

R.C.T. No. 12.0.0

MAGELLAN CRUDE OIL PIPELINE COMPANY, L.P.

LOCAL PIPELINE TARIFF

CONTAINING

VARIABLE INCENTIVE RATES

APPLYING ON THE TRANSPORTATION OF

CRUDE PETROLEUM

TO POINTS NAMED HEREIN

RECEIVED
R.R.C. OF TEXAS

MAY 09 2017

GAS SERVICES DIVISION
AUSTIN, TEXAS

The variable incentive rates contained herein shall only be in effect for shipments and deliveries in June and July, 2017.

Governed, except as otherwise provided herein, by rules and regulations published in Magellan Crude Oil Pipeline Company, L.P.'s ("Carrier") R.C.T No. 1.0.0, supplements thereto and reissues thereof ("Rules and Regulations").

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

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

P-5 Operator ID: P-521313; T-4 Permit Information: T-05431.

EFFECTIVE: May 10, 2017

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**Excess Volume 2nd Nomination
Variable Rate Program
(Expires: July 31, 2017)**

This Variable Rate Program is only offered by Carrier if capacity remains after the initial nominations for a month have been verified under Item 70 of the Rules and Regulations ("First Tier Nominations") and is only available to shippers with verified First Tier Nominations for such month. If capacity remains after the First Tier Nominations are verified by Carrier, then Carrier will notify all eligible shippers and open a Second (2nd) Nomination Process whereby such eligible shippers may request additional volumes ("Second Tier Nominations") to move under the Excess Volume 2nd Nomination Variable Incentive Rate as provided below under Item 900 and the notes thereto (the "Excess Volume Rate"). The Excess Volume Rate will only apply to actual volumes shipped in excess of each shipper's First Tier Nominations regardless of the volume nominated by such shipper in the Second Tier Nominations.

If the total Second Tier Nominations exceed the capacity that Carrier has available, then the Second Tier Nominations will be prorated for each shipper in accordance with, and based on each shipper's history as determined in, Carrier's Proration Policy dated August 1, 2016, ("Proration Policy").

Any volumes moved under the Excess Volume Rate will not count toward the Shipper's history as referenced in the Proration Policy and will not count toward any volume commitment referenced in Carrier's R.C.T. No. 3.1.0, supplements thereto and reissues thereof.

EXCESS VOLUME 2ND NOMINATION VARIABLE INCENTIVE RATE			
All Rates are for Pipeline Transportation Only			
(Rates in Cents per Barrel of 42 United States Gallons)			
ITEM	FROM	TO	Excess Volume 2 nd Nomination Variable Incentive Rate <small>(Note 2, Note 3)</small>
900	Crane, TX Barnhart, TX <small>(Note 1)</small>	Magellan East Houston Terminal	Differential minus 20.00

Note 1: For Barnhart, TX origination, shipper must arrange facilities for injection and Carrier must confirm nomination.

Note 2: The "Differential" is determined utilizing the *Argus Crude, Crude market prices and analysis* daily publication (the "Publication") published on the following day (the "Determination Day") of the month preceding the shipping month: (a) if the 25th calendar day of such month is a business day, then the Determination Day is the third business day prior to the 25th calendar day of such month; and (b) if the 25th calendar day of such month is a non-business day, then the Determination Day is the third business day prior to the last business day preceding the 25th calendar day of such month. Shipper nominations must be submitted to Carrier the next business day immediately following the Determination Day. The Differential will be calculated as follows: Differential equals the *WTI Houston Price* minus the *WTI Midland Price* (as such terms are defined below).

The "WTI Houston Price" is the amount (multiplied by 100 in order to convert dollars into cents) found in the Publication published on the Determination Day under the heading "US GULF COAST AND MIDCONTINENT", in the table labeled "WTI", in the column labeled "Diff MTD weighted average" and the row labeled "WTI Houston" for the shipping month for which the nominations apply.

The "WTI Midland Price" is the amount (multiplied by 100 in order to convert dollars into cents) found in the Publication published on the Determination Day under the heading "US GULF COAST AND MIDCONTINENT", in the table labeled "WTI", in the column labeled "Diff MTD weighted average" and the row labeled "WTI Midland" for the shipping month for which the nominations apply.

Example: The following example calculation of the Differential for shipments in April, 2017, is based on values from the table below from the Tuesday 21 March 2017 Publication, and yields a Differential of +217.00 cents per barrel:

Differential = WTI Houston Price minus WTI Midland Price

WTI Houston Price (month of requested nominations): $+1.49 \times 100 = +149.00$

WTI Midland Price (month of requested nominations): $-0.68 \times 100 = -68.00$

Differential: $+149.00 - (-68.00) = +217.00$

US GULF COAST AND MIDCONTINENT

WTI									
	Timing	Base	Diff low	Diff high	Diff weighted average	Diff MTD Weighted Average	Low	High	Weighted average
WTI Houston	Apr	Apr WTI	+1.35	+1.45	+1.39	+1.49	48.69	48.79	48.73
WTI Houston	May	May WTI	+1.40	+1.45	+1.43	+1.41	49.64	49.69	49.67
WTI Midland	Apr	Apr WTI	-1.70	-1.50	-1.57	-0.68	45.64	45.84	45.77
WTI Midland	May	May WTI	-1.45	-1.10	-1.28	-0.66	46.79	47.14	46.96

Note 3: Under no circumstance will the Excess Volume Rate be less than 125.00 or more than 395.00.