

Crude Oil and Condensate Logistics and Export Opportunities

Robb Barnes
Senior Vice President Commercial, Crude Oil

Houston, TX
January 2018

www.magellanlp.com

NYSE: **MMP**



Forward-Looking Statements

Portions of this document constitute forward-looking statements as defined by federal law. Although management believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Among the key risk factors that may have a direct impact on the partnership's results of operations and financial condition are: (1) its ability to identify growth projects or to complete identified projects on time and at expected costs; (2) price fluctuations and changes in demand for refined petroleum products, crude oil and natural gas liquids, or changes in demand for transportation or storage of those commodities through its existing or planned facilities; (3) changes in the partnership's tariff rates or other terms imposed by state or federal regulatory agencies; (4) shut-downs or cutbacks at major refineries, petrochemical plants, ammonia production facilities or other businesses that use or supply the partnership's services; (5) changes in the throughput or interruption in service on pipelines owned and operated by third parties and connected to the partnership's terminals or pipelines; (6) the occurrence of an operational hazard or unforeseen interruption; (7) the treatment of the partnership as a corporation for federal or state income tax purposes or if the partnership becomes subject to significant forms of other taxation; (8) an increase in the competition the partnership's operations encounter; (9) disruption in the debt and equity markets that negatively impacts the partnership's ability to finance its capital spending and (10) failure of customers to meet or continue contractual obligations to the partnership. Additional information about issues that could lead to material changes in performance is contained in the partnership's filings with the Securities and Exchange Commission, including the partnership's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2016 and subsequent reports on Forms 8-K and 10-Q. Forward-looking statements made by the partnership in this presentation are based only on information currently known, and the partnership undertakes no obligation to revise its forward-looking statements to reflect events or circumstances learned of or occurring after today's date.

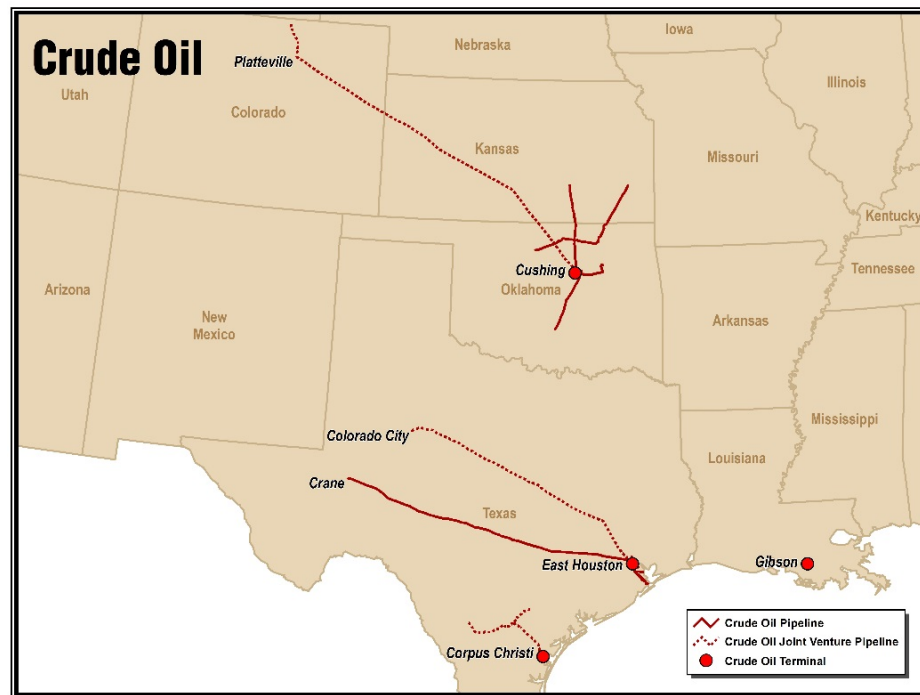
Magellan Asset Portfolio



- 13,000 miles of pipeline, including the nation's longest refined products pipeline system
- 100MM barrels of storage

Magellan's Crude Oil Infrastructure

- 2,200 miles of active crude oil pipelines
- 27MM barrels of total crude oil storage including 16MM barrels used for contract storage
 - Significant storage provider in Houston and Cushing
- Magellan's focus is on new pipeline projects and expansions in the Eagle Ford, Eaglebine, DJ, SCOOP/STACK and Permian Basins
- Looking at new growth opportunities in unconventional basins





Magellan's Service Objective

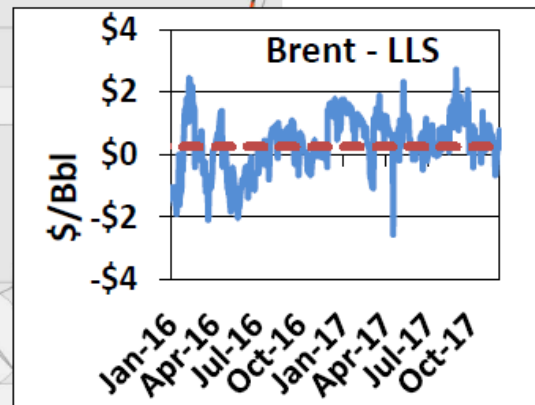
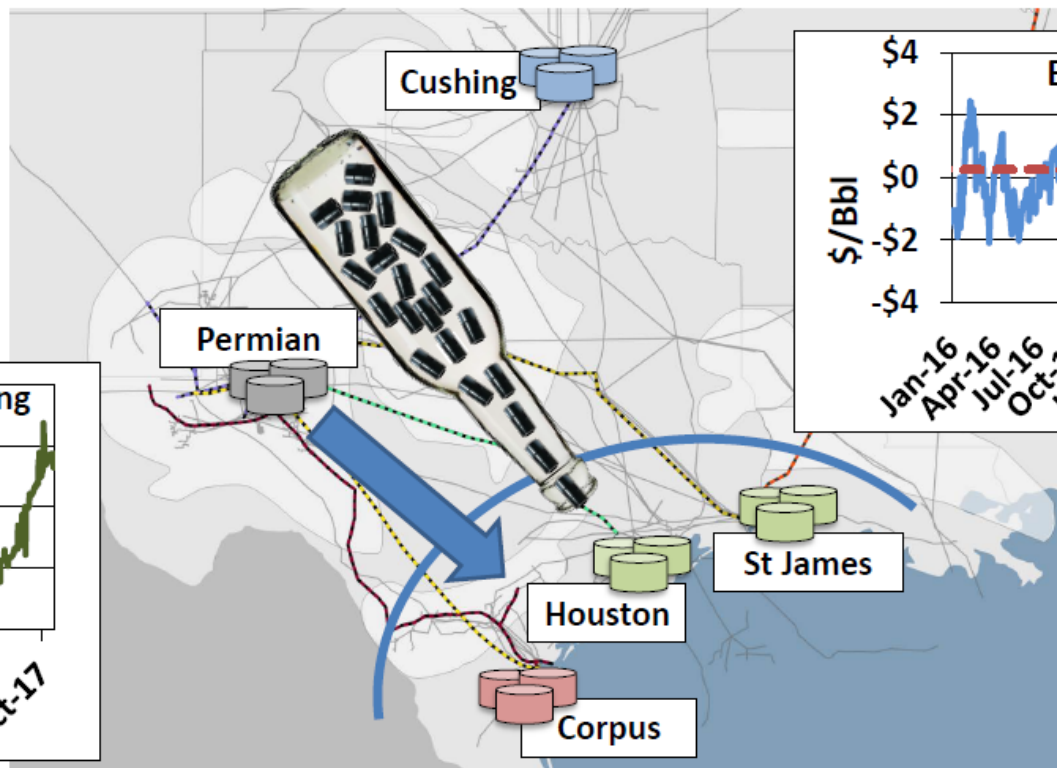
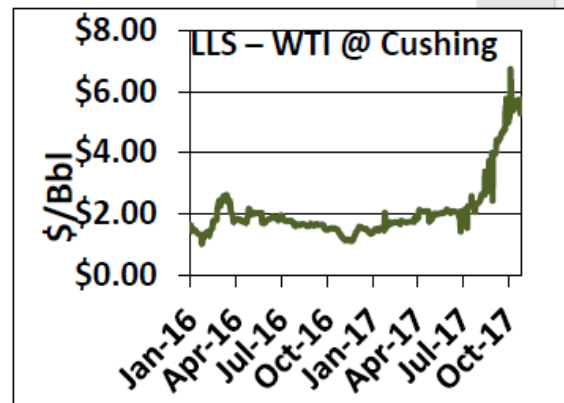
What Makes Magellan Different?

- Independent Service Provider
 - We do not compete with our customers
 - Strong or weak markets we don't change our position
 - Transparency in the full rate – tariff, terminalling and across the dock
- Objective is to maintain same quality of crude/condensate from origin to destination
 - Volume and quality information kept confidential
 - Quality information provided to shippers
- Continually exploring new opportunities to meet the growing needs of our customers
 - Partnering to construct new pipeline and gathering infrastructure
 - Developing new terminalling and marine infrastructure

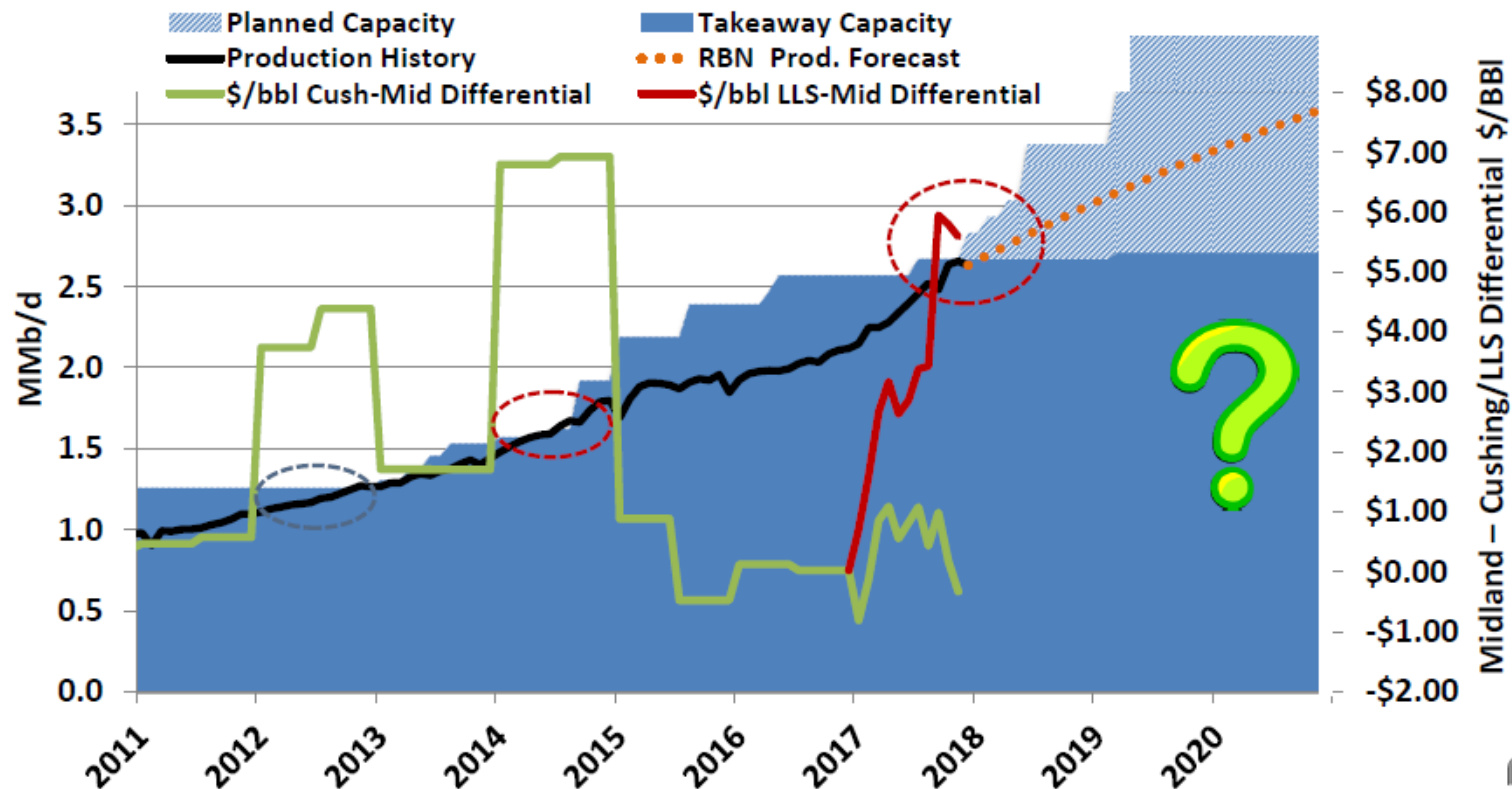


Permian & Eagle Ford to Corpus Christi and Houston Pipeline Project

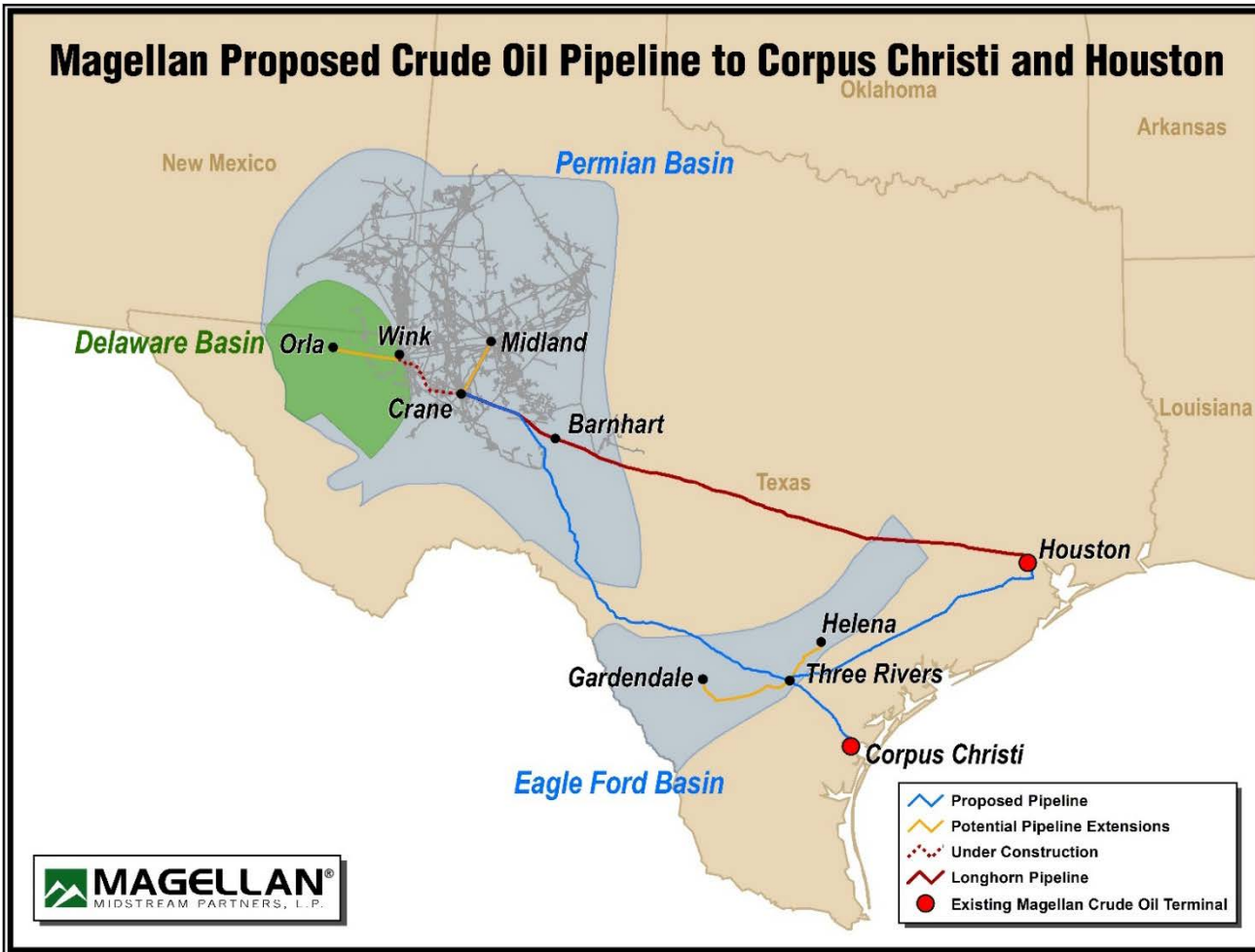
The Bottleneck



Permian Crude Oil Infrastructure/ Price Cycles



Magellan Proposed Crude Oil Pipeline to Corpus Christi and Houston





Project Overview

Origins:

- Orla, Wink, Midland, Crane, Helena and Gardendale, Texas

Delivery points:

- Crane, TX to Magellan's Longhorn pipeline, Corpus Christi, TX to Magellan's Terminal, the Ingleside, TX area, and Magellan's Houston Distribution System

Deep water dock access:

- Magellan Corpus Christi and Seabrook (Houston area) marine terminals
- Ingleside terminals
- Open to making deliveries to other 3rd party marine locations

Project provides potential shippers with significant flexibility while maintaining quality, and leveraging Magellan's existing assets including the following:

- Committed shippers would have the ability to ship their contract capacity to either Corpus Christi, or Houston, TX area destinations
- Committed shippers could designate third-party shippers to use the committed shippers capacity and incentive tariff rate allowing committed shippers to aggregate volumes to reach higher volume threshold tiers
- Dedicated batched pipeline provides segregated Permian and Eagle Ford basin crude and condensate connectivity to multiple crude oil markets
- Opportunity for fungible or proprietary lease storage across multiple assets and markets



Existing Permian Pipelines and Houston Area Access

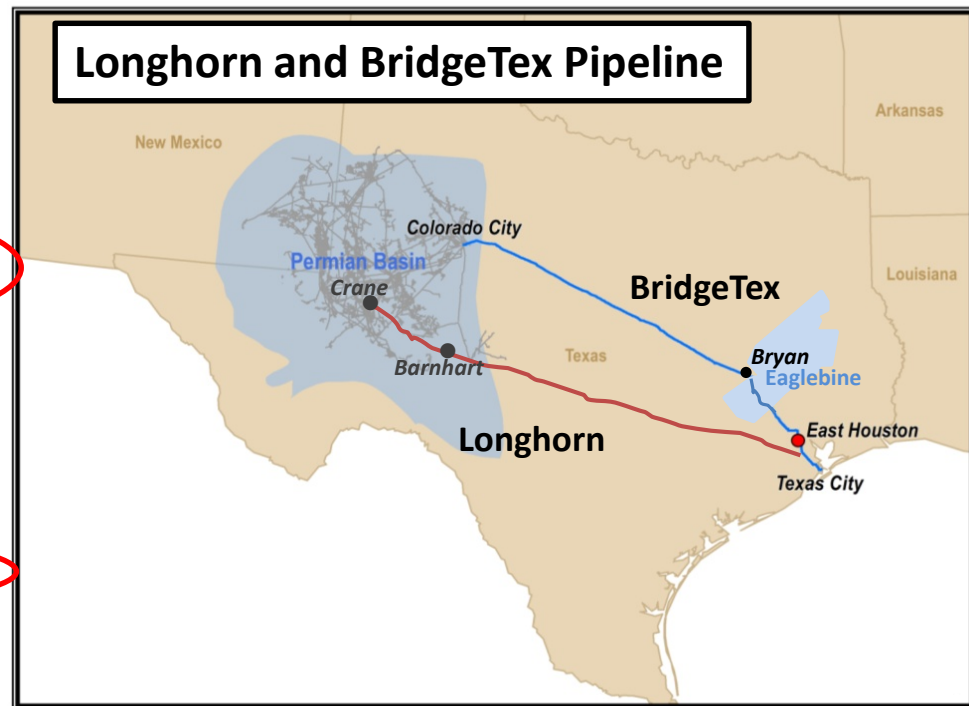
Longhorn & BridgeTex Pipelines

Longhorn

- Current pipeline capacity of 275k bpd
- WTI, WTS, and Condensate
- Future Connections: Magellan's Wink to Crane Pipeline (mid 2019)

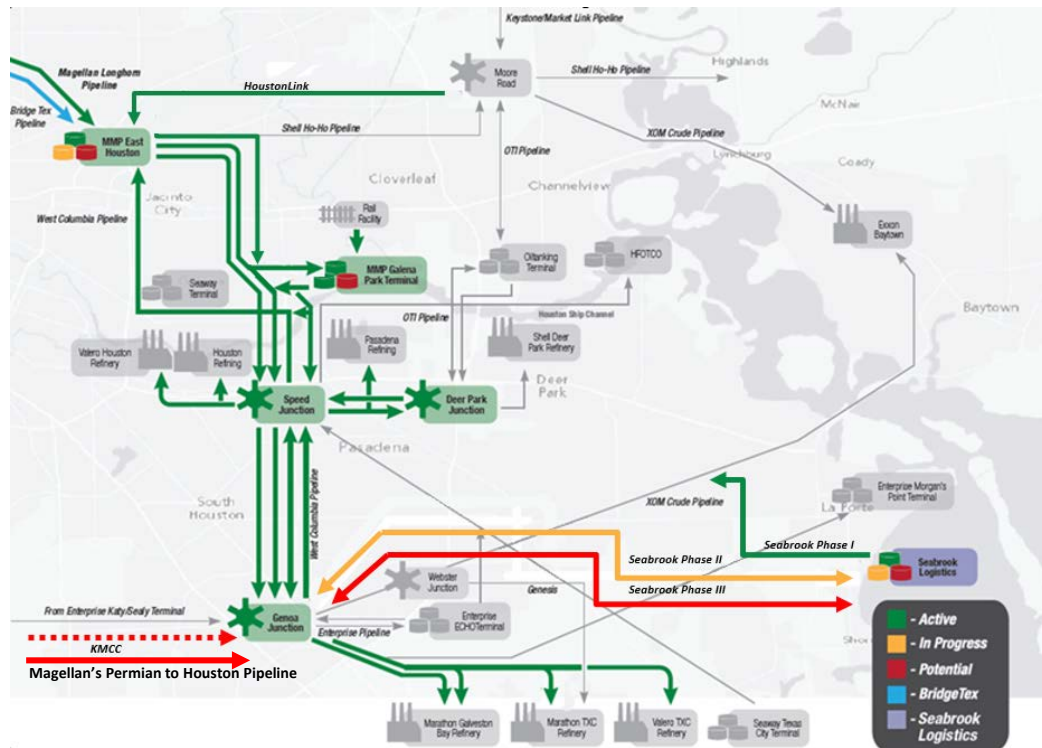
BridgeTex Pipeline

- 50/50 joint venture with Plains
- Expanding to 440k bpd by 1Q 2019
- WTI, WTS, Eaglebine, and Condensate



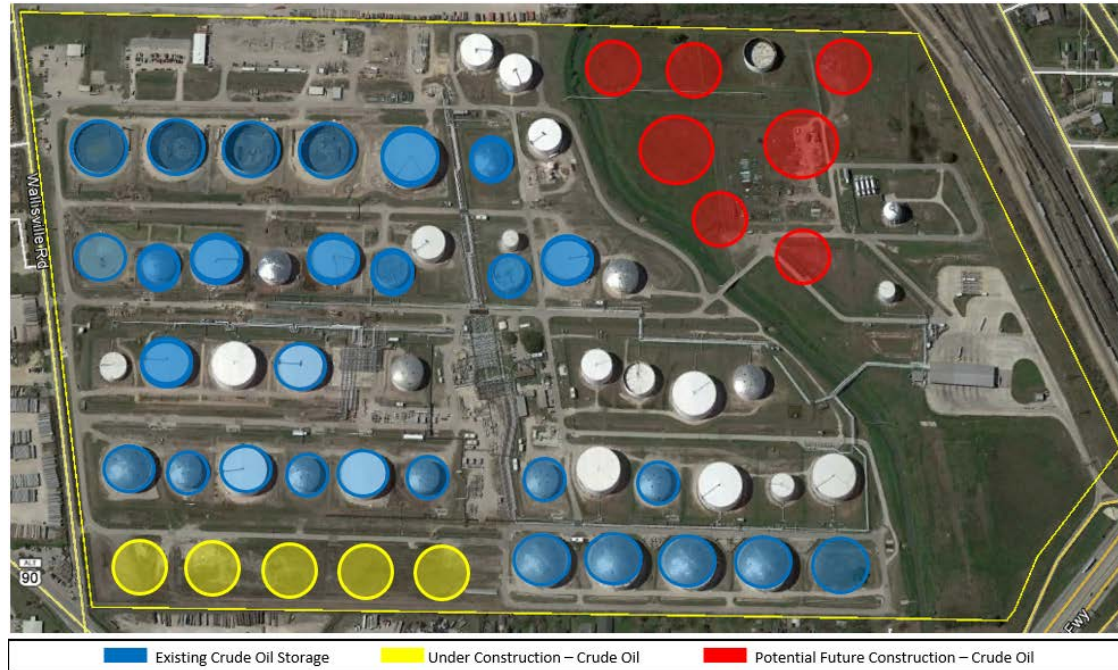
Magellan's Houston Distribution System

- Magellan's Houston distribution network is a comprehensive system to deliver crude oil/condensate to the Houston Gulf Coast area
- Access to all domestic inbound crude production
- Delivery capabilities to all Houston and Texas City refineries, 3rd party storage facilities and Magellan's Seabrook Terminal (mid-2018)



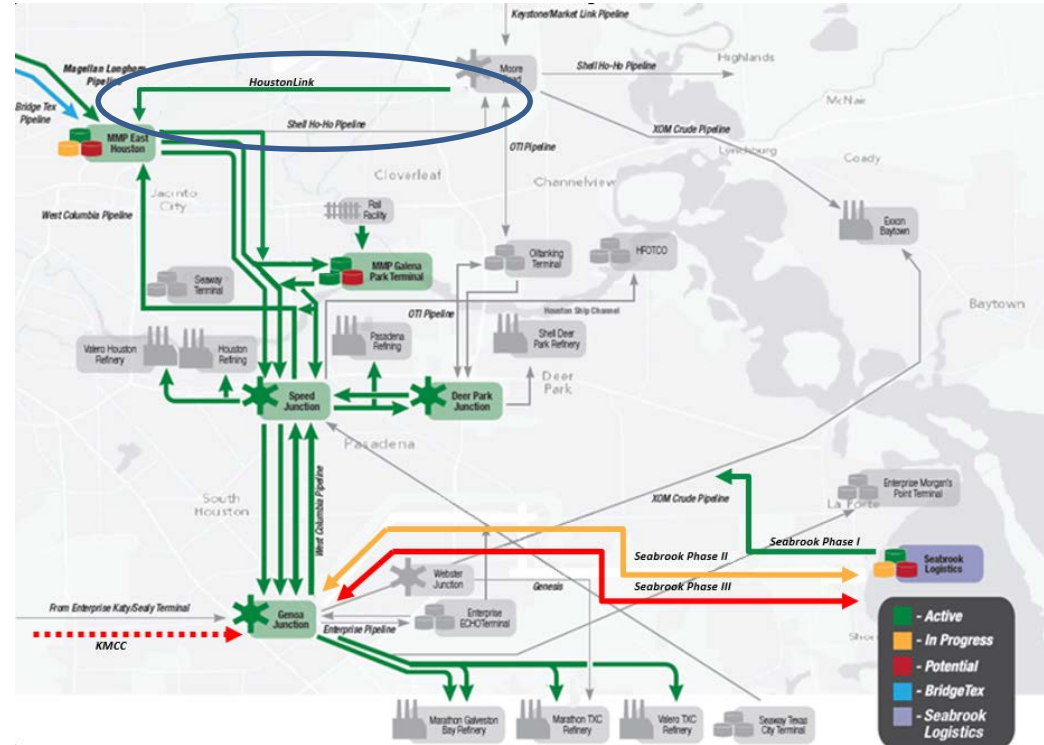
Magellan's East Houston Terminal

- Daily trade pricing for WTI via Argus & Platts
- Current shell capacity of approximately 7.6MM bbls
 - 1.9MM bbls under construction
 - Space for over 2.2MM bbls of additional storage
- Current Connectivity Options
 - Inbound: Longhorn Pipeline, BridgeTex Pipeline, HoustonLink Pipeline and Truck Offloading
 - Outbound: Shell HoHo Pipeline (Zydeco), Houston Distribution System and Magellan Galena Park
- Developing and Ongoing Options
 - Seabrook Terminal Connectivity (Inbound & Outbound - Marine) – mid 2018
 - Kinder Morgan Splitter Connectivity - Origins: Magellan East Houston & Genoa Jct



HoustonLink Joint Venture

- 50/50 joint venture with TransCanada
- 9-mile pipeline connecting TransCanada's Houston Terminal and Magellan's East Houston Terminal
- Improves Magellan's connectivity by providing MarketLink access to Magellan's Houston Distribution System and Seabrook Terminal



Seabrook Logistics Joint Venture

50/50 joint venture between Magellan and LBC Tank Terminals

- Phase 1 (*operational*)
 - 700k bbls of crude oil storage
 - Aframax-capable dock
- Phase 2 (*under construction*)
 - 1.7MM bbls of crude oil storage
 - Connectivity to Magellan's Houston Crude Oil Distribution System
 - Expected in-service mid 2018
- Phase 3 (*future construction*)
 - 3MM bbls of crude oil storage
 - Suezmax-capable dock
 - Additional connectivity to Magellan's Houston Crude Oil Distribution System



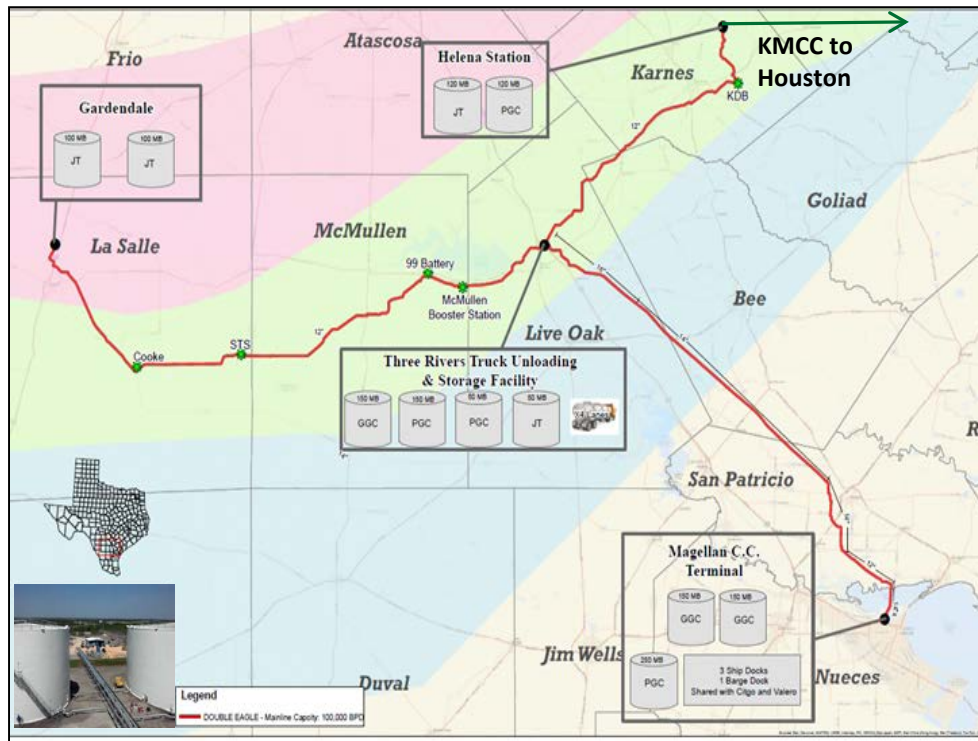


Eagle Ford and Corpus Christi

Double Eagle Pipeline

Joint Venture Pipeline with Kinder Morgan

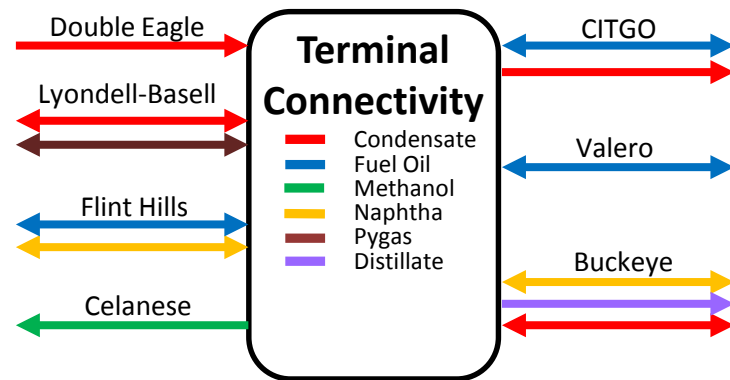
- 200-mile, 100k bpd Double Eagle pipeline, expandable to 150k bpd
- Batched system capable of transporting distinct condensate qualities to final destination
- Delivers to Magellan's Corpus Christi Terminal and connects to Kinder Morgan's system for delivery to the Houston Ship Channel



Magellan's Corpus Christi Terminal

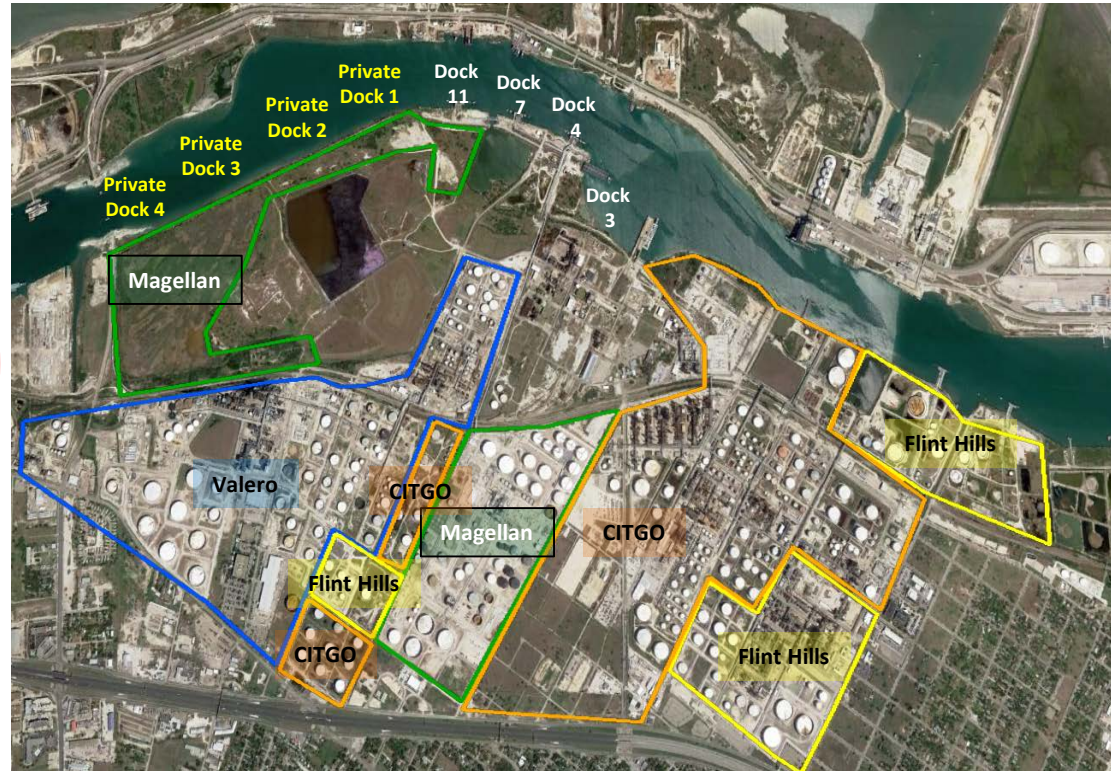
Current Terminal Infrastructure

- Landing spot for Double Eagle Pipeline
- Location of 50M bpd condensate splitter
- Permitted for a second 50M bpd splitter
- Current storage capability of 5MM bbls
- 1MM bbls of additional storage under construction
- Permitted for 1MM bbls additional storage
- Three crude/condensate truck offloading racks with ability to add additional racks
- Vessel Access:
 - 3 public ship docks
 - 1 public barge dock



Corpus Area – New Dock Opportunity

- Potential to construct four private ship/barge docks
 - Docks would be capable for up to 1,100' LOA, 200' beam, and 47' draft
 - Load rates in excess of 30,000bph
 - Current ship channel draft is 47';
 - Corps of Engineers plans to dredge the ship channel to 54'
 - Harbor Bridge replacement project will increase the air draft from 138' to 205'
 - Expect VLCC, Suezmax and Aframax docks
- Space available for up to 10MM barrels of storage
 - Permitting process is currently under way



Summary

- Magellan has a significant presence in crude oil and condensate markets as a transportation and logistics provider with long-haul takeaway capabilities, Houston area distribution, and marine export facilities.
- Magellan continues to grow its presence in these areas through expansion projects, acquisitions and new builds, while continuing to focus on:
 - Reliability as a premium service provider
 - Maintaining product quality
 - Safety and compliance
 - Optimizing current connectivity and access
 - Providing access to new markets
 - Access to marine exports



Questions?