PUBLIC VERSION

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of	)	
	)	FEDERAL TRADE COMMISSION RECEIVED DOCUMENTS JUL 12 2005 SECRETARY
Valero L.P.,	)	
a limited partnership,	)	
Valero Energy Corporation,	)	
a corporation,	)	
	)	Docket No. C-4141
[redacted]		[redacted]
	)	
Kaneb Services LLC,	)	
a limited liability company,	)	
Kaneb Pipe Line Partners, L.P.,	)	
a limited partnership.	)	
	)	

PETITION OF RESPONDENTS FOR APPROVAL OF PROPOSED
[redacted]

Agreement dated July 1, 2005, by and among Support Terminals Operating Partnership,

[redacted]

Energy.

Background

On May 27, 2005, Valero L.P. ("Valero"), Valero Energy Corporation

[redacted]

(individually and collectively, the "Respondents") executed an Agreement containing Consent Orders that included the Decision and Order and an Order to Hold Separate and

[redacted]

Commission's Rules of Practice and Procedure, 16 C.F.R. § 2.41(f)(4) & 4.9(c) (2005), the

[redacted]

I. The Sale and Purchase Agreement Is Final and Consistent with the Decision and Order's Terms

Paragraphs II, III, and IV of the Decision and Order require the Respondents to [redacted]

divest the West Pipeline System, the Philadelphia Area Terminals, and the San Francisco Bay [redacted]

Terminals, respectively, within six months of the date on which the mergers are consummated

[redacted]

C. Paragraphs III.A. and III.B. require that Respondents divest the San Francisco Bay Terminals, absolutely and in good faith, to a single acquirer. Pursuant to the Sale Agreement, Pacific Energy or one of its wholly owned subsidiaries will acquire the San Francisco Bay Terminals. See Sale Agreement § .

[redacted]

* * *

As demonstrated above and in the accompanying Agreements, STOP, KPOP, Shore, and Pacific Energy have entered into an agreement relating to the divestiture of the Divestiture Assets that fully complies with the Commission's Decision and Order. Accordingly, [redacted]

Pacific Energy was formed in August 2001 by The Anschutz Corporation, a [redacted]

[redacted] ownership interest in various crude oil pipelines located in California and the U.S. Rocky Mountains. PE Partners was formed in February 2002, and successfully completed its initial [redacted] distribution system that will connect the terminal's storage tanks to customer facilities in the Los

[redacted]

facilities, in that it does not own or operate any production, refining or other upstream or downstream facilities.

Financial Capability

Pacific Energy has the financial capability and stability both to fund the $455 million purchase of the Divestiture Assets and to ensure the continued use of those assets as part of a viable, competitive business. Pacific Energy and PE Partners have received $700 million of financing commitments from Bank of America, N.A. and Lehman Brothers Inc. These commitments include a new five-year $400 million secured revolving credit facility, which would partly fund the acquisition as well as repay and replace Pacific Energy's and PE Partners' existing U.S. and Canadian revolving credit facilities, which would have matured in mid-2007. The commitments also include a $300 million, 364-day secured bridge credit facility, which would be used to fund the acquisition only if permanent financing has not yet been obtained by the closing date.

[redacted]

acquisition by having PE Partners issue common partnership units for approximately 60% to

[redacted]

be sold at acceptable prices. It has also received an offer from a group of [redacted]

Operations Experience

PE Partners is a sophisticated company with [redacted]

in crude oil (including some partially refined crude oil) storage and terminaling; pipeline gathering, transportation, and [redacted]

and the Rocky Mountains, including Alberta, Canada. As stated above, PE Partners in different parts of the United States, and managed two different [redacted]

Mountain area that were directly related to the West Pipeline System. During his seven years as Chief Executive Officer of Santa Fe Pacific Pipeline Partners, L.P., Mr. Toole was responsible [redacted]

Partners and its management have a long history of working with many of the customers served by the Divestiture Assets. Thus, PE Partners is well experienced in all aspects of operating a light products midstream facility. Fourth, PE Partners and its predecessor companies have a [redacted] Energy, through one of its operating subsidiaries, acquired its Rocky Mountain Pipeline System from BP for approximately $107 million. In July 2003, as discussed above, Pacific Energy, through its Pacific Terminals operating subsidiary, purchased the Edison Pipeline crude oil storage and distribution system in the Los Angeles Basin for approximately $173 million. And

[redacted]

flexibility to offer refined products and crude oil midstream services in the same manner as other participants in the midstream pipeline and terminal market. The resulting combination of skill, experience, and assets will ensure that the objectives of the Commission's Decision and Order will be realized.

[redacted]

Philadelphia Area Terminals, and the San Francisco Bay Terminals to Pacific Energy or its [redacted]

CERTIFICATION OF VALERO L.P.

[redacted]

The facts and information related in the foregoing Petition, insofar as they pertain to Pacific

Confidential Exhibit A

Sale and Purchase Agreement, dated July 1, 2005, by and among Support Terminals Operating Partnership, L.P.; Kaneb Pipe Line Operating Partnership, L.P.; Shore Terminals LLC; and Pacific Energy Group LLC