

R.C.T. No. 3.3.0
(Cancels R.C.T. No. 3.2.0)

MAGELLAN CRUDE OIL PIPELINE COMPANY, L.P.

RECEIVED
R.R.C. OF TEXAS

AUG 01 2018

INCENTIVE PIPELINE TARIFF GAS SERVICES DIVISION
AUSTIN, TEXAS

APPLYING ON THE TRANSPORTATION OF

CRUDE PETROLEUM

TO POINTS NAMED HEREIN

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

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.

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

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

EFFECTIVE: August 1, 2018

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PIPELINE INCENTIVE PROGRAM

<p>ITEM NO.</p>	<p align="center">5-YEAR QUARTERLY INCENTIVE PROGRAM FOR INITIAL COMMITMENT OF 115,000 BPD</p> <p>From: Crane, TX and/or Barnhart, TX ^(Note 1) To: Magellan's East Houston Terminal; MCOP's Speed Junction; Houston Valero Refinery; Houston Refining's Refinery; Pasadena Refining System, Inc's Refinery; Shell Deer Park Refinery; Houston Fuel Oil Terminal Company Jct., Pasadena, TX; Magellan's Genoa Junction, [N] Fairway Genoa Junction, Galveston Bay – Marathon Refinery, Texas City- Marathon Refinery and Texas City – Valero Refinery</p>
<p align="center">100</p>	<p>1. Rates set forth in this Item apply to deliveries of Crude Petroleum from the Incentive Rate Origin, defined as Crane, TX and/or Barnhart, TX^(Note 1), to the Incentive Destinations, defined in paragraph 6 of this Item.</p> <p>Any Shipper desiring to avail itself of the Incentive Rates, as set forth herein must satisfy all of the following provisions to be a "Participating Shipper"</p> <ul style="list-style-type: none"> • Shippers must enter into a prior written commitment agreement with Carrier during the Open Season Period that ended on March 1, 2012 and have made an initial volume commitment therein for 115,000 barrels of Crude Petroleum per day. • The commitment term shall be at least sixty (60) months, but may be extended by Participating Shipper in accordance with Paragraph 3 of this Item. The initial commitment is further defined as twenty (20) Contract Quarters. Each Contract Quarter consists of a three (3) calendar month period, and the first Contract Quarter begins on the Service Commencement Date. • The Service Commencement Date will be defined in the commitment agreement between Carrier and Shipper. • The commitment agreement will require Shipper to make Minimum Quarterly Payments in the amount as specified in Paragraph 4 of this Item, as adjusted pursuant to the commitment agreement. <p>2. In addition to the terms and conditions contained in this Item, all applicable rules and regulations in MCOP's R.C.T. No. 1.0.0, supplements thereto and reissues thereof, also apply.</p> <p>3. Participating Shipper may extend participation in this Item for two (2) periods of two (2) years each by giving Carrier at least one hundred eighty (180) days' notice prior to the end of the initial five year commitment term or the first two year extension as the case may be.</p>
	<p>4. Except as otherwise provided in the commitment agreement, the Participating Shipper agrees to transport a volume of Crude Petroleum from the Incentive Origin to the various Incentive Destinations sufficient to generate a minimum quarterly cash payment in an amount set forth in the commitment agreement, as such amount may be adjusted pursuant to the commitment agreement (the "Minimum Quarterly Payment").</p> <p>5. Except as otherwise provided in the commitment agreement, should Participating Shipper fail to transport a volume of Crude Petroleum and make associated payments so as to satisfy the Minimum Quarterly Payment at the end of any Contract Quarter, Participating Shipper shall make a deficiency payment equal to the applicable Minimum Quarterly Payment amount, excluding payment shortages resulting from force majeure, proration or any other failure of Carrier to accept Crude Petroleum for transportation for any reason other than Shipper's default or failure to perform, less the aggregate amount of the payments received by Carrier with respect to shipments made in the applicable Contract Quarter (the "Deficiency Payment").</p>

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6. Incentive Rates

FROM (Incentive Origin)	TO (Incentive Destinations)	115,000 bpd Incentive Rate (cents per barrel)
Crane, TX Barnhart, TX ^[Note 1]	Magellan East Houston Terminal	[U] 174.89
	<u>Houston Ship Channel Area</u> MCOP's Speed Junction Houston Valero Refinery Houston Refining's Refinery Pasadena Refining System, Inc's Refinery Shell Deer Park Refinery	[U] 207.82
	Houston Fuel Oil Terminal Company Jct., Pasadena, TX	[U] 219.68
	Genoa Junction <u>[N] Fairway Genoa Junction</u>	[U] 220.50
	Galveston Bay – Marathon Refinery Texas City – Valero Refinery Texas City – Marathon Refinery	[U] 240.78

7. Adjustment of the Incentive Rates and Minimum Quarterly Payments will be in accordance with the commitment agreement.
8. Payments for transportation of all volumes to which the Participating Shipper holds title in its name and ships from the Incentive Origin for delivery to the applicable Incentive Destinations and for which Participating Shipper pays the Incentive Rate will apply toward the Minimum Quarterly Payment.
9. Carrier will invoice the Shipper at the rates set out in Paragraph 6 of this Item, as such rates may be adjusted pursuant to paragraph 7 of this Item at the time of delivery. Shipper will bear all other applicable charges in the applicable rules and regulations in MCOP's R.C.T. No. 1.0.0 and any supplements thereto and reissues thereof.
10. In the event that a Deficiency Payment occurs, the Participating Shipper will be credited for prepaid transportation, on a dollar for dollar basis, toward the Participating Shipper's payment obligations for its deliveries of volume applicable to this Item during the 12 Contract Quarters immediately following the Contract Quarter with respect to which the Deficiency Payment was paid. Such prepaid transportation credits shall only apply to transportation fees in excess of the Minimum Quarterly Payment in the applicable Contract Quarter. At the scheduled expiration of the commitment agreement, including the two extensions thereof if exercised by the Participating Shipper, Participating Shipper shall have the immediately-following twelve month period to apply any remaining prepaid transportation as a credit against transportation charges for movement from the Incentive Origin to the Incentive Destinations during such period. Any remaining prepaid transportation that is not applied within the allotted time period shall expire and be of no further use or effect thereafter. Shipper shall have no Minimum Quarterly Payment obligation with respect to the period for which the term is extended, if any, for the sole purpose of permitting Shipper to utilize any unused and unexpired credits.
11. If Carrier does not transport any volumes of Participating Shipper's Crude Petroleum properly nominated for shipment in any given month following the Service Commencement Date, then the Minimum Quarterly Payment commitment for that Contract Quarter will be reduced in accordance with Section 6.1 of the commitment agreement.

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12. Any payment received by Carrier from Participating Shipper for shipments of its Crude Petroleum delivered into the Carrier's facilities at the Incentive Rate Origin for shipment to the Incentive Rate Destination(s) in excess of the Minimum Quarterly Payment will serve as a credit against Deficiency Payments due from Participating Shipper, if any, with respect to the four (4) Contract Quarters immediately following the Contract Quarter with respect to which such excess payments were received.

13. If Carrier or Shipper is prevented from performing its obligations under this Item or the commitment agreement, other than the payment of money due hereunder, due to an event of force majeure then, to the extent that it is so prevented, that party's failure to perform shall not be considered a breach of its obligations, and the affected obligations of that party shall be relieved during the continuance of that party's inability to perform caused by the event of force majeure, but for no longer period, and the term, as extended if applicable, will be extended as follows: (a) if the parties are wholly unable to perform their obligations during such event, the extension shall be for a period of days corresponding to the duration of the event of force majeure (not to exceed 180 days), and (b) if the parties are only partially unable to perform their obligations during such event, the extension shall be for a number of days determined by the following formula:

$$A \times B/C = \text{number of days of extension}$$

where:

A= number of days of the event of force majeure (not to exceed 180);

B= average number of barrels per day that could not be shipped as a result of the event of force majeure; and

C= the Daily Volume (as defined in Participating Shipper's commitment agreement).

If a party experiences a force majeure event, that party must give the other party notice and full particulars in writing as soon as practicable after the occurrence of the causes relied on, or give notice by telephone and follow the notice promptly with a written confirmation. The party providing the notice shall use commercially reasonable efforts to ameliorate the force majeure conditions. No Party shall be compelled to resolve any strikes, lockouts, or other industrial disputes other than as it shall determine to be in its best interests.

PIPELINE INCENTIVE PROGRAM

<p>ITEM NO.</p>	<p align="center">5-YEAR QUARTERLY INCENTIVE PROGRAM FOR INITIAL COMMITMENT OF 100,000 BPD</p> <p>From: Crane, TX and/or Barnhart, TX ^[Note 1] To: Magellan's East Houston Terminal; MCOP's Speed Junction; Houston Valero Refinery; Houston Refining's Refinery; Pasadena Refining System, Inc's Refinery; Shell Deer Park Refinery; Houston Fuel Oil Terminal Company Jct., Pasadena, TX; Magellan's Genoa Junction, [N] <u>Fairway Genoa Junction</u>, Galveston Bay - Marathon Refinery, Texas City- Marathon Refinery and Texas City - Valero Refinery</p>
<p align="center">200</p>	<ol style="list-style-type: none"> 1. Rates set forth in this Item apply to deliveries of Crude Petroleum from the Incentive Rate Origin, defined as Crane, TX and/or Barnhart, TX^[Note 1], to the Incentive Destinations, defined in paragraph 6 of this Item. Any Shipper desiring to avail itself of the Incentive Rates, as set forth herein must satisfy all of the following provisions to be a "Participating Shipper" <ul style="list-style-type: none"> • Shippers must enter into a prior written commitment agreement with Carrier during the Open Season Period that ended on March 1, 2012 and have made an initial volume commitment therein for 100,000 barrels of Crude Petroleum per day. • The commitment term shall be at least sixty (60) months, but may be extended by Participating Shipper in accordance with Paragraph 3 of this Item. The initial commitment is further defined as twenty (20) Contract Quarters. Each Contract Quarter consists of a three (3) calendar month period, and the first Contract Quarter begins on the Service Commencement Date. • The Service Commencement Date will be defined in the commitment agreement between Carrier and Shipper. • The commitment agreement will require Shipper to make Minimum Quarterly Payments in the amount as specified in Paragraph 4 of this Item, as adjusted pursuant to the commitment agreement. 2. In addition to the terms and conditions contained in this Item, all applicable rules and regulations in MCOP's R.C.T. No. 1.0.0, supplements thereto and reissues thereof, also apply. 3. Participating Shipper may extend participation in this Item for two (2) periods of two (2) years each by giving Carrier at least one hundred eighty (180) days' notice prior to the end of the initial five year commitment term or the first two year extension as the case may be. 4. Except as otherwise provided in the commitment agreement, the Participating Shipper agrees to transport a volume of Crude Petroleum from the Incentive Origin to the various Incentive Destinations sufficient to generate a minimum quarterly cash payment in an amount set forth in the commitment agreement, as such amount may be adjusted pursuant to the commitment agreement (the "Minimum Quarterly Payment"). 5. Except as otherwise provided in the commitment agreement, should Participating Shipper fail to transport a volume of Crude Petroleum and make associated payments so as to satisfy the Minimum Quarterly Payment at the end of any Contract Quarter, Participating Shipper shall make a deficiency payment equal to the applicable Minimum Quarterly Payment amount, excluding payment shortages resulting from force majeure, proration or any other failure of Carrier to accept Crude Petroleum for transportation for any reason other than Shipper's default or failure to perform, less the aggregate amount of the payments received by Carrier with respect to shipments made in the applicable Contract Quarter (the "Deficiency Payment").

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6. Incentive Rates

FROM (Incentive Origin)	TO (Incentive Destinations)	100,000 bpd Incentive Rate (cents per barrel)
Crane, TX Barnhart, TX ^(Note 1)	Magellan East Houston Terminal	[U] 174.89
	<u>Houston Ship Channel Area</u> MCOP's Speed Junction Houston Valero Refinery Houston Refining's Refinery Pasadena Refining System, Inc's Refinery Shell Deer Park Refinery	[U] 207.82
	Houston Fuel Oil Terminal Company Jct., Pasadena, TX	[U] 219.68
	Genoa Junction <u>[N] Fairway Genoa Junction</u>	[U] 220.50
	Galveston Bay – Marathon Refinery Texas City – Valero Refinery Texas City – Marathon Refinery	[U] 240.78

7. Adjustment of the Incentive Rates and Minimum Quarterly Payments will be in accordance with the commitment agreement.
8. Payments for transportation of all volumes to which the Participating Shipper holds title in its name and ships from the Incentive Origin for delivery to the applicable Incentive Destinations and for which Participating Shipper pays the Incentive Rate will apply toward the Minimum Quarterly Payment.
9. Carrier will invoice the Shipper at the rates set out in Paragraph 6 of this Item, as such rates may be adjusted pursuant to paragraph 7 of this Item at the time of delivery. Shipper will bear all other applicable charges in the applicable rules and regulations in MCOP's R.C.T. No. 1.0.0 and any supplements thereto and reissues thereof.
10. In the event that a Deficiency Payment occurs, the Participating Shipper will be credited for prepaid transportation, on a dollar for dollar basis, toward the Participating Shipper's payment obligations for its deliveries of volume applicable to this Item during the 12 Contract Quarters immediately following the Contract Quarter with respect to which the Deficiency Payment was paid. Such prepaid transportation credits shall only apply to transportation fees in excess of the Minimum Quarterly Payment in the applicable Contract Quarter. At the scheduled expiration of the commitment agreement, including the two extensions thereof if exercised by the Participating Shipper, Participating Shipper shall have the immediately-following twelve month period to apply any remaining prepaid transportation as a credit against transportation charges for movement from the Incentive Origin to the Incentive Destinations during such period. Any remaining prepaid transportation that is not applied within the allotted time period shall expire and be of no further use or effect thereafter. Shipper shall have no Minimum Quarterly Payment obligation with respect to the period for which the term is extended, if any, for the sole purpose of permitting Shipper to utilize any unused and unexpired credits.
11. If Carrier does not transport any volumes of Participating Shipper's Crude Petroleum properly nominated for shipment in any given month following the Service Commencement Date, then the Minimum Quarterly Payment commitment for that Contract Quarter will be reduced in accordance with Section 6.1 of its commitment agreement.
12. Any payment received by Carrier from Participating Shipper for shipments of its Crude Petroleum delivered into the Carrier's facilities at the Incentive Rate Origin for shipment to the Incentive Rate Destination(s) in excess of the Minimum Quarterly Payment will serve as a credit against Deficiency Payments due from Participating Shipper, if any, with respect to the four (4) Contract Quarters immediately following the Contract Quarter with respect to which such excess payments were received.

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13. If Carrier or Shipper is prevented from performing its obligations under this Item or the commitment agreement, other than the payment of money due hereunder, due to an event of force majeure then, to the extent that it is so prevented, that party's failure to perform shall not be considered a breach of its obligations, and the affected obligations of that party shall be relieved during the continuance of that party's inability to perform caused by the event of force majeure, but for no longer period, and the term, as extended if applicable, will be extended as follows: (a) if the parties are wholly unable to perform their obligations during such event, the extension shall be for a period of days corresponding to the duration of the event of force majeure (not to exceed 180 days), and (b) if the parties are only partially unable to perform their obligations during such event, the extension shall be for a number of days determined by the following formula:

$$A \times B/C = \text{number of days of extension}$$

where:

A= number of days of the event of force majeure (not to exceed 180);

B= average number of barrels per day that could not be shipped as a result of the event of force majeure; and

C= the Daily Volume (as defined in Participating Shipper's commitment agreement).

If a party experiences a force majeure event, that party must give the other party notice and full particulars in writing as soon as practicable after the occurrence of the causes relied on, or give notice by telephone and follow the notice promptly with a written confirmation. The party providing the notice shall use commercially reasonable efforts to ameliorate the force majeure conditions. No Party shall be compelled to resolve any strikes, lockouts, or other industrial disputes other than as it shall determine to be in its best interests.

PIPELINE INCENTIVE PROGRAM

<p>ITEM NO.</p>	<p align="center">5-YEAR QUARTERLY INCENTIVE PROGRAM FOR INITIAL COMMITMENT OF 75,000 BPD</p> <p>From: Crane, TX, Barnhart, TX ^[Note 1] or Midland, TX To: Magellan's East Houston Terminal; MCOP's Speed Junction; Houston Valero Refinery; Houston Refining's Refinery; Pasadena Refining System, Inc's Refinery; Shell Deer Park Refinery; Houston Fuel Oil Terminal Company Jct., Pasadena, TX; Magellan's Genoa Junction, Galveston Bay – Marathon Refinery, Texas City- Marathon Refinery and Texas City – Valero Refinery</p>
<p align="center">300</p>	<p>1. Rates set forth in this Item apply to deliveries of Crude Petroleum from the Incentive Rate Origin, defined as the inlet flange of Carrier's facilities at Crane, TX, Barnhart, TX ^[Note 1] or Midland, TX, to the Incentive Destinations, defined in paragraph 6 of this Item.</p> <p>Any Shipper desiring to avail itself of the Incentive Rates, as set forth herein must satisfy all of the following provisions to be a "Participating Shipper":</p> <ul style="list-style-type: none"> • Shippers must enter into a prior written payment commitment agreement with Carrier (a "Commitment Agreement"), during the Open Season Period that ended on March 1, 2012 and have made an initial volume commitment therein for 75,000 barrels of Crude Petroleum per day. • The term of the Commitment Agreement must be at least twenty (20) Contract Quarters, and may be extended by Participating Shipper in accordance with Paragraph 3 of this Item. Each Contract Quarter will consist of a three (3) calendar month period, and the first Contract Quarter will begin on the Service Commencement Date, as established pursuant to the Commitment Agreement. • The Commitment Agreement will require Shipper to make Minimum Quarterly Payments in the amount as specified in Paragraph 4 of this Item, as adjusted pursuant to the Commitment Agreement. <p>2. In addition to the terms and conditions contained in this Item, all applicable rules and regulations in MCOP's R.C.T. No. 1.0.0, supplements thereto and reissues thereof, also apply.</p> <p>3. Participating Shipper may extend participation in this Item for two (2) periods of two (2) years each by giving Carrier at least one hundred eighty (180) days' notice prior to the end of the initial five year term or the end of first two year extension, as applicable.</p>
	<p>4. Except as otherwise provided in the Commitment Agreement, the Participating Shipper agrees to transport a volume of Crude Petroleum from the Incentive Origin to the various Incentive Destinations sufficient to generate a minimum quarterly cash payment in the amount set forth in the Commitment Agreement, as such amount may be adjusted pursuant to the Commitment Agreement (the "Minimum Quarterly Payment") or to make the applicable Deficiency Payment as specified in Paragraph 5 of this Item. Participating Shipper will be entitled to transport a total of 120% of the number of barrels of Crude Petroleum equal to the initial volume commitment per day on average during any Contract Quarter at the applicable Incentive Rate, and any additional shipments during such Contract Quarter would be made at the then applicable non-incentive local tariff rate.</p> <p>5. Except as otherwise provided in the Commitment Agreement, should Participating Shipper fail to transport a volume of Crude Petroleum and make associated payments so as to satisfy the Minimum Quarterly Payment at the end of any Contract Quarter, Participating Shipper will make a Deficiency Payment equal to the applicable Minimum Quarterly Payment amount, excluding payment shortages resulting from force majeure, proration or any other failure of Carrier to accept Crude Petroleum for transportation for any reason other than Shipper's default or failure to perform, less the aggregate amount of the payments received by Carrier with respect to shipments made in the applicable Contract Quarter (the "Deficiency Payment").</p>

6. **Incentive Rates**

FROM (Incentive Origin)	TO (Incentive Destinations)	75,000 bpd Incentive Rate (cents per barrel)
Crane, TX Barnhart, TX ^[Note 1]	Magellan East Houston Terminal	[U] 217.97
	<u>Houston Ship Channel Area</u> MCOP's Speed Junction Houston Valero Refinery Houston Refining's Refinery Pasadena Refining System, Inc's Refinery Shell Deer Park Refinery	[U] 217.97
	Houston Fuel Oil Terminal Company Jct., Pasadena, TX	[U] 229.82
	Genoa Junction <u>[N] Fairway Genoa Junction</u>	[U] 230.63
	Galveston Bay – Marathon Refinery Texas City – Valero Refinery Texas City – Marathon Refinery	[U] 250.92
Midland, TX	Magellan East Houston Terminal	[U] 255.99
	<u>Houston Ship Channel Area</u> MCOP's Speed Junction Houston Valero Refinery Houston Refining's Refinery Pasadena Refining System, Inc's Refinery Shell Deer Park Refinery	[U] 255.99
	Houston Fuel Oil Terminal Company Jct., Pasadena, TX	[U] 267.84
	Genoa Junction	[U] 268.66
	Galveston Bay – Marathon Refinery Texas City – Valero Refinery Texas City – Marathon Refinery	[U] 288.93

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7. Adjustment of the Incentive Rates and Minimum Quarterly Payments will be in accordance with the Commitment Agreement.
8. Payments for transportation of all volumes to which the Participating Shipper holds title in its name and ships from the Incentive Origin for delivery to the applicable Incentive Destinations and for which Participating Shipper pays the Incentive Rate will apply toward the Minimum Quarterly Payment.
9. Carrier will invoice the Participating Shipper at the rates set out in Paragraph 6 of this Item, as such rates may be adjusted pursuant to the Commitment Agreement. Shipper will bear all other applicable charges in the applicable rules and regulations in MCOP's R.C.T. No. 1.0.0 and any supplements thereto and reissues thereof.
10. In the event that a Deficiency Payment is made, the Participating Shipper will be credited for prepaid transportation, on a dollar for dollar basis, toward the Participating Shipper's payment obligations for its deliveries made under this incentive program during the twelve (12) Contract Quarters immediately following the Contract Quarter with respect to which the Deficiency Payment was paid. Such prepaid transportation credits will only apply to transportation fees in excess of the Minimum Quarterly Payment in the applicable Contract Quarter. At the scheduled expiration of the Commitment Agreement, including the two extensions thereof if exercised by the Participating Shipper, Participating Shipper will have the immediately-following twelve month period to apply any remaining prepaid transportation as a credit against transportation charges for movement from the Incentive Origin to the Incentive Destinations during such period. Any remaining prepaid transportation that is not applied within the allotted time period will

<p>300 Cont'd</p>	<p>expire and be of no further use or effect thereafter. Shipper will have no Minimum Quarterly Payment obligation with respect to the period for which the term is extended, if any, for the sole purpose of permitting Shipper to utilize any unused and unexpired credits.</p> <p>11. If Carrier does not transport any volumes of Participating Shipper's Crude Petroleum properly nominated for shipment in any given month following the Service Commencement Date, then the Minimum Quarterly Payment commitment for that Contract Quarter will be reduced in accordance with Section 6.1 of the commitment agreement.</p> <p>12. Any payment received by Carrier from Participating Shipper for shipments of its Crude Petroleum delivered into the Carrier's facilities at the Incentive Rate Origin for shipment to the Incentive Rate Destination(s) in excess of the Minimum Quarterly Payment will serve as a credit against Deficiency Payments due from Participating Shipper, if any, with respect to the four (4) Contract Quarters immediately following the Contract Quarter with respect to which such excess payments were received.</p> <p>13. If Carrier or Shipper is prevented from performing its obligations under this Item or the Commitment Agreement, other than the payment of money due hereunder, due to an event of force majeure then, to the extent that it is so prevented, that party's failure to perform will not be considered a breach of its obligations, and the affected obligations of that party will be relieved during the continuance of that party's inability to perform caused by the event of force majeure, but for no longer period, and the term, as extended if applicable, will be extended as follows: (a) if the party subject to the force majeure is wholly unable to perform their obligations during such event, the extension will be for a period of days corresponding to the duration of the event of force majeure (not to exceed 180 days), and (b) if the party subject to the force majeure is only partially unable to perform its obligations during such event, the extension will be for a number of days determined by the following formula:</p> <p style="padding-left: 40px;">$A \times B/C = \text{number of days of extension}$</p> <p style="padding-left: 40px;">where:</p> <p style="padding-left: 40px;">A= number of days of the event of force majeure (not to exceed 180);</p> <p style="padding-left: 40px;">B= average number of barrels per day that could not be shipped as a result of the event of force majeure; and</p> <p style="padding-left: 40px;">C= the Daily Volume (as defined in Participating Shipper's commitment agreement).</p> <p>If a party experiences a force majeure event, that party must give the other party notice and full particulars in writing as soon as practicable after the occurrence of the causes relied on, or give notice by telephone and follow the notice promptly with a written confirmation. The party providing the notice will use commercially reasonable efforts to ameliorate the force majeure conditions. No Party will be compelled to resolve any strikes, lockouts, or other industrial disputes other than as it shall determine to be in its best interests.</p>
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PIPELINE INCENTIVE PROGRAM

<p>ITEM NO.</p>	<p align="center">5-YEAR QUARTERLY INCENTIVE PROGRAM FOR INITIAL COMMITMENT OF 30,000 BPD</p> <p>From: Crane, TX, Barnhart, TX ^[Note 1] or Midland, TX To: Magellan's East Houston Terminal; MCOP's Speed Junction; Houston Valero Refinery; Houston Refining's Refinery; Pasadena Refining System, Inc's Refinery; Shell Deer Park Refinery; Houston Fuel Oil Terminal Company Jct., Pasadena, TX; Magellan's Genoa Junction, Galveston Bay – Marathon Refinery, Texas City- Marathon Refinery and Texas City – Valero Refinery</p>
<p align="center">400</p>	<p>1. Rates set forth in this Item apply to deliveries of Crude Petroleum from the Incentive Rate Origin, defined as the inlet flange of Carrier's facilities at Crane, TX, Barnhart, TX^[Note 1] or Midland, TX, to the Incentive Destinations, defined in paragraph 5 of this Item.</p> <p>Any Shipper desiring to avail itself of the Incentive Rates, as set forth herein must satisfy all of the following provisions to be a "Participating Shipper"</p> <ul style="list-style-type: none"> • Shippers must enter into a prior written commitment agreement with Carrier (a "Commitment Agreement"), during the Open Season Period that ended on March 1, 2012 and have made an initial volume commitment therein for 30,000 barrels of Crude Petroleum per day. • The term of the Commitment Agreement will be five (5) years and will begin on the Service Commencement Date, as established pursuant to the Commitment Agreement. • The Commitment Agreement will require Shipper to make Minimum Quarterly Payments in the amounts specified in Paragraph 3 of this Item, as adjusted pursuant to the Commitment Agreement. <p>2. In addition to the terms and conditions contained in this Item, all applicable rules and regulations in MCOP's R.C.T. No. 1.0.0, supplements thereto and reissues thereof, also apply.</p> <p>3. Except as otherwise provided in the Commitment Agreement, the Participating Shipper agrees to transport a volume of Crude Petroleum from the Incentive Origin to the various Incentive Destinations sufficient to generate a minimum quarterly cash payment in an amount set forth in the Commitment Agreement, as such amount may be adjusted pursuant to the Commitment Agreement (the "Minimum Quarterly Payment") or to make the applicable Deficiency Payment as specified in Paragraph 4 of this Item. Participating Shipper will only be entitled to transport a total of 120% of the number of barrels of Crude Petroleum equal to the initial volume commitment per day on average during any Contract Quarter at the applicable Incentive Rate, and any additional shipments during such Contract Quarter, would be made at the then applicable non-incentive local or joint tariff rate as published by MPL.</p>
	<p>4. Except as otherwise provided in the Commitment Agreement, should Participating Shipper fail to transport a volume of Crude Petroleum and make associated payments so as to satisfy the Minimum Quarterly Payment at the end of any Contract Quarter, Participating Shipper will make a Deficiency Payment equal to the applicable Minimum Quarterly Payment amount, excluding payment shortages resulting from force majeure, proration or any other failure of Carrier to accept Crude Petroleum for transportation for any reason other than Shipper's default or failure to perform, less the aggregate amount of the payments received by Carrier with respect to shipments made in the applicable Contract Quarter (the "Deficiency Payment").</p>

5. **Incentive Rates**

FROM (Incentive Origin)	TO (Incentive Destinations)	30,000 bpd Incentive Rate (cents per barrel)
Crane, TX Barnhart, TX ^[Note 1]	Magellan East Houston Terminal	[U] 250.69
	<u>Houston Ship Channel Area</u> MCOP's Speed Junction Houston Valero Refinery Houston Refining's Refinery Pasadena Refining System, Inc's Refinery Shell Deer Park Refinery	[U] 250.69
	Houston Fuel Oil Terminal Company Jct., Pasadena, TX	[U] 262.35
	Genoa Junction [N] Fairway Genoa Junction	[U] 262.08
	Galveston Bay – Marathon Refinery Texas City – Valero Refinery Texas City – Marathon Refinery	[U] 278.54
	Midland, TX	Magellan East Houston Terminal
<u>Houston Ship Channel Area</u> MCOP's Speed Junction Houston Valero Refinery Houston Refining's Refinery Pasadena Refining System, Inc's Refinery Shell Deer Park Refinery		[U] 293.74
Houston Fuel Oil Terminal Company Jct., Pasadena, TX		[U] 305.40
Genoa Junction		[U] 305.13
Galveston Bay – Marathon Refinery Texas City – Valero Refinery Texas City – Marathon Refinery		[U] 321.60

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6. Adjustment of the Incentive Rates and Minimum Quarterly Payments will be in accordance with the Commitment Agreement.
7. Payments for transportation of all volumes to which the Participating Shipper holds title in its name or the unencumbered right to ship such Crude Petroleum and ships from the Incentive Origin for delivery to the applicable Incentive Destinations and for which Participating Shipper pays the Incentive Rate will apply toward the Minimum Quarterly Payment.
8. Carrier will invoice the Participating Shipper at the rates set out in Paragraph 5 of this Item, as such rates may be adjusted pursuant to the Commitment Agreement. Shipper will bear all other applicable charges in the applicable rules and regulations in MCOP's R.C.T. No. 1.0.0 and any supplements thereto and reissues thereof.
9. In the event that a Deficiency Payment occurs, the Participating Shipper will be credited for prepaid transportation, on a dollar for dollar basis, toward the Participating Shipper's payment obligations for its deliveries made under this Item during the eight (8) Contract Quarters immediately following the Contract Quarter with respect to which the Deficiency Payment was paid. Such prepaid transportation credits will only apply to transportation fees in excess of the Minimum Quarterly Payment in the applicable Contract Quarter. Any remaining prepaid transportation that is not applied within the allotted time period and prior to termination of the Commitment Agreement will expire and be of no further use or effect thereafter.
10. If Carrier does not transport any of Participating Shipper's Crude Petroleum properly nominated for shipment in any given month following the Service Commencement Date, then the Minimum Quarterly Payment commitment for that Contract Quarter will be reduced in accordance with Section 6.1 of the commitment agreement.

<p>400 Cont'd</p>	<p>11. If Carrier or Shipper is prevented from performing its obligations under this Item or the Commitment Agreement, other than the payment of money due hereunder, due to an event of force majeure then, to the extent that it is so prevented, that party's failure to perform will not be considered a breach of its obligations, and the affected obligations of that party will be relieved during the continuance of that party's inability to perform caused by the event of force majeure, but for no longer period, and the term will be extended as follows: (a) if the party subject to the force majeure is wholly unable to perform its obligations during such event, the extension will be for a period of days corresponding to the duration of the event of force majeure (not to exceed 180 days), and (b) if the party subject to the force majeure is only partially unable to perform its obligations during such event, the extension will be for a number of days determined by the following formula:</p> <p style="text-align: center;">$A \times B/C = \text{number of days of extension}$</p> <p>where: A= number of days of the event of force majeure (not to exceed 180); B= average number of barrels per day that could not be shipped as a result of the event of force majeure; and C= the Daily Volume (as defined in Participating Shipper's commitment agreement).</p> <p>If a party experiences a force majeure event, that party must give the other party notice and full particulars in writing as soon as practicable after the occurrence of the causes relied on, or give notice by telephone and follow the notice promptly with a written confirmation. The party providing the notice will use commercially reasonable efforts to ameliorate the force majeure conditions. No Party will be compelled to resolve any strikes, lockouts, or other industrial disputes other than as it shall determine to be in its best interests.</p>
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[Note 1] *For Barnhart, TX origination, shipper must arrange facilities for injection and Carrier must confirm nomination.*

[U] Unchanged rate. [N] New