

Message

From: Heine, Bruce [Bruce.Heine@magellanlp.com]
Sent: 8/31/2017 5:21:15 PM
To: Kodish, Jeff [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1c291cb168784a25b4e3575df4b94915-Kodish, Jeff]; Gustafson, Kurt [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8bb4c659b0734beba13c05f6f095df47-kgustafs]
CC: Wagner, Kenneth [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=048236ab99bc4d5ea16c139b1b67719c-Wagner, Ken]
Subject: RE: Magellan Midstream Partners - Support for an 11.5 RVP Waiver in Midwestern States

Jeff and Kurt...thank you for issuing the 11.5 waiver. It will help increase supplies throughout our system in the Midcontinent.

Bruce

From: Kodish, Jeff [mailto:Kodish.Jeff@epa.gov]
Sent: Thursday, August 31, 2017 8:00 AM
To: Heine, Bruce <Bruce.Heine@magellanlp.com>; Gustafson, Kurt <Gustafson.Kurt@epa.gov>
Cc: Wagner, Kenneth <wagner.kenneth@epa.gov>
Subject: RE: Magellan Midstream Partners - Support for an 11.5 RVP Waiver in Midwestern States

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Thank you for forwarding this article. We are working as quickly as we can to address fuel supply shortages.

Jeff

From: Heine, Bruce [mailto:Bruce.Heine@magellanlp.com]
Sent: Thursday, August 31, 2017 6:48 AM
To: Kodish, Jeff <Kodish.Jeff@epa.gov>; Gustafson, Kurt <Gustafson.Kurt@epa.gov>
Cc: Wagner, Kenneth <wagner.kenneth@epa.gov>
Subject: RE: Magellan Midstream Partners - Support for an 11.5 RVP Waiver in Midwestern States

Good morning Jeff, Kurt and Ken...this morning Wall Street Journal Headline...we really need the 11.5 waiver in OKLA and the Midwest.

Bruce

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Refining Shutdown Reverberates

Record flooding from Harvey is straining the global superhighway of the energy trade

By Catherine M. Mearns
And Alison Sims

Tropical storm Harvey's crippling of Gulf Coast refining, ports and pipelines is being felt across the country and even globally, a result of a U.S. energy boom that has made the country and the world increasingly reliant on Texas.

Harvey shut down a third Gulf Coast refining center Wednesday, and is knocking on the door of a fourth. More than a dozen refineries are affected—including the country's two biggest, Saudi Aramco Oil Co.'s Marjina facility in Port Arthur and Exxon Mobil Corp.'s Baytown facility—cumulatively representing more than 30% of U.S. refining capacity, according to IHS Markit.

More than 2 million barrels a day of refining capacity in Texas remained shut Wednesday morning, according to an-

alysts, more than Brazil's daily national consumption of petroleum products. Those shuttered refineries said on Wednesday they were either starting up or planning to start up again.

Port closures are compounding the refineries' woes. Port Houston has warned shippers it is likely to be closed to large vessels at least through *please see ENERGY page A3*

◆ Struggling hospitals brace for wave of new patients..... A4
◆ Aid needs spared by storm may top those of Katrina... A4

Lone Star Slowdown

Harvey has shut down a sizable portion of oil activity in Texas, which makes up nearly a third of U.S. refining capacity.

Texas refinery capacity as of Wednesday

In barrels per day

Shut down 2.7 million

***** 2 refineries

Partially shut down 500,000

*** 2 refineries

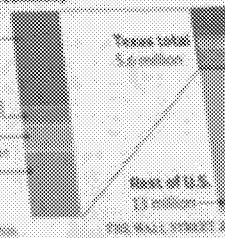
Restarting 700,000

*** 3 refineries to restart soon

Open 1.8 million

***** 10 refineries

Source: Energy Information Administration



'Worst Is Not Yet Over' as Floodwaters Spread in Southeast Texas

Katrina Survivors

From: Heine, Bruce

Sent: Wednesday, August 30, 2017 4:16 PM

To: 'Kodish, Jeff' <Kodish.Jeff@epa.gov>; gustafson.kurt@epa.gov

Cc: 'wagner.kenneth@epa.gov' <wagner.kenneth@epa.gov>

Subject: Magellan Midstream Partners - Support for an 11.5 RVP Waiver in Midwestern States

Jeff—First, thank you and your colleagues for the prompt execution of supply waivers for Texas and Atlanta.

Magellan strongly supports an 11.5 RVP in Oklahoma and Midwestern states and we believe the waiver is essential to provide the greatest amount of fuel to the states we serve with our pipeline system. We especially support an 11.5 RVP waiver in **OK, KS, MO, AR, NE, IA, MN, NM, SD and ND**. It is very important that all of these states have the same gasoline volatility standard as other states in the region including Texas. If EPA issues a waiver that does not include all of these states, this could cause supply disruptions or outages.

Operations of our crude oil and refined products pipelines in the Houston area have been suspended and gasoline, diesel and jet fuel supply into our distribution system has been curtailed. This includes our 16" line leaving Houston to Frost Texas which is about 50 miles south of Dallas. From Frost, our pipeline runs north into our Dallas terminal, west to Odessa and El Paso and a separate line runs northwest into West Ft. Worth and then into Oklahoma. Traditionally, this line from Houston transports a total of 180,000 b/d with approximately 80,000 b/d going into Dallas and the remainder going to W. Ft Worth, Odessa and El Paso.

Since this line has been down, we reversed a segment of our pipeline system in southern Oklahoma to run south into Frost. The maximum capacity of this line is approximately 70,000 b/d. The 70,000 per day is allocated to Frost, W Ft Worth, Dallas, Odessa and El Paso. Needless to say, we are very short in our ability to supply these markets.

Because we reversed the Oklahoma line with 70,000 b/d going south to meet the needs of our customers, this volume no longer will serve northern locations on Magellan's Central Pipeline system. In addition, we historically receive

approximately 10% of the total volume in the central pipeline system from Gulf Coast origins via third party pipelines in Tulsa. From Tulsa, our pipeline system supplies a significant percentage of the fuel in various states. For example, we supply 40 to 60% of the refined products consumed in OK, MO, SD, KS, NE and 85% in IA. Our receipts from this system originating in the Gulf have been dramatically reduced or eliminated. Overall, we have lost approximately 15% of the total volume supplying the Magellan Central Pipeline system.

We encourage EPA to grant a waiver for the states listed above. If you have any questions or would like additional information, please don't hesitate to contact me. We very much appreciate your assistance.

Bruce Heine
Vice President Government and Media Affairs
Magellan Midstream Partners