

# MAGELLAN PIPELINE COMPANY, L.P.

LOCAL TARIFF

APPLYING ON

PETROLEUM PRODUCTS

TRANSPORTED BY PIPELINE

FROM DENVER, CO

TO DENVER INTERNATIONAL AIRPORT, CO

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The rate published in this tariff is expressed in cents per barrel of 42 United States gallons, subject to the Rules and Regulations named herein.

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The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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## **GENERAL RULES AND REGULATIONS**

### **ITEM NO. 5 Definitions**

As used in these rules and regulations, the following terms have the following meanings:

"API Gravity" means gravity determined in accordance with ASTM Designation D-287-67 or latest revision thereof.

"ASTM Color" means color determined by the ASTM Standard method of test ASTM Designation D-1500-64 or latest revision thereof.

"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero psi gauge.

"Batch" means a quantity of petroleum product of like specifications moved through the pipeline as an identifiable unit.

"Segregated Shipment" means a batch identifiable as the property of a single shipper and moved through the pipeline so as to maintain this singular identity and ownership.

"Carrier" means Magellan Pipeline Company, L.P.

"Interface Mixture" is that mixture which occurs in normal pipeline operations between batches of Petroleum Products having different specifications.

"Consignee" means the party to whom a shipper has ordered the delivery of petroleum product.

"Final Delivery" means a delivery of a batch or the remainder thereof so that the batch is completely removed from the pipeline and held in connecting tankage or delivered into the facilities of other carriers.

"Petroleum Products" includes motor gasoline, jet fuel, diesel fuel 1 and 2 and kerosene.

"Shipment" means a volume of products offered to and accepted by Carrier for transportation.

"Shipper" means the party who contracts with the Carrier for transportation of Petroleum Products under the terms of this tariff.

### **ITEM NO. 10 Specifications of Products**

- a) Petroleum products will be accepted for transportation at such time as Petroleum Products of similar quality and color are currently being transported from origin points to destinations along Carrier's line. The color shall not be darker than No. 3 National Petroleum Association Specifications except on Petroleum Products artificially colored, which will be accepted for transportation regardless of color and vapor pressure shall not exceed 15 pounds Reid at 100 degrees Fahrenheit. No Petroleum Products heavier than No. 2 fuel oil distillate will be accepted for movement. Carrier's specification documents can be found at the public website [www.magellanlp.com/WhatWeDo/ProductSpecs.aspx](http://www.magellanlp.com/WhatWeDo/ProductSpecs.aspx) or on request.
- b) Petroleum products shall be dehydrated sufficiently to prevent the deposition of free water in the pipelines and tanks of said Petroleum Products shall be free of suspended aqueous chemical solutions and solid matter in suspension.
- c) Carrier may require consignor to furnish a certificate by a licensed petroleum inspector showing the initial tests of the gasoline or petroleum oil distillates tendered for transportation.

#### **ITEM NO. 15 Minimum Shipment**

A minimum of 10,000 barrels of one quality and specification of a petroleum product will be accepted for shipment from one or more shippers at one point of origin at one time; provided, however, the minimum will not apply to buffer material required by Carrier to reduce contamination.

#### **ITEM NO. 20 Minimum Consignment**

A total of not less than 1,000 barrels of a petroleum product may be consigned simultaneously by one or more shippers to any destination, providing there remains in the pipeline after delivery of such consignment at least 5,000 barrels of the same kind of a petroleum product consigned to a destination beyond such delivery point.

#### **ITEM NO. 30 Notice of Intent to Ship; Shipping Schedules**

- a) Any shipper desiring to tender Petroleum Products for transportation hereunder shall on or before the 20th day of the month preceding the month in which shipments are to be made give written notice on forms acceptable to the Carrier of origin and destination of products to be shipped for the following month. Unless such notification is made, the Carrier shall be under no obligation to accept Petroleum Products from such Shipper.
- b) Carrier will prepare and furnish to each shipper schedules showing the estimated time that each shipment will be received for transportation at origin points and the estimated time of arrival at destinations. Such schedules may be revised from time to time to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's facilities and to accommodate shipper's needs for transportation. Carrier will furnish shippers revised schedules when issued.
- c) Shippers shall have each shipment available in tankage connected to Carrier's origin stations at least eight hours before the scheduled time for receipt by Carrier. When a product is not available in tankage within the time limits as aforesaid, acceptance of said product will be at the discretion of the Carrier.

#### **ITEM NO. 35 Segregation and Variations in Quality and Gravity**

- a) Carrier shall not be liable for variation in gravity or quality of Petroleum Products occurring while in its custody, resulting from normal pipeline operations and is under no obligation to deliver the identical Petroleum Products received.
- b) Subject to the foregoing, Carrier will, on segregated shipments, to the extent permitted by Carrier's facilities, endeavor to make delivery of substantially the same Petroleum Products at destinations; however, it being impractical to maintain absolute identity of each shipment of Petroleum Products, reasonable substitution of barrelage of substantially the same specification of petroleum product will be permitted.
- c) In addition to the foregoing and subject to further provisions of this subsection, at any time after Carrier has accepted Shipper's Petroleum Products into its pipeline, Shipper will be allowed to withdraw the same quantity of like product from any of Carrier's delivery points. In such cases, Shipper will be responsible for the tariff rate in effect on the date of tender between the point at which Petroleum Products were placed into the pipeline and the point at which they were withdrawn. If, however, demand for any petroleum product at any of Carrier's delivery points exceeds the amount of the product physically available at that delivery point, withdrawal of the product by Shipper will not be allowed until the product placed into Carrier's pipeline by Shipper actually reached the delivery point.

#### **ITEM NO. 40 Origin and Destination Facilities**

- a) Origin. Shipper will deliver Petroleum Products to Carrier at pressure and in volumes compatible with Carrier's existing facilities. Shipper may be required by Carrier to construct tankage or install pumps necessary to facilitate the delivery of Petroleum Products to Carrier. Shipper will provide storage at origin.
- b) Destination. Shipper will provide storage at destination. Carrier owns no tankage and cannot provide storage.

**ITEM NO. 40 Origin and Destination Facilities (Continued)**

Carrier assumes no responsibility to accept any petroleum product from any shipper at any time that the shipper or consignee does not have facilities for promptly receiving such product from the line at designated destinations.

**ITEM NO. 45 Disposition of Products on Failure to Accept Delivery**

- a) No duty to transport will arise until evidence satisfactory to the Carrier has been furnished that shipper has provided necessary facilities to which Carrier is connected at destination capable of receiving such shipments without delay at pressures and at pumping rates required by Carrier, and has made necessary arrangements for accepting delivery of shipments promptly on arrival at destination.
- b) In the event the Carrier has accepted Petroleum Products for transportation in reliance upon shipper's representations as to acceptance at destination and there is failure to take such Petroleum Products at destination as provided in paragraph (a) hereof, then and in such event, Carrier shall have the right, on 24-hour notice to shipper, to divert, reassign, or make whatever arrangements for disposition of the Petroleum Products it deems appropriate to clear its pipeline, including the right to sell the Petroleum Products at private sale for the best price obtainable. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, Carrier may pay itself all transportation charges and other necessary expense of caring for and maintaining the Petroleum Products and the balance shall be held for whomsoever may be lawfully entitled thereto.

**ITEM NO. 50 Pipeage Contracts Required**

Separate pipeage contracts may be required of the proposed shipper before any duty of transportation shall arise.

**ITEM NO. 55 Measuring and Volume Corrections**

Quantities at origin and destination shall be determined either by meter and/or gauging computation from certified tank tables corrected to temperature of 60 degrees Fahrenheit in accordance with ASTM-IP Table 6 or latest revision thereof, and a pressure of zero psi gauge by use of API Standard 1101 or latest revision thereof. Shipper or consignee may have representatives present during testing, meter reading, calibration and gauging. Full deductions will be made for all water and other impurities in products received or delivered.

**ITEM NO. 60 Diversion or Reconsignment**

Diversion or reconsignment may be made without charge if requested by the shipper at least 48 hours prior to scheduled arrival at original destinations, subject to the rates, rules and regulations applicable from point of origin to point of final destination upon condition that no out-of-line backhaul movement will be made.

**ITEM NO. 65 Rates Applicable**

Petroleum products transported shall be subject to rates in effect on the date such Petroleum Products are received by the Carrier.

**ITEM NO. 70 Applicable Rates from Intermediate Points**

Petroleum products received from a point on Carrier's line which is not named in tariff but which is intermediate to a point from which rates are published will be assessed the rate in effect from the next more distant point published in the tariff.

#### **ITEM NO. 75 Transportation Charges**

- a) Shipper will be responsible for all transportation charges at the rates provided herein on the basis of the number of barrels of Petroleum Products shipped to destinations before any deduction for water or other impurities has been made.
- b) Shipper will be responsible for the payment of transportation and all other charges applicable to the shipment, and, if required, shall prepay such charges or furnish guaranty of payment satisfactory to the Carrier. The Carrier shall have a lien on the Petroleum Products accepted for transportation to secure the payment of all charges.
- c) If such charges are not paid by the due date stated on the invoice, Carrier shall have the right to accrue an interest charge of the lesser of (i) eighteen (18%) percent per annum, or (ii) the maximum non-usurious interest rate that may then be charged under applicable law.

#### **ITEM NO. 80 Liability of Carrier**

The Carrier shall not be liable for any delay, damage, or loss caused by acts of God, public enemy, quarantine, authority of law, riots, nuclear or atomic explosion, floods, strikes, picketing, or other labor stoppages, whether of Carrier's employees or others, or not of default of shipper or owner, or any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. In the event of such loss, each shipper shall bear the loss in the same proportion as its share of the total quantity of the batch involved and shall be entitled to receive only so much of its share remaining after its due proportion of the loss is deducted. Transportation charges will be assessed only on the quantity delivered.

#### **ITEM NO. 85 Title**

An offer of Petroleum Products for shipment shall be deemed a warranty of title by the party offering, but acceptance shall not be deemed a representation by the Carrier as to title. The Carrier may, in the absence of adequate security, decline to receive any Petroleum Products which are in litigation, or as to which a dispute over title may exist, or which are encumbered by a lien.

#### **ITEM NO. 90 Delivery Adjustments**

Disposal of Interface materials will be as follows:

- a) Interface generated between products of compatible specification will be divided equally (50-50) between those shipments which precede and follow this interface.
- b) The interface of commingled products occurring in the main line between products having unlike, basic, physical characteristics, which cannot be readily absorbed into the shipments immediately preceding and following the interface (noncompatible interface), shall be retained in the main line and transported to a slop tank. The total of such noncompatible interface material transported to a slop tank in any calendar month will be allocated among the shippers in the proportion that the total number of barrels delivered from the entire system for each shipper bears to the total number of barrels delivered from the entire system for all shippers during that calendar month. The interface material will be sold on a bid or contractual basis for the account of the shippers, each shipper to be credited with its proportionate share of the net proceeds of the sale, less transportation charges. Subject to Item 80, the Carrier shall settle accounts with each shipper for 100 percent of products received.
- c) If a shipper tenders product which can neither be blended into nor absorb a blend of at least five percent of conventional gasolines or distillates, that shipper will be required to accept delivery of the interface created by this movement or pay the costs incurred in its disposition.
- d) On lateral or stub lines, interface material will be distributed equally among number of shippers who participated in movements which generated interface. This interface material will be delivered in kind to each shipper's tankage which they are required to provide for receipt of this material.

### **ITEM NO. 95 Time Limitation On Claims**

Notice of any claim for loss, damage 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 (9) nine 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 the Carrier to the claimant that 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.

### **ITEM NO. 105 Corrosion Inhibitors**

Shipper may be required to inject corrosion inhibitor, approved by Carrier, in the Petroleum Products to be transported.

### **ITEM NO. 110 Proration of Pipeline Capacity**

During any period of time when the aggregate volume of Petroleum Products to be received and/or transported by Carrier exceeds the pipeline capacity, space in Carrier's facilities shall be equitably allocated among all shippers under the Proration Procedure.

#### **Definitions**

"Prorated Period" is the calendar month for which space is being allocated.

"Base Period" is the period of 12 months beginning 13 months prior to the prorated period and excluding the month preceding the prorated period.

"Regular Volume" is the portion of a nominated volume equal to or less than the average lifted volume from the shipper in the Base Period.

"New Volume" is the portion of a nominated volume greater than the average lifted volume from the shipper in the Base Period.

"Proration Factor" is the pipeline capacity divided by the total nominated volumes for the Proration Period.

"Lifted Volume" is the actual volume delivered out of the system to a shipper.

#### **Proration Procedure**

- 1) Total pipeline capacity will be divided by total nominated volumes for the Proration Period to obtain the Proration Factor.
- 2) Total New Volumes will be divided by the total nominated volumes to obtain the New Volume Proration Factor.
- 3) The Proration Factor will be multiplied by the New Volume Proration Factor to obtain the New Volume Adjusted Factor.
- 4) The New Volume Adjusted Factor will be multiplied by the pipeline capacity to obtain the portion of pipeline capacity that will be allocated to New Volumes.

**ITEM NO. 110 Proration of Pipeline Capacity** (Continued)

- 5) Each New Volume nomination will be divided by the total New Volume nominations to obtain the percentage of New Volume space to be allocated to each shipper of New Volumes.
- 6) The percentage of New Volume space allocated to each shipper will be multiplied by the total New Volume space available to obtain the volumes to be allowed each shipper with New Volumes during the Prorated Period.
- 7) Subtract total New Volume allocated volumes from pipeline capacity to obtain the portion of pipeline capacity that will be allocated to Regular Volumes.
- 8) Subtract the total New Volume Nomination from the total nominated volumes to obtain the total Regular Volume Nominations.
- 9) Each Regular Volume nomination will be divided by the total Regular Volume nominations to obtain the percentage of volumes to be allocated to each shipper of Regular Volumes.
- 10) The percentage of volumes to be allocated to each shipper of Regular Volumes will be multiplied by the total Regular Volume allocated volumes to obtain the volumes allocated to each shipper of Regular Volumes during the Proration Period.
  - a) Carrier will notify Shippers prior to the start of such proration month of the amount of space that will be allocated to each.
  - b) Allocated space of one shipper may not be assigned, conveyed or used by another during such time as this proration policy may be in effect.
  - c) An example of the above Proration Procedure may be obtained from Carrier upon written request.

**ITEM NO. 115 Tax Registration**

Shipper represents to Carrier that Shipper and any consignee holds valid 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 and will furnish such proof upon request. In any event, Shipper will be responsible to reimburse Carrier for any such taxes, levies or assessments, plus the cost of collection and related expenses, if they should be imposed against Carrier with respect to any shipment of Shipper.

<b>ITEM NO. 120 Rates Applicable to Transportation of Petroleum Products</b>		
Rates in Cents Per Barrel of 42 United States Gallons		
<b>FROM</b>	<b>TO</b>	<b>RATE</b>
Denver, Colorado (Adams County)	Denver International (DIA) Airport, Colorado (Denver County)	<b>[I]</b> 50.52 <del>48.14</del>

**ITEM NO. 125 - Explanation of Abbreviation Marks**

**[C]** Cancel **[D]** Decrease **[I]** Increase **[N]** New **[U]** Unchanged **[W]** Changed in wording only