

Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.

Magellan Midstream Partners Terminal (Fort Smith, Arkansas): Arkansas Oil Marketers Association Publication Notes July 5th Startup



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The Arkansas Oil Marketers Association publication *AOMA Update* noted in its July 1st edition that Magellan Midstream Partners (“Magellan”) had announced an operational startup date of its 200-mile pipeline extension.

AOMA Update quotes the publication *Oil Express*.

Magellan is quoted as stating that the extension of its pipeline system from Fort Smith to Little Rock would begin providing transportation and distribution services yesterday. The company is stated to have completed the line-fill process for the new West-East products pipeline.

The *AOMA Update* article references *OPIS* in noting that price competition because of the new product flow from Fort Smith, Arkansas would increase price competition in the Little Rock market, which receives fuel from DELEK’s

refinery in the south. The company is stated to have foreseen an opportunity for its 150 million capital investment project when the Little Rock market faced tight supply when Enterprise stopped interstate distillates shipping on its TEPPCO pipeline system in 2013.

The *AOMA Update* also states:

The new Arkansas pipeline project is backed by committed shipping volumes, but the long-term shipping economics for Midwest and Gulf Coast supplies are expected to face competition from in-state refiner DELEK, which owns the 80,000-b/d El Dorado facility in southern Arkansas. Magellan has said the new Fort Smith-to-Little Rock refined-products pipeline will provide additional refined-products sales outlet for Midcontinent refiners. Those Midcon refiners who can ship refined products to Arkansas by this Oklahoma-transit route include CVR Energy, HollyFrontier, Phillips 66 and Valero.

The publication also states that jet fuel will be available in the second quarter of 2017 at one of Magellan’s storage and distribution terminals in Little Rock.