

**Magellan Crude Oil Pipeline Company,
L.P. (“MCOP”) CRUDE – System
(Crane to East Houston)
Pipeline Proration Procedures
Dated: April 10, 2020**

During any month when the aggregate volume of crude petroleum (“Product”) properly nominated to be transported exceeds the available capacity in MCOP’s facilities, the capacity will be allocated among all shippers under the following proration procedures (“Procedures”).

A. Definitions

1. “Affiliate” means any entity that directly or indirectly controls a Shipper, is controlled by another Shipper, or is controlled by the same entity that controls a Shipper. For purposes of this definition the terms “controls” and “controlled by” shall mean:
 - a. the use of shared mailing or business addresses;
 - b. the use of shared business telephone numbers;
 - c. the use of common bank account(s);
 - d. one Shipper directing or conducting business on behalf of another Shipper;
or
 - e. the power to direct or cause the direction of the management and policies of another entity whether through the ownership of voting securities, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes, with respect to the control of or by a corporation, limited liability company or partnership, the ownership of interests carrying not less than 50% of the voting rights regardless of whether such ownership occurs directly or indirectly.
2. “Base Period” means the eighteen (18) month period, beginning nineteen (19) months prior to the month being allocated (which excludes the month preceding the month of allocation).
3. “Initial Base Period” means the first eighteen (18) month period, beginning the first full month of operations after MCOP has notified all shippers, including all shippers under an Incentive Tariff that the pipeline is ready to commence commercial service with respect to the receipt, transportation and delivery of Product under all the tariffs and any agreements related thereto (“Service Commencement Date”) and ending after the eighteenth (18th) consecutive month of operations.

4. “Shipment” means the actual volume of Product delivered through MCOP’s facilities; provided, however, during the Initial Base Period, Regular Shipper’s minimum commitments and actual shipments will both be used to compute a Regular Shippers’ historical Shipments, as follows:
 - a. For the first (1st) month of the Initial Base Period, each Regular Shipper’s eighteen (18) historical Shipments will be deemed to equal such Regular Shipper’s minimum commitment, and, if such minimum commitment is a payment commitment rather than a volume commitment, then for purposes of these Procedures only, the minimum commitment shall equal the volume upon which the minimum payment commitment is based.
 - b. For the second (2nd) month of the Initial Base Period, each Regular Shipper’s eighteen (18) historical Shipments will be deemed to equal one (1) month of the Regular Shipper’s actual Shipments and seventeen (17) months of the minimum commitment.
 - c. For each subsequent month during the Initial Base Period, each Regular Shipper’s eighteen (18) historical Shipments will be deemed to equal the average of actual Shipments for each month since the Service Commencement Date and the minimum commitment for an additional number of months as needed to equal eighteen (18) historical months.

For example, if Regular Shipper (“Shipper A”) commits to ship 20,000 barrels per day in a payment commitment agreement, Shipper A would initially be credited for 20,000 barrels per day (the average of 20,000 barrels per day for eighteen (18) months) for computing its proportion of total shipments. Assuming Shipper A ships 25,000 barrels per day during the first (1st) month of the Initial Base Period, then for the second (2nd) month, Shipper A would be deemed to have made Shipments equal 20,278 barrels per day (the average of 25,000 barrels per day of actual shipments during the first (1st) month of the Initial Base Period and 20,000 barrels per day of the minimum commitment for the remaining seventeen (17) months) for computing its proportion of total shipments. This procedure would continue for each of the eighteen (18) months of the Initial Base Period until the Regular Shipper established eighteen (18) months of actual Shipment history.

- d. If a Regular Shipper experiences an event of force majeure during the Initial Base Period that prevents it from delivering Product for Shipment, the Regular Shipper will be deemed to equal the minimum commitment for such month.
5. “New Shipper” means any shipper that does not qualify under the definition of a Regular Shipper.
6. “Regular Shipper” means any shipper who (a) shipped any volume of Product for at least twelve (12) months of the Base Period, or (b) has executed a payment

commitment agreement with Magellan which requires minimum payments for shipments on MCOP's facilities originating from Crane, TX or additional origins made available for use.

B. Allocation Method

1. Capacity will be allocated on a monthly basis.
2. Each New Shipper will be allocated a maximum of 3% of the capacity of MCOP's facilities. If the total allocation for individual New Shippers exceeds 10% of total capacity of the MCOP facilities, each New Shipper's allocation will be reduced on a proportional basis so that the aggregate capacity allocated to New Shippers equals 10% of the total capacity; provided, that if such pro rata allocation in a given month results in no New Shipper being allocated the monthly minimum volume set forth in Item 40 of the Rules and Regulations (the "Minimum Nomination Allocation"), then MCOP will administer a lottery using a random number generating process for the total number of Minimum Nomination Allocations available to New Shippers. A New Shipper may not participate in the lottery process for a given month if it is an Affiliate of a Regular Shipper. Additionally, only one (1) entity among a New Shipper and its Affiliates may participate in the lottery process for a given month. Detailed procedures regarding MCOP's lottery process are outlined in Section E below.
3. All capacity not allocated to New Shippers will be allocated to Regular Shippers. The capacity will be allocated based on each shipper's respective proportion of total Shipments during the applicable Base Period, as adjusted during the Initial Base Period in accordance with these Procedures.
4. Allocated capacity of one shipper may not be assigned, conveyed, or used by another shipper during such time as these Procedures are in effect.

C. Procedural Schedule

1. Shipper nominations must be emailed to MCOP's designated scheduler ("Scheduler") prior to 5:00 p.m. central time the fifteenth (15th) day of the month preceding the month for which the nominations apply; provided, however, to accommodate the administration of the lottery process, New Shipper nominations must be submitted via the Cobalt system or emailed to the Scheduler prior to 5:00 p.m. central time the thirteenth (13th) day of the month preceding the month for which the nominations apply.
2. The Scheduler will, within two (2) working days after the fifteenth (15th) day of the month preceding the month for which the nominations apply, reply by email or via the Cobalt system to the shippers with their allocated capacity based on the Procedures described above.
3. Except as provided in Section E.1.c. below, each shipper must, within one (1) working day after the Scheduler's email pursuant to Section C.2 above, reply

by email or via the Cobalt system to the Scheduler of its acceptance of the allocated capacity. If a shipper does not notify the Scheduler of its acceptance, its allocated capacity will be allocated to the other Regular Shippers based on the Procedures described above.

4. At the time of acceptance, a shipper may notify MCOP of its intent to reduce its nominated volumes below its allocated capacity amount. Any allocated capacity that is released by a shipper in this manner will be allocated to the other Regular Shippers based on the Procedures described above.
5. After the Scheduler completes steps 1-4 above, the Scheduler will notify each shipper of its confirmed allocated capacity.

D. Shipper Obligation

1. If a shipper does not tender for shipment its confirmed allocated volume during any month in which the MCOP facilities are prorated, the shipper will be invoiced and will be responsible for payment of an amount equal to the total allocated volume, less any volumes actually shipped by it during the month, times the then-current tariff rate; provided, however, in the event such shipper is a party to a payment commitment agreement with MCOP at that time, charges under this paragraph shall be without duplication of amounts due under the payment commitment agreement and shall only apply to the extent they would exceed charges due for such month under the payment commitment agreement.

E. Lottery Process

1. MCOP will administer a lottery process in order to allocate capacity to New Shippers pursuant to Section B.2 above as follows:
 - a. MCOP will use a random number generating process to randomly assign each New Shipper a number from one to the number representing the total number of New Shippers participating in the lottery (i.e. if there are thirty New Shippers, numbers one through thirty will be assigned).
 - b. The New Shipper assigned number one will receive the first Minimum Nomination Allocation. Thereafter, Minimum Nomination Allocations will be assigned to New Shippers sequentially, from lowest assigned number to highest assigned number, until all Minimum Nomination Allocations are allocated.
 - c. Following the lottery, MCOP will notify all New Shippers by email or through Cobalt as to whether or not they were allocated capacity in that month (“First Notice”). New Shippers who receive a Minimum Nomination Allocation in the lottery must, within approximately 1 business day after the First Notice (exact timing to be outlined in the First Notice), reply by email or via the Cobalt system to the Scheduler of its acceptance of the allocated capacity, which acceptance will be irrevocable and binding on the New Shipper in accordance with Section D above.

- 2.** If a New Shipper who wins capacity in the lottery does not timely notify the Scheduler of its acceptance or otherwise rejects such capacity, remaining capacity will be allocated to New Shippers as follows:
 - a.** Approximately one business day after MCOP sends the First Notice, MCOP will notify all New Shippers by email or through Cobalt that space remains available (the “Second Notice”).
 - b.** New Shippers seeking capacity (including additional capacity) must send an irrevocable allocation request to MCOP (an “Allocation Request”) by the deadline identified in the Second Notice (approximately one business day after MCOP sends the Second Notice).
 - c.** MCOP will award available capacity to New Shippers in the order in which Allocation Requests are received, subject to the capacity limitations in Section B.2. above. Allocation Requests that are deemed to be a tie or where receipt timing is in question shall be awarded sequentially from the lowest assigned number to the highest assigned number from the original lottery ranking.
 - d.** Upon MCOP’s notice to a New Shipper of an accepted Allocation Request, the award of capacity will be binding on the New Shipper in accordance with Section D above.
- 3.** Any capacity not allocated pursuant to this Section E shall be allocated pursuant to Section C.3. above.