incentive Rate:	0 – 45,500,000 barrels	Rates as listed in Item 291	Second Tier Incentive Rate:	> 45,500,000 barrels	Rates as listed in Item 292
	Destination	Total <i>Destination</i> Guaranteed Committed Volume (barrels)																			
	‡ Kansas City (Santa Fe), KS	14,000,000																			
	<i>Reference destinations in Item 180 of F.E.R.C. No. [W] 170.20.0 470.19.0, supplements thereto and reissues thereof.</i>																				
	Des Moines, IA	7,000,000																			
	‡ Lincoln (BN), NE	20,000,000																			
		Tier Rate Threshold	Incentive Rate																		
	First Tier Incentive Rate:	0 – 45,500,000 barrels	Rates as listed in Item 291																		
	Second Tier Incentive Rate:	> 45,500,000 barrels	Rates as listed in Item 292																		

**SECTION NO. 2 – LOCAL and VOLUME INCENTIVE RATES (continued)**

<b>ITEM NO.</b>	<b>TEN-YEAR TIER INCENTIVE PROGRAM (continued)</b> <b>From</b> Kansas and McPherson, KS Origins <b>To</b> Kansas City (Santa Fe), KS
<b>290</b> (cont'd)	<p>7. Any volumes delivered by Carrier for Shipper under this Item shall not be eligible for any other Item of this Tariff.</p> <p>8. Carrier will invoice the Shipper at the time of shipment and at rates set out in Item 200 of this tariff. After the end of each month, Carrier will calculate the difference between the rate invoiced and the applicable Incentive Rate for volumes delivered during the previous month at the Incentive Destination for the Shipper from all eligible Incentive Rate Origins or Origin Groups, and will issue a payment to Shipper. Shipper will bear all other applicable charges contained within this tariff.</p> <p>9. Carrier may increase the rates set out in Item 291 and Item 292 if the corresponding base rate in Item 200 of this tariff, 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 Contract Years.</p> <p>10. If required, the Shipper shall furnish security in a form satisfactory to Carrier and adequate and sufficient to guarantee any payments, which may come due under this commitment.</p> <p>11. At the end of the Commitment Term, if the Shipper did not meet the Total Destination Guaranteed Committed Volume at one or more Destinations, the Shipper will pay a Destination Commitment Reversion equal to the difference between the Total Destination Guaranteed Committed Volume for each Destination requirement and the actual volume delivered to that Destination during the Commitment Term multiplied by the weighted average First Tier Incentive Rate in effect on the last day of the term to the respective Destination.</p> <p>In addition, if the Shipper did not meet the Total Guaranteed Committed Volume during the Commitment Term, the Shipper will pay a Commitment Reversion equal to the difference between the Total Guaranteed Committed Volume and the actual volume delivered during the Commitment Term less any volume for which a Destination Commitment Reversion has already been paid for the respective Destinations during the Commitment Term, multiplied by the volume weighted average First Tier Incentive Rate in effect on the last day of the term.</p> <p>12. If a Shipper fails to meet the Total Guaranteed Committed Volume and/or the Destination Guaranteed Commitment Volume, and that failure is the direct result of the Carrier's inability to provide service, the Total Guaranteed Committed Volume and/or the Total Destination Guaranteed Committed Volume shall be reduced prorata on a day for day basis for each day that the Carrier was unable to provide service. The Supplier must assert its claim of Carrier's failure to provide service in writing to Carrier within the first ten (10) days of the month following the event of Carrier's failure to provide service. The Supplier will bear the burden of proof in showing that Carrier's failure to provide service did, in fact, result in the Supplier's failure to meet its commitment obligations.</p> <p>13. Carrier shall not be obligated during any one calendar month to deliver more than one hundred twenty-five percent (125%) of the prorated monthly Total Destination Guaranteed Committed Volume, or the prorated monthly Total Guaranteed Committed Volume less the prorated monthly Total Destination Guaranteed Committed Volumes, based on volumes set out in Paragraph 3 above.</p> <p>14. In the event Shipper experiences Force Majeure that delays delivery of product to Carrier at point of origin. Carrier may, at its sole discretion, upon written notification of circumstances from Shipper, extend the Commitment Term. Such extension period shall in no event, individually or cumulatively, exceed a total of thirty (30) days over the Commitment Term. Force Majeure shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, insurrections, riots, lightning, earthquakes, fires, floods, storms, washouts and any other causes, not within the control of Shipper.</p>

**SECTION NO. 2 – LOCAL and VOLUME INCENTIVE RATES (continued)****INCENTIVE RATES – PETROLEUM PRODUCTS**

(Rates In Cents Per Barrel)

**[I]** Increased. All Rates On This Page Are Increased.**FIRST TIER INCENTIVE RATES****(0 - 45,500,000 bbls)**

(Rates in cents per barrel)

ITEM NO.	TO	FROM	
		Kansas	McPherson, KS
		Coffeyville El Dorado	
291	‡ Kansas City (Santa Fe), KS	120.68	134.48

**SECOND TIER INCENTIVE RATES****(> 45,500,000 bbls)**

(Rates in cents per barrel)

ITEM NO.	TO	FROM	
		Kansas	McPherson, KS
		Coffeyville El Dorado	
292	‡ Kansas City (Santa Fe), KS	113.32	127.07

**SECTION No. 3****EXPLANATION OF REFERENCE MARKS, ABBREVIATIONS****EXPLANATION OF REFERENCE MARKS:**

<b>[C]</b>	Cancel
<b>[I]</b>	Increased
<b>[N]</b>	New
<b>[U]</b>	Unchanged
<b>[W]</b>	Change in wording only
<b>Note 1</b>	The provisions of Items 90 and 95 will not apply to the transportation of Diesel Fuel. In lieu, thereof, the provisions of Item 115 shall apply.
<b>‡</b>	No terminal facilities provided by Carrier. Tariff rate is for line haul only. Additional contracts for loading or other services may be required.

**EXPLANATION OF ABBREVIATIONS:**

BBL	Barrel
F.E.R.C.	Federal Energy Regulatory Commission
K.C.C.	Kansas Corporation Commission
No.	Number
O.C.C.	Oklahoma Corporation Commission
State Abbreviations	U.S. Postal Service Two-Letter Abbreviations
MPL	Magellan Pipeline Company, L.P.