

BILL LOCKYER  
Attorney General of the State of California  
RICHARD M. FRANK  
Chief Assistant Attorney General  
THOMAS J. GREENE  
Chief Assistant Attorney General  
KATHLEEN E. FOOTE  
Senior Assistant Attorney General  
MARGARET E. SPENCER  
Deputy Attorney General  
State Bar No. 62870  
455 Golden Gate Avenue, Suite 11000  
San Francisco, CA 94102-7004  
Attorneys for Plaintiff, State of California

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DISTRICT

**THE STATE OF CALIFORNIA,**

Plaintiff,

**v.**

**VALERO L.P., a limited partnership,  
VALERO ENERGY CORPORATION, a  
Delaware Corporation, and KANEB PIPE  
LINE PARTNERS, L.P., a limited partnership,  
and KANEB SERVICES LLC, a limited  
liability company,**

Defendants.

**CIVIL ACTION NO. \_\_ ( )**

**CONSENT DECREE AND FINAL  
JUDGMENT**

Defendants were furnished with a copy of the Complaint that Plaintiff intends to file in this matter, alleging violations of Section 7 of the Clayton Act as amended, (15 U.S.C. § 18), Section 1 of the Sherman Act (15 U.S.C. § 1), and California Business and Professions Code section 17200 et seq. Defendants, by and through their attorneys, have consented to the entry of this Consent Decree and Final Judgment (“Final Judgment”) without trial or adjudication of any issue of fact or law herein and have waived notice of presentation of this Final Judgment and service of summons. This Final Judgment does not constitute any evidence against or an admission by any

1 party with respect to any issue of law or fact herein.

2 WHEREAS, Defendants have agreed to be bound by the provisions of this Final Judgment  
3 and there is no just reason for delay in its entry; and

4 WHEREAS, prompt and certain divestiture of assets and the assignment of contracts are  
5 the essence of this agreement. Plaintiff intends to require Defendants to divest or assign, as viable  
6 lines of business or contractual rights, certain assets so as to ensure that the assets will be maintained  
7 as competitive, viable and ongoing. Defendants have represented to Plaintiff that the divestitures  
8 and assignments required below can and will be made as provided in this Final Judgment; and

9 WHEREAS, Defendants have represented to Plaintiff that they can comply with the  
10 obligations set forth in this Final Judgment and that full relief as provided in this Final Judgment can  
11 be accomplished;

12 NOW, THEREFORE, before the taking of any testimony, and without trial or adjudication  
13 of any issue of fact or law herein, and upon consent of the parties hereto, it is hereby

14 ORDERED, ADJUDGED, AND DECREED as follows:

15 **I.**

16 **JURISDICTION**

17 This Court has jurisdiction over the subject matter of this action and over each of the  
18 parties hereto. The Complaint states a claim upon which relief may be granted against the  
19 Defendants under Section 7 of the Clayton Act, as amended (15 U.S.C. § 18), Section 1 of the  
20 Sherman Act (15 U.S.C. § 1), and California Business and Professions Code section 17200 et seq.  
21 The Attorney General for the State of California, Bill Lockyer, has authority to bring this action  
22 pursuant to Section 16 of the Clayton Act (15 U.S.C. § 26) and California Business and Professions  
23 Code sections 17204 and 17206.

24 **II.**

25 **DEFINITIONS**

26 As used in this Final Judgment:

27 A. “Valero” means Valero L.P., its general partners, directors, officers, employees, agents,  
28 representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions,

- 1 groups and affiliates controlled by Valero; and the respective directors, officers, employees,  
2 agents, representatives, predecessors, successors, and assigns of each. Valero includes  
3 Riverwalk Logistics, L.P., and Valero GP, LLC. Valero does not include VEC.
- 4 B. “VEC” means Valero Energy Corporation, its directors, officers, employees, agents,  
5 representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions,  
6 groups and affiliates controlled by VEC; and the respective directors, officers, employees,  
7 agents, representatives, predecessors, successors, and assigns of each. VEC does not include  
8 Riverwalk Logistics, L.P., Valero GP, LLC, or Valero.
- 9 C. “KPP” means Kaneb Pipe Line Partners, LP, its general partners, directors, officers, employees,  
10 agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries,  
11 divisions, groups and affiliates controlled by KPP; and the respective directors, officers,  
12 employees, agents, representatives, predecessors, successors, and assigns of each.
- 13 D. “KSL” means Kaneb Services LLC, its directors, officers, employees, agents, representatives,  
14 predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and  
15 affiliates controlled by KSL; and the respective partners, directors, officers, employees, agents,  
16 representatives, successors, and assigns of each.
- 17 E. “Acquirer” means a Person that receives the prior approval of the Attorney General to acquire  
18 assets to be divested pursuant to Paragraph IV of this Final Judgment.
- 19 F. “Alternative San Francisco Bay Terminals” means the San Francisco Bay Terminals and the  
20 Selby Terminal.
- 21 G. “Attorney General” means the Attorney General of the State of California.
- 22 H. “Commission” means the Federal Trade Commission.
- 23 I. “Kaneb” means Kaneb Services LLC and Kaneb Pipe Line Partners, L.P., collectively and  
24 individually.
- 25 J. “Non-Public Customer Information” means any information that is not in the public domain  
26 relating to the shipment (including but not limited to volume information, timing of shipments  
27 and end-customer identification), receipt, scheduling, rates, or inventory of products by  
28 customers of the Retained San Francisco Bay Terminals.

- 1 K. "Person" means any individual, partnership, firm, trust, association, corporation, joint venture,  
2 unincorporated organization, or other business or governmental entity.
- 3 L. "Defendants" means:
- 4 1. before the Merger, Valero, VEC, KSL, and KPP, individually and collectively; and
  - 5 2. after the Merger, Valero, VEC and the entity surviving after the Merger.
- 6 M. "Retained San Francisco Bay Terminals" means
- 7 1. If the San Francisco Bay Terminals are divested pursuant to Paragraph IV.A. of the Final  
8 Judgment, the terminals located at Stockton and Selby, California, which at the time of  
9 the Merger were owned by Kaneb; but
  - 10 2. If the Alternative San Francisco Bay Terminals are divested pursuant to Paragraph VI.C.  
11 of this Final Judgment, the terminal located at Stockton, California, which at the time of  
12 the Merger was owned by Kaneb.
- 13 N. "San Francisco Bay Terminals" means Kaneb's Martinez and Richmond, California, refined  
14 petroleum product storage and distribution terminals, and all assets relating to the two  
15 terminals, including but not limited to:
- 16 1. all of Kaneb's rights, title, and interest in and to all tangible assets that are located at, or  
17 used in connection with Terminaling at, the two terminals, including but not limited to:
    - 18 a. real estate, including existing rights or way and easements;
    - 19 b. storage tanks;
    - 20 c. local connector pipelines;
    - 21 d. loading and unloading racks, equipment and facilities;
    - 22 e. inventory, equipment, pumps, compressors, machinery, fixtures, tools, and spare  
23 parts;
    - 24 f. all books, records, and files relating to the two terminals;
    - 25 g. offices, buildings, and warehouses; and
    - 26 h. all other tangible assets;
  - 27 2. an exclusive right to all intellectual property used solely in the operation of the terminals,  
28 and a non-exclusive license to all other intellectual property necessary for the operation

- 1 of the terminals;
- 2 3. all governmental licenses and permits used in the operation of the terminals;
- 3 4. all storage, throughput, and Terminaling contracts, and all other contracts, agreements or
- 4 understandings relating to the terminals or their operation; and
- 5 5. all other intangible assets.
- 6 O. “Martinez Terminal” means the Kaneb terminal located at 2801 Waterfront Road, Martinez,
- 7 Contra Costa County, California, 94553.
- 8 P. “Selby Terminal” means the Kaneb terminal located at 90 San Pablo Avenue, Crockett, Contra
- 9 Costa County, California, 94525.
- 10 Q. “Benicia Refinery” means the oil refinery owned by VEC located at 3400 East Second Street,
- 11 Benicia, Solano County, California, 94510.
- 12 R. “Benicia Tanks” means crude oil storage tanks at the Benicia Refinery having a total crude oil
- 13 storage capacity of approximately 900,000 barrels.
- 14 S. “Martinez Crude Oil Storage Tanks” means the two crude oil storage tanks (Nos. 50114 and
- 15 50115) which of the time this Final Judgment is entered by the Court were and are leased by
- 16 VEC at the Martinez Terminal under the Storage and License Agreement by and between Shore
- 17 Terminals, LLC (a wholly owned subsidiary of Kaneb) and Valero Refining Company –
- 18 California (a wholly owned subsidiary of VEC), dated May 24, 2001.
- 19 T. “Terminaling” means the services performed by a facility that provides temporary storage of
- 20 refined petroleum products received via pipeline, marine vessel, tank trucks, rail, or transport
- 21 trailers, and the re-delivery of refined petroleum products from storage tanks into tank trucks,
- 22 rail cars, transport trailers, or pipelines.
- 23 U. “Merger” means the merger of Valero and Kaneb pursuant to: (1) the Agreement and Plan of
- 24 Merger, dated as of October 31, 2004, by and among Valero L.P.; Riverwalk Logistics, L.P.;
- 25 Valero GP LLC; VLI Sub A LLC; and Kaneb Services LLC; and (2) the Agreement and Plan
- 26 of Merger, dated as of October 31, 2004, by and among Valero L.P.; Riverwalk Logistics, L.P.;
- 27 Valero GP LLC; VLI Sub B LLC; Kaneb Pipe Line Partners, L.P.; and Kaneb Pipe Line
- 28 Company LLC.

1 **III.**

2 **APPLICABILITY**

- 3 A. The provisions of this Final Judgment apply to the Defendants, their successors and assigns,  
4 their subsidiaries, affiliates, directors, officers, managers, agents, and employees, and all other  
5 persons in active concert or participation with any of them who have received actual notice of  
6 this Final Judgment by personal service or otherwise.
- 7 B. Nothing herein shall suggest that any portion of this Final Judgment is or has been created for  
8 the benefit of any third party and nothing herein shall be construed to provide any rights to  
9 third parties.

10 **IV.**

11 **DIVESTITURE OF ASSETS**

12 On the condition that Defendants consummate the Merger and that the Attorney General  
13 has not withdrawn its acceptance of this Final Judgment,

- 14 A. Defendants shall divest the San Francisco Bay Terminals absolutely and in good faith, at no  
15 minimum price, within six (6) months after the date on which the Merger is effectuated.
- 16 B. Defendants shall divest the San Francisco Bay Terminals only to a single Acquirer that receives  
17 the prior approval of the Attorney General and only in a manner that receives the prior approval  
18 of the Attorney General.
- 19 C. In the event that Defendants are unable to satisfy all conditions necessary to divest any  
20 intangible asset, Defendants shall: (1) with respect to permits, licenses or other rights granted  
21 by governmental authorities (other than patents), provide such assistance as the Acquirer may  
22 reasonably request in the Acquirer's efforts to obtain comparable permits, licenses or rights,  
23 and (2) with respect to other intangible assets (including patents and contractual rights),  
24 substitute equivalent assets or arrangements, subject to the prior approval of the Attorney  
25 General. A substituted asset or arrangement will not be deemed to be equivalent unless it  
26 enables the terminal to perform the same function at the same or less cost.
- 27 D. The purpose of this Paragraph IV. is to ensure the continued use of the San Francisco Bay  
28 Terminals in the same business in which they were engaged at the time of the announcement

1 of the proposed Merger and to remedy the lessening of competition in the Terminaling of  
2 refining components, blending components, and light petroleum products resulting from the  
3 proposed Merger, as alleged in the Attorney General's Complaint.

4 E. Defendants shall take all reasonable steps to accomplish quickly the divestitures contemplated  
5 by this Final Judgment.

6 F. Until the effective date of divestiture of the San Francisco Bay Terminals, Defendants shall  
7 take such actions as are necessary to maintain the viability and marketability of the San  
8 Francisco Bay Terminals and to prevent the destruction, removal, wasting, deterioration, or  
9 impairment of any of the assets, as set forth in the Order to Hold Separate and Maintain Assets,  
10 filed concurrently herewith.

11 G. Following divestiture, for a period of five years, Defendants, either individually or jointly, shall  
12 not, without providing thirty (30) days advance written notice to the Plaintiff, reacquire,  
13 directly or indirectly, through subsidiaries, partnerships or otherwise, the San Francisco Bay  
14 Terminals. If, within thirty days after receiving such notice, Plaintiff makes a reasonable  
15 written request for material additional information or documentation, Defendants shall not  
16 consummate the acquisition until twenty (20) days after submitting such additional information  
17 or documentation.

18 **V.**

19 **CONSTRUCTION OF CRUDE STORAGE TANKS**

20 A. VEC shall agree to a termination of its lease agreement for and shall vacate the Martinez Crude  
21 Oil Storage Tanks and shall complete construction of the Benicia Tanks no later than the earlier  
22 of (i) three years following VEC's receipt of timely written notice from the Acquirer or any  
23 subsequent purchasers of the Martinez Terminal of such divestiture buyer's election to  
24 terminate said lease; or (ii) May 31, 2011. As used in clause (i) of the preceding sentence,  
25 notice shall be considered timely only if received no later than one year following the date on  
26 which the Acquirer acquires the Martinez Terminal.

27 B. The purpose of the provisions of this Paragraph is to maximize motor fuel production and to  
28 create incentives for further investment in Northern California's infrastructure for crude oil and

1 petroleum products, consistent with the Attorney General’s mission to protect and maximize  
2 the California public interest and to ensure that California’s consumers obtain the benefits of  
3 the Merger.

4 **VI.**

5 **APPOINTMENT OF TRUSTEE**

- 6
- 7 A. If Defendants have not divested the San Francisco Bay Terminals, absolutely and in good faith,  
8 as required by Paragraph IV of this Final Judgment, the Attorney General may appoint a trustee  
9 to divest the applicable assets as described in Paragraph VI.C. below, in a manner that satisfies  
10 the requirements of Paragraph IV. of this Final Judgment.
- 11 B. In the event that the Attorney General brings a motion before this Court to enforce the  
12 appointment of a trustee, Defendants shall consent to the appointment of a trustee to divest the  
13 respective assets in accordance with the terms of this Final Judgment. Neither the appointment  
14 of a trustee nor a decision not to appoint a trustee under this Paragraph shall preclude the  
15 Attorney General from seeking civil penalties or any other relief available to it for any failure  
16 by Defendants to comply with this Final Judgment.
- 17 C. If Defendants have not satisfied the requirements of Paragraph IV. of this Final Judgment, the  
18 Attorney General may appoint a trustee to divest the San Francisco Bay Terminals or the  
19 Alternative San Francisco Bay Terminals.
- 20 D. The Attorney General shall select the trustee, subject to the consent of Valero, which consent  
21 shall not be unreasonably withheld. The trustee shall be a person with experience and expertise  
22 in acquisitions and divestitures. If Valero has not opposed, in writing, including the reasons  
23 for opposing, the selection of any proposed trustee within ten (10) days after notice by the staff  
24 of the Attorney General to Valero of the identity of any proposed trustee, Valero shall be  
25 deemed to have consented to the selection of the proposed trustee.
- 26 E. Within ten (10) days after appointment of a trustee, Valero shall execute a trust agreement that,  
27 subject to the prior approval of the Attorney General, transfers to the trustee all rights and  
28 powers necessary to permit the trustee to effect the divestiture required by this Final Judgment.



1 F. If a trustee is appointed by this Court pursuant to this Final Judgment, Defendants shall  
2 consent to the following terms and conditions regarding the trustee's powers, duties, authority,  
3 and responsibilities:

- 4 1. Subject to the prior approval of the Attorney General, the trustee shall have the exclusive  
5 power and authority to divest assets as required by this Final Judgment.
- 6 2. The trustee shall have twelve (12) months from the date the Attorney General approves  
7 the trust agreement described herein to accomplish the required divestiture, which shall  
8 be subject to the prior approval of the Attorney General. If, however, at the end of the  
9 twelve (12) month period, the trustee has submitted a divestiture plan or believes that the  
10 divestiture can be achieved within a reasonable time, the divestiture period may be  
11 extended by the Attorney General; *provided, however*, the Attorney General may extend  
12 the divestiture period for no more than two (2) additional periods of twelve (12) months  
13 each.
- 14 3. The trustee shall have full and complete access to the personnel, books, records, and  
15 facilities related to the assets to be divested and to any other relevant information, as the  
16 trustee may request. Defendants shall develop such financial or other information as the  
17 trustee may request and shall cooperate with the trustee. Defendants shall take no action  
18 to interfere with or impede the trustee's accomplishment of the divestiture. Defendants  
19 shall cooperate with the efforts of the trustee to divest the required assets. Any delays in  
20 divestiture caused by Defendants shall extend the time for divestiture under this Paragraph  
21 VI. in an amount equal to the delay, as determined by the Attorney General.
- 22 4. The trustee shall use commercially reasonable best efforts to negotiate the most favorable  
23 price and terms available in each contract that is submitted to the Attorney General,  
24 subject to Defendants' absolute and unconditional obligation to divest expeditiously and  
25 at no minimum price. The divestiture shall be made only in a manner that receives the  
26 prior approval of the Attorney General, and only to an Acquirer that receives the prior  
27 approval of the Attorney General; *provided, however*, if the trustee receives bona fide  
28 offers from more than one acquiring entity, and if the Attorney General determines to

1 approve more than one such acquiring entity, the trustee shall divest to the acquiring  
2 entity selected by Valero from among those approved by the Attorney General; *provided*  
3 *further, however*, that Valero shall select such entity within five (5) days of receiving  
4 notification of the Attorney General's approval.

5 5. The trustee shall serve, without bond or other security, at the cost and expense of Valero,  
6 on such reasonable and customary terms and conditions as the Attorney General may set.  
7 The trustee shall have the authority to employ, at the cost and expense of Valero, such  
8 consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and  
9 other representatives and assistants as are necessary to carry out the trustee's duties and  
10 responsibilities. The trustee shall account for all monies derived from the divestiture and  
11 all expenses incurred. After approval by the Attorney General, of the account of the  
12 trustee, including fees for the trustee's services, all remaining monies shall be paid at the  
13 direction of Valero, and the trustee's power shall be terminated. The compensation of the  
14 trustee shall be based at least in significant part on a commission arrangement contingent  
15 on the divestiture of assets as required by this Final Judgment.

16 6. Valero shall indemnify the trustee and hold the trustee harmless against any losses, claims,  
17 damages, liabilities, or expenses arising out of, or in connection with, the performance of  
18 the trustee's duties, including all reasonable fees of counsel and other expenses incurred  
19 in connection with the preparation for, or defense of, any claim, whether or not resulting  
20 in any liability, except to the extent that such losses, claims, damages, liabilities, or  
21 expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith  
22 by the trustee.

23 7. The trustee shall have no obligation or authority to operate or maintain the assets required  
24 to be divested pursuant to this paragraph.

25 8. The trustee shall act in a fiduciary capacity for the benefit of the Attorney General.

26 9. The trustee shall report in writing to the Attorney General every sixty (60) days  
27 concerning the trustee's efforts to accomplish the divestiture.

28 10. Valero may require the trustee and each of the trustee's consultants, accountants,

1 attorneys, and other representatives and assistants to sign a customary confidentiality  
2 agreement; *provided, however*, such agreement shall not restrict the trustee from providing  
3 any information to the Attorney General.

4 G. If the Attorney General determines that a trustee has ceased to act or failed to act diligently,  
5 the Attorney General may move for appointment of a substitute trustee in the same manner as  
6 provided in this Paragraph VI.

7 H. The Attorney General may on its own initiative, or at the request of the trustee, apply to the  
8 Court for such additional orders or directions as may be necessary or appropriate to accomplish  
9 the divestiture required by this Final Judgment.

## 10 11 **VII.**

### 12 **FIREWALL PROVISIONS**

13 A. Valero shall not, directly or indirectly, provide, disclose, or otherwise make available any Non-  
14 Public Customer Information to VEC; *provided, however*, that Valero may provide Non-Public  
15 Customer Information only to VEC personnel whose responsibilities do not involve refining,  
16 supply, or marketing operations in the State of California and only for the purposes listed  
17 below:

- 18 1. to ensure compliance with legal and regulatory requirements; to perform required auditing  
19 functions; to provide accounting, information technology, and credit-underwriting  
20 services, and to provide legal services associated with actual or potential litigation and  
21 transactions; and to monitor and ensure compliance with governmental environmental,  
22 health, and safety requirements; or
- 23 2. for inclusion within the periodic financial reports that Valero may provide VEC but only  
24 to the extent that any Non-Public Customer Information is aggregated so that data as to  
25 individual customers are not disclosed.

26 B. VEC not shall use any Non-Public Customer Information obtained from Valero except for the  
27 purposes listed in VII.A.2., above.

28 C. Defendants shall operate the Retained San Francisco Bay Terminals in a reasonable and non-

1 discriminatory manner and shall ensure that all customers and prospective customers of  
2 commingled Terminaling of ethanol at the Retained San Francisco Bay Terminals have access  
3 to commingled Terminaling of ethanol on terms and conditions consistent with past practices,  
4 but in no event on terms and conditions less advantageous than those given VEC for like  
5 services under like circumstances. The terms and conditions Defendant will maintain include,  
6 but are not limited to:

- 7 1. Defendants shall provide access to the Retained San Francisco Bay Terminals, to offload  
8 into or withdraw from the commingled tanks of ethanol on a first-come-first-serve  
9 nondiscriminatory basis, subject, where applicable, to (1) standard notice of readiness and  
10 scheduling procedures for all products, and (2) preference for shipments of the U.S.  
11 Department of Defense.
- 12 2. Defendants shall continue the current procedure of permitting a customer to withdraw  
13 from the commingled tanks the ethanol inventory of another customer, upon written  
14 approval of both affected customers.

15 D. Defendants shall take steps to ensure that all of their employees comply with the requirements  
16 of subparagraphs VII.A., B. and C., above, including establishing and disseminating applicable  
17 policies and procedures to all employees no later than 30 (thirty) days after the Final Judgment  
18 is entered.

19 E. Valero shall provide written notification to the staff of the Attorney General at least 30 (thirty)  
20 days prior to leasing to VEC the use, on an exclusive basis, of any of the tanks (or any portion  
21 thereof) at the Retained San Francisco Bay Terminals that, as of the date the Final Judgment  
22 is entered by this Court, was designated for commingled storage of ethanol; *provided, however,*  
23 that such notice is not required for tanks leased to VEC at the Selby Terminal so long as at least  
24 four hundred thousand (400,000) shell barrels of tankage remains designated for commingled  
25 storage of ethanol at the Selby Terminal.

26 F. The purpose of this Paragraph VII. is to ensure continued access to the Retained San Francisco  
27 Bay Terminals for customers at least at the same level of access that they had at the time of the  
28 announcement of the proposed Merger and to remedy the lessening of competition in the

1 Terminating of bulk ethanol resulting from the proposed Merger, as alleged in the Attorney  
2 General's Complaint.

3 **VIII.**

4 **ORDER TO HOLD SEPARATE**

5 On the condition that Defendants consummate the Merger, and that the Attorney General  
6 has not withdrawn his approval of the terms of this Final Judgment, and until the divestiture has  
7 been accomplished, Defendants shall comply with all the terms of this Court's Order to Hold  
8 Separate and Maintain Assets, filed and entered concurrently herewith.

9  
10 **IX.**

11 **REPORTING REQUIREMENTS**

12 A. Within thirty (30) days after the initial report is required to be filed pursuant to Defendants'  
13 Agreement Containing Consent Orders with the Commission, and every sixty (60) days  
14 thereafter until Defendants have fully complied with Paragraph IV. of this Final Judgment,  
15 Defendants shall submit to the Attorney General a verified written report setting forth in detail  
16 the manner and form in which they intend to comply, are complying, and have complied with  
17 this Final Judgment; *provided, however*, that Defendants may consolidate all required  
18 information into one report and submit one consolidated report on behalf of all Defendants.  
19 Defendants shall include in the reports, among other things that are required from time to time,  
20 a full description of the efforts being made to comply with the relevant Paragraphs of the Final  
21 Judgment, including a description of all substantive contacts or negotiations related to the  
22 divestiture of the relevant assets and the identity of all parties contacted. Defendants shall  
23 include in the reports copies of all written communications to and from such parties, all internal  
24 memoranda, and all reports and recommendations concerning its obligations under this Final  
25 Judgment.

26 B. One (1) year from the date this Final Judgment becomes final, annually for the next nine (9)  
27 years on the anniversary of the date this Final Judgment becomes final, and at other times as  
28 the Attorney General may require, Defendants shall file a verified written report with the

1 Attorney General setting forth in detail the manner and form in which they have complied and  
2 are complying with this Final Judgment.

3 **X.**

4 **NOTIFICATION OF CHANGE IN LEGAL STATUS**

5 Each Defendant shall notify the Attorney General at least thirty (30) days prior to (1) any  
6 proposed dissolution of that Defendant, (2) any proposed acquisition, merger or consolidation of that  
7 Defendant, or (3) any other change in that Defendant that may affect compliance obligations arising  
8 out of this Final Judgment, including but not limited to assignment, the creation or dissolution of  
9 subsidiaries, or any other change in that Defendant.

10 **XI.**

11 **COMPLIANCE INSPECTION**

12 For the purpose of determining or securing compliance with this Final Judgment, and  
13 subject to any legally recognized privilege, and upon written request with reasonable notice to any  
14 Defendant, Defendants shall permit any duly authorized representative of the Attorney General:

15 A. Access, during office hours of that Defendant and in the presence of counsel, to all facilities  
16 and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and  
17 all other records and documents in the possession or under the control of that Defendant related  
18 to compliance with this Final Judgment; and

19 B. Upon five (5) days' notice to that Defendant and without restraint or interference from that  
20 Defendant, to interview officers, directors, or employees of that Defendant, who may have  
21 counsel present, regarding such matters.

1 **XII.**

2 **NOTICES**

3 Any notices required by this Final Judgment shall be delivered to the parties at the  
4 following addresses:

5 For Defendants:

6 Curtis V. Anastasio

7 Chief Executive Officer and President

8 Valero L.P.

9 One Valero Way

10 San Antonio, Texas, 78249

11  
12 For Plaintiff:

13 Margaret E. Spencer, Esq.

14 Office of the Attorney General of California

15 455 Golden Gate Avenue, Suite 11,000

16 San Francisco, California 94102-7004

17  
18 **XIII.**

19 **RETENTION OF JURISDICTION**

20 Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this  
21 Final Judgment to apply to this Court at any time for such further orders and directions as may be  
22 necessary or appropriate for the construction, implementation, or modification of any of the  
23 provisions of this Final Judgment, for the enforcement of compliance herewith, and for the  
24 punishment of any violations hereof.

25 **XIV.**

26 **TOLLING PROVISIONS**

27 Any failure to divest as a result of the Attorney General's or the Commission's failure to  
28 approve an application for divestiture shall not violate this Final Judgment.

1 **XV.**

2 **STATE-FEDERAL CONSULTATION**

3 Plaintiff will consult with attorneys for the Commission on all decisions relating to the  
4 divestiture of assets under this Final Judgment and will further exercise best efforts to resolve any  
5 and all inconsistent enforcement positions among the two agencies relating to such divestiture.

6 **XVI.**

7 **ATTORNEYS FEES AND COSTS**

- 8 A. Plaintiff is awarded its attorneys' fees and costs in the amount of \$361,336 for reimbursement  
9 of fees and costs incurred by Plaintiff in this matter for all work performed up to entry of this  
10 Final Judgment. Defendants shall pay this sum to Plaintiff within ten (10) business days of  
11 entry of this Final Judgment.
- 12 B. Defendants shall pay to Plaintiff reimbursement of fees and costs incurred by Plaintiff for work  
13 necessarily performed after entry of this Final Judgment in order to review, evaluate, and  
14 approve the acquirer of the assets to be divested, upon ten (10) business days notice of  
15 presentment of a monthly invoice for such costs and fees, up to a maximum of \$75,000. The  
16 monthly invoice shall include a summary of the hours and fees billed for such month by  
17 Plaintiff, together with the hourly rates of the personnel involved in such work.
- 18 C. If Plaintiff successfully brings an action to enforce the provisions of this Final Judgment,  
19 Defendants shall reimburse Plaintiff for all reasonable costs and attorneys' fees associated with  
20 bringing such enforcement action.

21 **XVII.**

22 **TERMINATION**

23 This Final Judgment will expire and terminate ten (10) years from the date of its entry.  
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**XVIII.**

**PUBLIC INTEREST**

Entry of this Final Judgment is in the public interest.

DATED this 15th day of June, 2005.

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UNITED STATES DISTRICT JUDGE

BILL LOCKYER  
Attorney General of the State of California

RICHARD M. FRANK  
Chief Assistant Attorney General

THOMAS J. GREENE  
Chief Assistant Attorney General

KATHLEEN E. FOOTE  
Senior Assistant Attorney General

MARGARET E. SPENCER  
Deputy Attorney General  
Attorneys for Plaintiff, State of California