UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 2001

Commission File Number 1-16417

SHAMROCK LOGISTICS , L.P.

Formed under the laws of the State of Delaware
I.R.S. Employer Identification No. 74-2958817

6000 North Loop 1604 West
San Antonio, Texas 78249-1112
Telephone number: (210) 592-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

As of October 31, 2001, 9,599,322 common units were outstanding.

SHAMROCK LOGISTICS, L.P.
FORM 10-Q
SEPTEMBER 30, 2001

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SHAMROCK LOGISTICS, L.P.
AND
SHAMROCK LOGISTICS OPERATIONS, L.P.
(successor to the Ultramar Diamond Shamrock Logistics Business)
CONSOLIDATED AND COMBINED BALANCE SHEETS
(in thousands)

	Successor	Predecessor
	September 30, 2001	December 31, 2000
	(unaudited)	
Assets		
Current assets:		
Cash	$ 10,399	$ 4
Receivable from parent	5,408	22,348
Accounts and notes receivable	4,105	2,386
Other current assets	-	3,528
Total current assets	19,912	28,266
Property, plant and equipment	400,029	388,537
Less accumulated depreciation and amortization	(118,254)	(108,520)
Property, plant and equipment, net	281,775	280,017
Goodwill, net	4,789	5,014
Investment in affiliate	16,471	16,187
Other noncurrent assets, net	414	-
Total assets	$ 323,361	$ 329,484
Liabilities and Partnership Equity		
Current liabilities:		
Current portion of long-term debt	$ 385	$ 608
Accounts payable and accrued liabilities	3,872	2,685
Taxes other than income taxes	3,698	3,601
Total current liabilities	7,955	6,894
Long-term debt, less current portion	25,076	10,076
Debt due to parent	-	107,676
Other long-term liabilities	1	-
Commitments and contingencies		
Partnership equity:		
Limited partners' equity	284,522	202,790
General partners' equity	5,807	2,048
Total partnership equity	290,329	204,838
Total liabilities and partnership equity	$ 323,361	$ 329,484

See accompanying notes to consolidated and combined financial statements.

SHAMROCK LOGISTICS, L.P.
AND SHAMROCK LOGISTICS OPERATIONS, L.P.
(successor to the Ultramar Diamond Shamrock Logistics Business)
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
(unaudited, in thousands, except share and per share data)

	Successor	Predecessor	Successor	Predecessor
	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
Revenues	$ 26,857	$ 24,903	$ 73,916	$ 69,406
Operating costs and expenses:				
Operating expenses	8,033	7,007	23,399	22,465
General and administrative expenses	1,326	1,181	3,829	3,771
Depreciation and amortization	3,452	3,553	9,941	9,889
Taxes other than income taxes	616	864	2,637	3,318
Total operating costs and expenses	13,427	12,605	39,806	39,443
Operating income	13,430	12,298	34,110	29,963
Interest expense	(387)	(2,375)	(3,501)	(2,808)
Equity income from affiliate	728	1,118	2,304	3,044
Income before income taxes	13,771	11,041	32,913	30,199
Benefit for income taxes	-	-	-	30,812
Net income	$ 13,771	$ 11,041	$ 32,913	$ 61,011
Allocation of net income:				
Total net income	$ 13,771		$ 32,913	
Less net income applicable to the period January 1 to April 15, 2001	-		(10,126)	
Net income applicable to the period after April 15, 2001	13,771		22,787	
General partners' interest in net income applicable to the period after April 15	(276)		(456)	
Limited partners' interest in net income applicable to the period after April 15	$ 13,495		$ 22,331	
Basic and diluted net income per limited partnership unit	$ 0.70		$ 1.16	
Weighted average number of limited partnership units outstanding for the period April 16 to September 30, 2001	19,198,644		19,198,644	

See accompanying notes to consolidated and combined financial statements.

SHAMROCK LOGISTICS, L.P.
AND SHAMROCK LOGISTICS OPERATIONS, L.P.
(successor to the Ultramar Diamond Shamrock Logistics Business)
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Successor	Predecessor
	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
Cash Flows from Operating Activities:		
Net income	$ 32,913	$ 61,011
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,941	9,889
Amortization of debt issuance costs	60	-
Equity income from affiliate	(2,304)	(3,044)
Benefit for deferred income taxes	-	(36,677)
Changes in operating assets and liabilities:		
Decrease (increase) in receivable from parent	16,940	(13,038)
Decrease (increase) in accounts and notes receivable	(1,719)	611
Decrease (increase) in other current assets	3,528	(2,840)
Increase in accounts payable, accrued liabilities and taxes other than income taxes	1,284	2,366
Increase in other noncurrent assets	(474)	-
Increase (decrease) in other long-term liabilities	1	(137)
Net cash provided by operating activities	60,170	18,141
Cash Flows from Investing Activities:		
Maintenance capital expenditures	(2,587)	(1,804)
Expansion capital expenditures	(8,887)	(4,082)
Distributions received from affiliate	2,020	3,488
Net cash used in investing activities	(9,454)	(2,398)
Cash Flows from Financing Activities:		
Proceeds from long-term debt borrowings	20,506	-
Repayment of long-term debt	(5,729)	(284)
Partners' contributions	-	1
Distributions to parent and affiliates	(29,000)	(15,458)
Net proceeds from sales of common units to the public	111,912	-
Distribution to affiliates of Ultramar Diamond Shamrock Corporation for reimbursement of capital expenditures	(20,517)	-
Repayment of debt due to parent	(107,676)	-
Payment of distributions to unitholders	(9,817)	-
Net cash used in financing activities	(40,321)	(15,741)
Net Increase in Cash and Cash Equivalents	10,395	2
Cash at Beginning of Period	4	3
Cash at End of Period	$ 10,399	$ 5
Non-Cash Activities:		
Increase in debt due to parent	$ -	$ 107,676
Decrease in accrued liabilities and other long-term liabilities (environmental)	-	(2,507)
Total non-cash activities	$ -	$ 105,169

See accompanying notes to consolidated and combined financial statements.

SHAMROCK LOGISTICS, L.P.
AND
THE ULTRAMAR DIAMOND SHAMROCK LOGISTICS BUSINESS (Predecessor)
COMBINED STATEMENT OF
NET PARENT INVESTMENT / PARTNERSHIP EQUITY
Nine Months Ended September 30, 2000
(unaudited, in thousands)

Balance at January 1, 2000	$ 254,807
Net income	61,011
Net change in parent advances	(15,458)
Formalization of the terms of debt due to parent	(107,676)
Environmental liabilities as of June 30, 2001 retained by Ultramar Diamond Shamrock Corporation	2,507
Balance at September 30, 2000	$ 195,191

SHAMROCK LOGISTICS, L.P.
AND
SHAMROCK LOGISTICS OPERATIONS, L.P.
(successor to the Ultramar Diamond Shamrock Logistics Business)
CONSOLIDATED AND COMBINED STATEMENT OF PARTNERSHIP EQUITY
Nine Months Ended September 30, 2001
(unaudited, in thousands)

	Limited Partner			
	Common	Subordinated	General Partner	Total Partnership Equity
Balance at January 1, 2001	$ 202,790	$ -	$ 2,048	$ 204,838
Net income applicable to the period January 1 to April 15, 2001	10,025	-	101	10,126
Distributions to affiliates of Ultramar Diamond Shamrock Corporation of net income applicable to the period July 1, 2000 to April 15, 2001	(28,710)	-	(290)	(29,000)
Distribution to affiliates of Ultramar Diamond Shamrock Corporation for reimbursement of capital expenditures	(20,517)	-	-	(20,517)
Issuance of Shamrock Logistics' units for the contribution of Shamrock Logistics Operations' limited partner interest	(113,141)	109,453	3,688	-
Sale of common units to the public	111,912	-	-	111,912
Net income applicable to the period April 16 to September 30, 2001	11,165	11,166	456	22,787
Cash distributions to unitholders	(4,810)	(4,811)	(196)	(9,817)
Balance at September 30, 2001	$168,714	$ 115,808	$ 5,807	$ 290,329

See accompanying notes to consolidated and combined financial statements.

SHAMROCK LOGISTICS, L.P.
AND
SHAMROCK LOGISTICS OPERATIONS, L.P.
(successor to the Ultramar Diamond Shamrock Logistics Business)
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
September 30, 2001
(unaudited)

NOTE 1: Organization

Shamrock Logistics, L.P. (Shamrock Logistics) and Shamrock Logistics Operations, L.P. (Shamrock Logistics Operations) are both subsidiaries of Ultramar Diamond Shamrock Corporation (UDS). UDS is an independent refiner and retailer of refined products and convenience store merchandise in the central, southwest and northeast regions of the United States and eastern Canada. UDS owns and operates seven refineries located in Texas, Oklahoma, California, Colorado and Quebec, Canada and markets its refined products through 2,030 company-operated convenience stores, 2,543 dealer-operated wholesale outlets and 85 unattended cardlock stations.

UDS' refining operations included various logistics assets (pipelines, terminals, marine dock facilities, bulk storage facilities, refinery delivery racks, rail car loading equipment and shipping and trucking operations) that support UDS' refining and retail operations. A portion of the logistics assets consists of crude oil and refined product pipelines, refined product terminals and crude oil storage facilities located in Texas, Oklahoma, New Mexico and Colorado that support UDS' McKee, Three Rivers and Ardmore refineries located in Texas and Oklahoma. These pipeline, terminalling and storage assets transport crude oil and other raw materials to the refineries and transport refined products from the refineries to terminals for further distribution to convenience stores owned by UDS or wholesale customers of UDS.

Prior to July 1, 2000, the pipeline, terminalling and storage assets and operations included in these financial statements were referred to as the Ultramar Diamond Shamrock Logistics Business as if it had existed as a single separate entity from UDS. UDS formed Shamrock Logistics Operations to assume ownership of and to operate the assets of the Ultramar Diamond Shamrock Logistics Business. Effective July 1, 2000, UDS transferred the crude oil and refined product pipelines, terminalling and storage assets and certain liabilities of the Ultramar Diamond Shamrock Logistics Business (predecessor) to Shamrock Logistics Operations (successor). The transfer of assets and certain liabilities to Shamrock Logistics Operations represented a reorganization of entities under common control and was recorded at historical cost.

Effective with the closing of an initial public offering of common units of Shamrock Logistics on April 16, 2001, the ownership of Shamrock Logistics Operations held by various subsidiaries of UDS was transferred to Shamrock Logistics in exchange for the ownership interests (common and subordinated units) in Shamrock Logistics. This transfer also represented a reorganization of entities under common control and was recorded at historical cost.

The general partner of Shamrock Logistics and Shamrock Logistics Operations is Riverwalk Logistics, L.P., a wholly-owned subsidiary of UDS.

The financial statements included in this Form 10-Q represent the consolidated and combined financial statements of Shamrock Logistics, Shamrock Logistics Operations and the Ultramar Diamond Shamrock Logistics Business as follows:

- consolidated financial statements of Shamrock Logistics and Shamrock Logistics Operations (successor) as of September 30, 2001 and for the period from April 16, 2001 to September 30, 2001;
- combined financial statements of Shamrock Logistics and Shamrock Logistics Operations (predecessor) as of December 31, 2000 and for the period from July 1, 2000 to September 30, 2000 and the period from January 1, 2001 to April 15, 2001; and
- combined financial statements of Shamrock Logistics and the Ultramar Diamond Shamrock Logistics Business (predecessor) for the six months ended June 30, 2000.

This consolidated and combined financial statement presentation more clearly reflects our financial position and results of operations as a result of the most recent reorganization of entities under common control.

NOTE 2: Basis of Presentation

We prepared these unaudited consolidated and combined financial statements in accordance with United States' generally accepted accounting principles for interim financial reporting and with Securities and Exchange Commission rules and regulations for Form 10-Q. We have included all normal and recurring adjustments considered necessary for a fair presentation. You should read these consolidated and combined financial statements along with the audited financial statements and notes thereto included in Shamrock Logistics Form S-1 dated April 16, 2001.

Operating results for the nine months ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. Our results of operations may be affected by seasonal factors, such as the demand for petroleum products, which vary during the year; or industry factors that may be specific to a particular period, such as the demand for refined products, industry supply capacity and refinery maintenance turnarounds. In addition, substantially all of our revenues are derived from UDS and its various subsidiaries, based on the operations of UDS' McKee, Three Rivers and Ardmore refineries. Accordingly, our results are directly impacted by the operations of these three UDS refineries.

NOTE 3: Accounting Pronouncements

FASB Statement No. 144
In October 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Statement No. 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. This Statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" but retains Statement No. 121's fundamental provisions for recognition and measurement of impairment of long-lived assets to be held and used and measurement of long-lived assets to be disposed of by sale. This Statement also supersedes APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" for the disposal of a segment of a business. Statement No. 144 does not apply to goodwill or other intangible assets, the accounting and reporting of which is addressed in newly issued Statement No. 142, "Goodwill and Other Intangible Assets." The provisions of Statement No. 144 are effective for financial statements for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. We are currently evaluating the impact of adopting this new Statement.

NOTE 4: Commitments and Contingencies

Our operations are subject to environmental laws and regulations adopted by various federal, state, and local governmental authorities in the jurisdictions in which we operate. Although we believe our operations are in general compliance with applicable environmental regulations, risks of additional costs and liabilities are inherent in pipeline, terminalling and storage operations, and there can be no assurance that significant costs and liabilities will not be incurred. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations, and enforcement policies thereunder, and claims for damages to property or persons resulting from the operations, could result in substantial costs and liabilities. Accordingly, we have adopted policies, practices and procedures in the areas of pollution control, product safety, occupational health and the handling, storage, use and disposal of hazardous materials to prevent material environmental or other damage, and to limit the financial liability which could result from such events. However, some risk of environmental or other damage is inherent in pipeline, terminalling and storage operations, as it is with other entities engaged in similar businesses. Although environmental costs may have a significant impact on results of operations for any single period, we believe that such costs will not have a material adverse effect on our financial position.

In connection with the transfer of assets and liabilities from the Ultramar Diamond Shamrock Logistics Business to Shamrock Logistics Operations on July 1, 2000, UDS has agreed to indemnify Shamrock Logistics Operations for environmental liabilities that arose prior to April 16, 2001 and are discovered within 10 years after April 16, 2001. Excluded from this indemnification are liabilities that result from a change in environmental law after April 16, 2001. In addition, as an operator or owner of the assets, Shamrock Logistics Operations could be held liable for pre-April 16, 2001 environmental damage should UDS be unable to fulfill its obligation. However, we believe that such a situation is remote given UDS' financial condition.

NOTE 5: Acquisitions

On July 2, 2001, we acquired the Southlake refined product terminal located in Dallas, Texas from UDS for $5,600,000, the option purchase price per the Omnibus Agreement. We used available cash on hand to acquire the terminal. The Southlake terminal averaged approximately 25,000 barrels per day of throughput and increased our operating income by approximately $353,000 in the third quarter of 2001.

NOTE 6: Related Party Transactions

We have related party transactions with UDS for pipeline tariff and terminalling fee revenues, certain employee costs, insurance costs, administrative costs, and interest expense on the debt due to parent (for the period July 1, 2000 to April 15, 2001). The receivable from parent as of December 31, 2000 represents the net amount due from UDS for these related party transactions and the net cash collected under UDS's centralized cash management program on our behalf.

The following table summarizes transactions with UDS (in thousands):

	Successor Three Months Ended September 30, 2001	Predecessor Three Months Ended September 30, 2000	Successor Nine Months Ended September 30, 2001	Predecessor Nine Months Ended September 30, 2000
Revenues..................................	26,650	$ 24,694	$ 73,410	$ 68,881
Operating expenses........................	3,418	2,909	8,831	8,302
General and administrative expenses........	1,300	1,300	3,900	4,139
Interest expense on debt due to parent.....	-	2,154	2,512	2,154

On July 1, 2000, UDS entered into a Services Agreement with us, whereby UDS has agreed to provide the corporate functions of legal, accounting, treasury, information technology and other services for an annual fee of $5,200,000 for a period of eight years. The $5,200,000 is adjustable annually based on the Consumer Price Index published by the U.S. Department of Labor. This annual fee is in addition to the incremental general and administrative costs to be incurred from third parties as a result of us being a publicly-held entity. The Services Agreement also requires that we reimburse UDS for various recurring costs of employees who work exclusively within the pipeline, terminalling and storage operations and for certain other costs incurred by UDS relating solely to us. These employee costs include salary, wages and benefit costs.

Prior to July 1, 2000, UDS allocated approximately 5% of its general and administrative expenses incurred in the United States to its pipeline, terminalling and storage operations to cover costs of centralized corporate functions and other corporate services. General and administrative costs allocated to the Ultramar Diamond Shamrock Logistics Business (predecessor) for the six months ended June 30, 2000 were $2,839,000.

On April 16, 2001, UDS entered into a Pipeline and Terminals Usage Agreement with us, whereby UDS has agreed to use our pipelines to transport at least 75% of the crude oil shipped to and at least 75% of the refined products shipped from the McKee, Three Rivers and Ardmore refineries and to use our refined product terminals for terminalling services for at least 50% of all refined products shipped from these refineries for a period of seven years from April 16, 2001.

If market conditions change, with respect to the transportation of crude oil or refined products or to the end markets in which UDS sells refined products, in a material manner such that UDS would suffer a material adverse effect if it were to continue to use our pipelines and terminals at the required levels, UDS's obligation to us will be suspended during the period of the change in market conditions to the extent required to avoid the material adverse effect.

On July 9, 2001, UDS' Three Rivers refinery was shut down due to a fire in the 7,000 barrel per day alkylation unit at the refinery. The alkylation unit was shut down for approximately eight weeks; however the rest of the refinery was restarted on August 6th and processing levels increased slowly through the end of August 2001. UDS operated the Three Rivers refinery at reduced rates during the alkylation unit shut down, thus volumes of crude oil transported to and refined products tranported from the refinery were lower. The lower production at the refinery did not significantly impact our results of operations in the third quarter of 2001 as UDS transported refined products from the Gulf Coast into the refinery through the Corpus Christi to Three Rivers crude oil pipeline, which we temporarily converted into a refined product pipeline. This conversion and the reversal of the flow of the Three Rivers to Corpus Christi refined product pipeline to transport additional refined product from the Gulf Coast allowed refined products to be transported to San Antonio and Laredo, Texas using our other pipelines connected to the Three Rivers refinery.

NOTE 7: Long-term Debt

On December 15, 2000, Shamrock Logistics Operations entered into a $120,000,000 revolving credit facility with The Chase Manhattan Bank and other lenders. The revolving credit facility expires on January 15, 2006 and borrowings under the revolving credit facility bear interest at either the alternative base rate or the LIBOR rate at the option of Shamrock Logistics Operations. The revolving credit facility requires that Shamrock Logistics Operations maintain certain financial ratios and other restrictive covenants, including a prohibition on distributions by Shamrock Logistics Operations if any default, as defined in the revolving credit facility, exists or would result from the distribution. Management believes that Shamrock Logistics Operations is in compliance with all of these ratios and covenants.

In conjunction with the initial public offering of our common units on April 16, 2001, Shamrock Logistics Operations borrowed $20,506,000 under the revolving credit facility. The net proceeds from the initial public offering and the borrowings under the revolving credit facility were used to repay the debt due to parent, make a distribution to affiliates of UDS for reimbursement of previous capital expenditures incurred with respect to the assets transferred to us, and for working capital purposes.

In August 2001, we repaid $5,506,000 of the borrowings under the revolving credit facility resulting in an outstanding balance of $15,000,000 as of September 30, 2001.

NOTE 8: Restricted Units

Shamrock Logistics GP, LLC, the general partner of Riverwalk Logistics, LP, adopted a long-term incentive plan under which restricted units and distribution equivalent rights (DERs) may be awarded to certain key employees and non-employees. In July 2001, Shamrock Logistics GP granted 205 restricted units and DERs to each of its two outside directors. The restricted units and DERs will vest at the end of the three year period and will be paid in cash. The DERs will accumulate equivalent distributions that other unitholders receive over the vesting period. For the three months ended September 30, 2001, we recognized $1,000 of compensation expense associated with these restricted units.

NOTE 9: Distributions

On August 14, 2001, we paid the second quarter cash distribution of $0.5011 per unit for a total distribution of $9,817,000.

On October 19, 2001, we declared a quarterly distribution of $0.60 per unit payable on November 14, 2001 to unitholders of record on November 1, 2001. The third quarter distribution is expected to total $11,754,000.

NOTE 10: UDS Plan of Merger

On May 7, 2001, UDS announced that it had agreed to be acquired by Valero Energy Corporation for total consideration of approximately $4.0 billion plus the assumption of all outstanding debt of approximately $2.0 billion. Under the terms of the agreement and plan of merger, UDS shareholders will receive, for each share of UDS common stock they hold, at their election, cash, Valero common stock or a combination of cash and Valero common stock, having a value equal to the sum of $27.50 plus 0.614 shares of Valero common stock (based on the average Valero common stock price over a ten trading-day period ending three days prior to closing). The merger has been approved by the board of directors and shareholders of both companies; however, closing of the transaction is subject to the completion of regulatory reviews. The merger is expected to close in the fourth quarter of 2001.

Valero Energy Corporation owns and operates seven refineries in Texas, Louisiana, New Jersey and California with a combined throughput capacity of more than 1.1 million barrels per day. Valero markets its gasoline, diesel and other refined products in 34 states through a bulk and rack marketing network and, in California, through approximately 350 retail locations. Once the merger is completed, Valero will become the ultimate parent of Riverwalk Logistics, the general partner of both Shamrock Logistics and its subsidiary Shamrock Logistics Operations. In addition, Valero will become the obligor under the various agreements UDS has with us, including the Services Agreement and the Pipeline and Terminals Usage Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Shamrock Logistics, L.P. (Shamrock Logistics), a Delaware limited partnership and subsidiary of Ultramar Diamond Shamrock Corporation (UDS), was formed to ultimately acquire Shamrock Logistics Operations, L.P.

Shamrock Logistics Operations, L.P. (Shamrock Logistics Operations), a Delaware limited partnership and a subsidiary of Shamrock Logistics, was formed to operate the crude oil and refined product pipeline, terminalling and storage assets of the Ultramar Diamond Shamrock Logistics Business.

UDS, an independent refiner and retailer, owns and operates seven refineries located in Texas, California, Oklahoma, Colorado and Quebec, Canada, and markets its refined products through over 4,500 convenience stores. UDS's refining operations include various pipeline, terminalling, and storage assets that transport crude oil and other raw materials to the refineries and transport refined products from the refineries to terminals for further distribution.

Prior to July 1, 2000, the pipeline, terminalling and storage assets and operations supporting UDS' McKee, Three Rivers and Ardmore refineries were referred to as the Ultramar Diamond Shamrock Logistics Business as if it had existed as a single separate entity from UDS. UDS formed Shamrock Logistics Operations to assume ownership of and to operate the assets of the Ultramar Diamond Shamrock Logistics Business. Effective July 1, 2000, UDS transferred the crude oil and refined product pipelines, terminalling and storage assets and certain liabilities of the Ultramar Diamond Shamrock Logistics Business (predecessor) to Shamrock Logistics Operations (successor). The transfer of assets and certain liabilities to Shamrock Logistics Operations represented a reorganization of entities under common control and was recorded at historical cost.

Effective with the closing of Shamrock Logistics' initial public offering of common units on April 16, 2001, the ownership of Shamrock Logistics Operations was transferred to Shamrock Logistics in exchange for ownership interests (common and subordinated units) in Shamrock Logistics. This transfer also represented a reorganization of entities under common control and was recorded at historical cost.

The following discussion is based on the historical operating results of the consolidated and combined financial statements of Shamrock Logistics, Shamrock Logistics Operations and the Ultramar Diamond Shamrock Logistics Business as follows:

- consolidated financial statements of Shamrock Logistics and Shamrock Logistics Operations (successor) as of September 30, 2001 and for the period from April 16, 2001 to September 30, 2001;
- combined financial statements of Shamrock Logistics and Shamrock Logistics Operations (predecessor) as of December 31, 2000 and for the period from July 1, 2000 to September 30, 2000 and the period from January 1, 2001 to April 15, 2001; and
- combined financial statements of Shamrock Logistics and the Ultramar Diamond Shamrock Logistics Business (predecessor) for the six months ended June 30, 2000.

This consolidated and combined financial statement presentation more clearly reflects our financial position and results of operations as a result of the most recent reorganization of entities under common control.

On July 9, 2001, UDS's 95,000 barrel per day capacity Three Rivers refinery was shut down due to a fire in the 7,000 barrel per day alkylation unit at the refinery. The alkylation unit was shut down for approximately eight weeks. The majority of refinery units were restarted on August 6th and processing levels increased to full capacity by August 31, 2001. UDS operated the Three Rivers refinery at reduced rates during the alkylation unit shut down, thus volumes of crude oil transported to and refined products tranported from the refinery were lower. The lower production at the refinery did not significantly impact our results of operations in the third quarter of 2001 as UDS transported refined products from other locations using our pipelines.

Results of Operations

Three Months Ended September 30, 2001 Compared to Three Months Ended September 30, 2000

Financial Data:

	Successor	Predecessor
	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000
	(in thousands)	
Statement of Income Data:		
Revenues	$ 26,857	$ 24,903
Operating costs and expenses:		
Operating expenses	8,033	7,007
General and administrative expenses	1,326	1,181
Depreciation and amortization	3,452	3,553
Taxes other than income taxes	616	864
Total operating costs and expenses	13,427	12,605
Operating income	13,430	12,298
Interest expense	(387)	(2,375)
Equity income from affiliate	728	1,118
Net income	$ 13,771	$ 11,041

Operating Data:

The following table reflects throughput in barrels for our crude oil and refined product pipelines and the total throughput for all of our refined product terminals for the three months ended September 30, 2001 and 2000 (in thousands).

	Successor	Predecessor
	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000
Crude oil pipelines:		
Dixon to McKee	4,879	5,450
Wasson to Ardmore (both pipelines)	7,751	7,284
Ringgold to Wasson	3,645	2,728
Corpus Christi to Three Rivers	5,672	8,152
Other crude oil pipelines	5,331	4,088
Total crude oil pipelines	27,278	27,702
Refined product pipelines:		
McKee to Colorado Springs to Denver	2,598	2,679
McKee to El Paso	6,192	5,991
McKee to Amarillo (both pipelines) to Abernathy	3,255	3,286
Amarillo to Albuquerque	1,297	1,263
McKee to Denver	1,118	1,097
Ardmore to Wynnewood	5,073	5,233
Three Rivers to Laredo	1,103	1,460
Three Rivers to San Antonio	2,374	2,399
Other refined product pipelines	4,823	6,201
Total refined product pipelines	27,833	29,609
Refined product terminals	17,496	15,282
Total throughput	72,607	72,593

Revenues for the quarter ended September 30, 2001 were $26,857,000 as compared to $24,903,000 for the quarter ended September 30, 2000, an increase of 8%, or $1,954,000. This increase in revenues is primarily due to the following items:

- revenues for the Ringgold to Wasson and the Wasson to Ardmore crude oil pipelines increased $411,000 due to a combined 14% increase in throughput barrels, resulting from UDS purchasing greater quantities of crude oil from third parties near Ringgold instead of gathering crude oil barrels near Wasson;

- revenues for the Corpus Christi to Three Rivers crude oil pipeline increased $387,000 despite the 30% decrease in throughput barrels. UDS operated the Three Rivers refinery at reduced rates during the alkylation unit shut down, thus volumes of crude oil transported to the refinery were lower. The Corpus Christi to Three Rivers crude oil pipeline was temporarily converted into a refined product pipeline, which increased the tariff rate temporarily to transport refined product. In addition, the tariff rate increased effective May 2001 to cover the additional costs (dockage and wharfage fees) associated with operating a marine crude oil storage facility;

- revenues for the Hooker to Clawson and the Clawson to McKee crude oil pipelines increased $298,000 due to an 85% increase in throughput barrels, resulting from UDS purchasing greater quantities of crude oil from third parties near Hooker, Oklahoma instead of gathering crude oil barrels near Dixon and transporting them on the Dixon to McKee crude oil pipeline;

- revenues for the Three Rivers to Laredo refined product pipeline decreased only $57,000 as a result of a 24% decrease in throughput barrels being offset by an increase in the tariff rate effective July 1, 2001. The tariff rate was increased due to the economic impact of reduced volumes. The lower throughput barrels are a result of the expansion of Pemex's Monterrey refinery that increased the supply of refined products to Nuevo Laredo, Mexico, which is across the border from Laredo, Texas;

- revenues for other refined product pipelines and refined product terminals in the Three Rivers refinery network decreased due to the lower volumes transported from the refinery to San Antonio and Corpus Christi, Texas;

- revenues for the Southlake refined product terminal, acquired on July 2, 2001, increased our revenues by $663,000 and our throughput barrels by 2,261 for the quarter ended September 30, 2001; and

- revenues for the refined product terminals increased $447,000 during the third quarter of 2001 as compared to the same period in 2000 due to the additional fee of $0.042 per barrel charged for blending additives into certain refined products.

Operating expenses increased $1,026,000, or 15%, for the quarter ended September 30, 2001 as compared to the quarter ended September 30, 2000 primarily due to the following items:

- utility expenses increased by $271,000, or 11%, due to higher electricity rates in the third quarter of 2001 as a result of higher natural gas costs;

- the acquisition of the Southlake refined product terminal increased operating expenses by $163,000; and

- employee related expenses increased due to the accrual of incentive compensation.

General and administrative expenses increased 12% for the quarter ended September 30, 2001 as compared to 2000 due to general and administrative costs related to being a publicly-held entity. Prior to July 1, 2000, UDS allocated approximately 5% of its general and administrative expenses incurred in the United States to its pipeline, terminalling and storage operations to cover costs of centralized corporate functions such as legal, accounting, treasury, engineering, information technology and other corporate services. Effective July 1, 2000, UDS entered into a Services Agreement with us to provide the general and administrative services noted above for an annual fee of $5,200,000, payable monthly. This annual fee was in addition to the incremental general and administrative costs to be incurred from third parties as a result of us being a publicly-held entity. For the three months ended September 30, 2001, general and administrative expenses of $1,326,000 reflect $1,300,000, or one-fourth of the annual fee, less $132,000 reimbursed by partners on jointly-owned pipelines plus $158,000 of publicly-held company expenses. For the three months ended September 30, 2000, general and administrative expenses of $1,181,000 reflect $1,300,000, or one-fourth of the annual fee, less $119,000 reimbursed by partners on jointly-owned pipelines.

Interest expense for the quarter ended September 30, 2001 was $387,000 as compared to $2,375,000 for the same period in 2000. During the third quarter of 2001, we incurred $257,000 of interest expense related to the borrowings under the revolving credit facility as compared to the $2,154,000 of interest expense we incurred related to the debt due to parent in the third quarter 2000.

Equity income from affiliate represents the 50% interest in the net income of Skelly-Belvieu Pipeline Company, which operates the Skellytown to Mont Belvieu refined product pipeline. Equity income from affiliate for the quarter ended September 30, 2001 decreased $390,000, or 35%, as compared to the same period in 2000 due to a 10% decrease in throughput barrels in the Skellytown to Mont Belvieu refined product pipeline. The decreased throughput in the quarter ended September 30, 2001 is due to both UDS and Phillips Petroleum Company utilizing greater quantities of natural gas to run their refining operations instead of selling the natural gas to third parties in Mont Belvieu.

Net income for the quarter ended September 30, 2001 was $13,771,000 as compared to $11,041,000 for the quarter ended September 30, 2000. The increase of $2,730,000 is primarily due to lower interest expense in the third quarter of 2001 as a result of repaying the $107,676,000 of debt due to parent in April of 2001 and repaying $5,506,000 of the outstanding borrowings under the revolving credit facility in August of 2001 and the acquisition of the Southlake refined product terminal.

Nine Months Ended September 30, 2001 Compared to Nine Months Ended September 30, 2000

Financial Data:

	Successor Nine Months Ended September 30, 2001	Predecessor Nine Months Ended September 30, 2000
	(in thousands)	
Statement of Income Data:		
Revenues	$ 73,916	$ 69,406
Operating costs and expenses:		
Operating expenses	23,399	22,465
General and administrative expenses	3,829	3,771
Depreciation and amortization	9,941	9,889
Taxes other than income taxes	2,637	3,318
Total operating costs and expenses	39,806	39,443
Operating income	34,110	29,963
Interest expense	(3,501)	(2,808)
Equity income from affiliate	2,304	3,044
Income before income taxes	32,913	30,199
Benefit for income taxes	-	30,812
Net income	$ 32,913	$ 61,011

	Successor September 30, 2001	Predecessor December 31, 2000
	(in thousands)	
Balance Sheet Data:		
Net property, plant and equipment	$ 280,085	$ 280,017
Total assets	323,361	329,484
Long-term debt, including current portion and debt due to parent	25,461	118,360
Total partnership equity	290,329	204,838

Operating Data:

The following table reflects throughput in barrels for our crude oil and refined product pipelines and the total throughput for all of our refined product terminals for the nine months ended September 30, 2001 and 2000 (in thousands).

	Successor	Predecessor
	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
Crude oil pipelines:		
Dixon to McKee	16,062	17,076
Wasson to Ardmore (both pipelines)	22,533	20,978
Ringgold to Wasson	10,443	7,707
Corpus Christi to Three Rivers	21,901	23,853
Other crude oil pipelines	13,000	11,603
Total crude oil pipelines	83,939	81,217
Refined product pipelines:		
McKee to Colorado Springs to Denver	6,997	6,709
McKee to El Paso	18,547	17,428
McKee to Amarillo (both pipelines) to Abernathy	10,129	10,117
Amarillo to Albuquerque	3,589	3,515
McKee to Denver	3,259	3,266
Ardmore to Wynnewood	15,787	15,347
Three Rivers to Laredo	3,307	4,430
Three Rivers to San Antonio	7,470	7,385
Other refined product pipelines	16,069	18,334
Total refined product pipelines	85,154	86,531
Refined product terminals	47,114	45,936
Total throughput	216,207	213,684

Revenues for the nine months ended September 30, 2001 were $73,916,000 as compared to $69,406,000 for the nine months ended September 30, 2000, an increase of 6%, or $4,510,000. This increase in revenues is primarily due to the following items:

- revenues for the Ringgold to Wasson and the Wasson to Ardmore crude oil pipelines increased $1,163,000 due to a combined 15% increase in throughput barrels, resulting from UDS purchasing greater quantities of crude oil from third parties near Ringgold instead of gathering crude oil barrels near Wasson. In March 2001, UDS sold its Oklahoma crude oil gathering operation which was near Wasson;

- revenues for the Corpus Christi to Three Rivers crude oil pipeline increased $1,055,000 despite the 8% decrease in throughput barrels for the nine months ended September 30, 2001 as compared to the same period in 2000. The Corpus Christi to Three Rivers crude oil pipeline was temporarily converted into a refined product pipeline during the third quarter of 2001 during the alkylation unit shut down at UDS' Three Rivers refinery. The increase in revenues is primarily due to the increased tariff rate to transport refined products and the increased tariff rate effective May 2001 to cover the additional costs (dockage and wharfage fees) associated with operating a marine crude oil storage facility;

- revenues for the McKee to Colorado Springs to Denver refined product pipeline increased $789,000 due to a 4% increase in throughput barrels primarily in the Colorado Springs to Denver segment of the pipeline in the first quarter of 2001. Since completing the expansion of the McKee to Colorado Springs segment of the pipeline, UDS has supplied the greater demand for refined products in Denver from its McKee refinery, especially turbine fuel which is not produced at the Denver refinery. In the second and third quarter of 2001, less turbine fuel was transported to Denver as adequate supplies were on hand at the Denver refined product terminal;

- revenues for the McKee to El Paso refined product pipeline increased $568,000 primarily due to a 6% increase in throughput barrels resulting from an increase in UDS' sales into the Arizona market. The McKee to El Paso refined product pipeline connects with a third party pipeline which runs to Arizona;

- revenues for the Three Rivers to Laredo refined product pipeline decreased by $451,000 due to a 25% decrease in throughput barrels partially offset by an increase in the tariff rate effective July 1, 2001. The lower throughput barrels are a result of the expansion of Pemex's Monterrey refinery that increased the supply of refined products to Nuevo Laredo, Mexico, which is across the border from Laredo, Texas;

- revenues for the Southlake refined product terminal, acquired on July 2, 2001, increased our revenues by $663,000 and our throughput barrels by 2,261 for the quarter ended September 30, 2001; and

- revenues for all refined product terminals, excluding Southlake refined product terminal, increased $616,000 primarily due to an increase in the terminalling fee charged at our marine-based refined product terminals to cover the additional costs (dockage and wharfage fees) associated with operating a marine refined product terminal and the additional fee of $0.042 per barrel charged for blending additives into certain refined products.

Operating expenses increased $934,000, or 4%, for the nine months ended September 30, 2001 as compared to the nine months ended September 30, 2000 primarily due to the following items:

- during the nine months ending September 30, 2000, the Ultramar Diamond Shamrock Logistics Business recognized a loss of $916,000 due to the impact of volumetric expansions, contractions and measurement discrepancies in our pipelines related to the first six months of 2000. Beginning July 1, 2000, the impact of volumetric expansions, contractions and measurement discrepancies in the pipelines is borne by the shippers and is therefore no longer reflected in operating expenses;

- utility expenses increased by $1,650,000, or 24% due to higher electricity rates in the first nine months of 2001 as compared to the first nine months of 2000 resulting from higher natural gas costs;

- the acquisition of the Southlake refined product terminal increased operating expenses $163,000; and

- employee related expenses increased due to the accrual of incentive compensation.

General and administrative expenses increased less than 2% for the nine months ended September 30, 2001 as compared to 2000 due to decreased general and administrative costs allocated to us from UDS and offset by general and administrative costs related to being a publicly-held entity. Prior to July 1, 2000, UDS allocated approximately 5% of its general and administrative expenses incurred in the United States to its pipeline, terminalling and storage operations to cover costs of centralized corporate functions such as legal, accounting, treasury, engineering, information technology and other corporate services. Effective July 1, 2000, UDS entered into a Services Agreement with us to provide the general and administrative services noted above for an annual fee of $5,200,000, payable monthly. This annual fee is in addition to the incremental general and administrative costs to be incurred from third parties as a result of us being a publicly-held entity. For the nine months ended September 30, 2001, general and administrative expenses of $3,829,000 reflect $3,900,000, or three-quarters of the annual fee, less $328,000 reimbursed by partners on jointly-owned pipelines plus $257,000 of publicly-held company expenses. For the nine months ended September 30, 2000, general and administrative expenses of $3,771,000 reflect $2,839,000, or the 5% allocation of UDS's general and administrative expenses for the first six months of 2000, plus $1,300,000, or one-fourth of the annual fee, less $368,000 reimbursed by partners on jointly-owned pipelines.

Interest expense for the nine months ended September 30, 2001 was $3,501,000 as compared to $2,808,000 for the same period in 2000. During the period from January 1, 2001 to April 15, 2001, we incurred $2,512,000 of interest expense related to the $107,676,000 of debt due to parent that we assumed on July 1, 2000 and paid off on April 16, 2001. In addition, beginning April 16, 2001, Shamrock Logistics Operations borrowed $20,506,000 under the revolving credit facility resulting in $572,000 of interest expense for the five and a half months ended September 30, 2001. In August 2001, we repaid $5,506,000 of the borrowing on the revolving credit facility. Interest expense prior to July 1, 2000 relates only to the debt due to the Port of Corpus Christi Authority of Nueces County, Texas. Interest expense from July 1, 2000 through April 15, 2001 relates to the debt due to parent and the debt due to the Port of Corpus Christi Authority. Interest expense subsequent to April 16, 2001 relates to the borrowings under the revolving credit facility and the debt due to the Port of Corpus Christi Authority

Equity income from affiliate for the nine months ended September 30, 2001 decreased $740,000, or 24% as compared to the same period in 2000 due to a 14% decrease in throughput barrels in the Skellytown to Mont Belvieu refined product pipeline. The decreased throughput in the first nine months of 2001 is due to both UDS and Phillips Petroleum Company utilizing greater quantities of natural gas to run their refining operations instead of selling the natural gas to third parties in Mont Belvieu.

Effective July 1, 2000, UDS transferred the assets and certain liabilities of the Ultramar Diamond Shamrock Logistics Business (predecessor) to Shamrock Logistics Operations (successor). As a limited partnership, Shamrock Logistics Operations is not subject to federal or state income taxes. Due to this change in tax status, the deferred income tax liability of $38,217,000 as of June 30, 2000 was written off in the statement of income of the Ultramar Diamond Shamrock Logistics Business (predecessor) for the nine months ended September 30, 2000. The resulting net benefit for income taxes of $30,812,000 for the nine months ended September 30, 2000, includes the write-off of the deferred income tax liability less the provision for income taxes of $7,405,000 for the six months ended June 30, 2000. The income tax provision for the six months ended June 30, 2000 was based upon the effective income tax rate for the Ultramar Diamond Shamrock Logistics Business of 38%. The effective income tax rate exceeds the U.S. federal statutory income tax rate due to state income taxes.

Net income for the nine months ended September 30, 2001 was $32,913,000 as compared to $61,011,000 for the nine months ended September 30, 2000. The decrease of $28,098,000 is primarily due to the change in tax status effective July 1, 2000 which is partially offset by the increase in revenues resulting from higher tariff rates and higher throughput barrels in our pipelines for the first nine months of 2001 as compared to 2000.

Liquidity and Capital Resources

Financing

On December 15, 2000, Shamrock Logistics Operations entered into a $120,000,000 revolving credit facility with The Chase Manhattan Bank and other lenders. The revolving credit facility expires on January 15, 2006 and borrowings under the revolving credit facility bear interest at either the alternative base rate or the LIBOR rate at the option of Shamrock Logistics Operations. The revolving credit facility requires that Shamrock Logistics Operations maintain certain financial ratios and other restrictive covenants, including a prohibition on distributions by Shamrock Logistics Operations if any default, as defined in the revolving credit facility, exists or would result from the distribution. Management believes that Shamrock Logistics Operations is in compliance with all of these ratios and covenants.

In conjunction with the initial public offering of our common units on April 16, 2001, Shamrock Logistics Operations borrowed $20,506,000 under the revolving credit facility. In August 2001, we repaid $5,506,000 of the outstanding borrowings under the revolving credit facility.

Our ability to complete future debt and equity offerings and the timing of any such offerings will depend upon various factors including prevailing market conditions, interest rates and our financial condition.

Initial Public Offering

On April 16, 2001, we completed our initial public offering of 5,175,000 common units at a price of $24.50 per unit. Total proceeds for the 5,175,000 common units were $126,787,000 before offering costs and underwriters' commissions.

A summary of the proceeds received and use of proceeds is as follows:

Proceeds received:	
Sale of common units...........................	$ 126,787,000
Borrowing under the revolving credit facility...	20,506,000
Total proceeds..............................	147,293,000
Use of proceeds:	
Underwriters' commissions......................	8,875,000
Professional fees and other offering costs......	6,000,000
Debt issuance costs............................	436,000
Repayment of debt due to parent................	107,676,000
Reimbursement of capital expenditures...........	20,517,000
Total use of proceeds.......................	143,504,000
Net proceeds................................	$ 3,789,000

The net proceeds $3,789,000 were used for working capital and general corporate purposes.

Equity

On August 14, 2001, we paid the second quarter distribution to unitholders totalling $9,817,000.

On November 14, 2001, we expect to pay the third quarter distribution to unitholders totalling $11,754,000.

Capital Requirements

The pipeline, terminalling and storage business is capital-intensive, requiring significant investments to upgrade or enhance existing operations and to meet environmental regulations. Our capital expenditures consist primarily of:

- maintenance capital expenditures, such as those required to maintain equipment reliability and safety and to address environmental regulations; and
- expansion capital expenditures, such as those to expand and upgrade pipeline capacity and to construct new pipelines, terminals and storage facilities to meet UDS' needs. In addition, expansion capital expenditures will include acquisitions of pipelines, terminals or storage assets owned by UDS or other third parties.

We expect to fund our capital expenditures from cash provided by operations and to the extent necessary, from proceeds of borrowings under the revolving credit facility.

During the nine months ended September 30, 2001, we incurred maintenance capital expenditures of $2,587,000 primarily related to tank and automation upgrades at the refined product terminals and cathodic (corrosion) protection and automation upgrades for both refined product and crude oil pipelines. Also during the nine months ended September 30, 2001, we incurred $8,887,000 for various expansion capital expenditures, including $1,813,000 for rights of way related to the expansion of the Amarillo to Albuquerque refined product pipeline and $5,600,000 for the acquisition of Southlake refined product terminal. The rights of way amount is net of Phillips Petroleum Company's 50% share of such cost.

Currently, we intend to exercise our option to purchase the Ringgold crude oil storage facility in the fourth quarter of 2001 at a cost of $5,200,000 upon completion of construction. We intend to fund this acquisition with borrowings under our revolving credit facility.

We anticipate that we will continue to have adequate liquidity to fund future recurring operating, investing and financing activities. Cash distributions are expected to be funded with internally generated cash.

UDS Plan of Merger

On May 7, 2001, UDS announced that it had agreed to be acquired by Valero Energy Corporation for total consideration of approximately $4.0 billion plus the assumption of all outstanding debt of approximately $2.0 billion. Under the terms of the agreement and plan of merger, UDS shareholders will receive, for each share of UDS common stock they hold, at their election, cash, Valero common stock or a combination of cash and Valero common stock, having a value equal to the sum of $27.50 plus 0.614 shares of Valero common stock (based on the average Valero common stock price over a ten trading-day period ending three days prior to closing). The merger has been approved by the board of directors and shareholders of both companies; however, closing of the transaction is subject to the completion of regulatory reviews. The merger is expected to close in the fourth quarter of 2001.

Valero Energy Corporation owns and operates seven refineries in Texas, Louisiana, New Jersey and California with a combined throughput capacity of more than 1.1 million barrels per day. Valero markets its gasoline, diesel and other refined products in 34 states through a bulk and rack marketing network and, in California, through approximately 350 retail locations. Once the merger is completed, Valero will become the ultimate parent of Riverwalk Logistics, our general partner. In addition, Valero will become the obligor under the various agreements UDS has with us, including the Services Agreement and the Pipeline and Terminals Usage Agreement.

Certain Forward-Looking Statements

This quarterly report on Form 10-Q contains certain "forward-looking" statements as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934, and information relating to us that is based on the beliefs of management as well as assumptions made by and information currently available to management. When used in this report, the words "anticipate," "believe," "estimate," "expect," and "intend" and words or phrases of similar expressions, as they relate to us or management, identify forward-looking statements. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions relating to the operations and results of operations, including as a result of competitive factors and pricing pressures, shifts in market demand and general economic conditions and other factors.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The principal market risk (i.e., the risk of loss arising from the adverse changes in market rates and prices) to which we are exposed is interest rate risk on our debt. We manage our debt considering various financing alternatives available in the market. Borrowings under our revolving credit facility do not give rise to significant interest rate risk because the interest rate on borrowings under the facility float with market rates. Thus the carrying amount of outstanding borrowings under the revolving credit facility approximates fair value. Our remaining debt is fixed rate debt with an 8% interest rate. The estimated fair value of our fixed rate debt at September 30, 2001 was $11,190,000 as compared to the carrying value of $10,461,000. The fair value was estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements. Since the total of this fixed rate debt is not material to our financial position or performance, there is currently minimal impact to market interest rate risk.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

No material litigation has been filed or is pending against Shamrock Logistics or Shamrock Logistics Operations as of September 30, 2001.

Item 2. Changes in Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:
None.

(b) Reports on Form 8-K
None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Shamrock Logistics has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHAMROCK LOGISTICS, L.P.
By: Riverwalk Logistics, L.P., its general partner
By: Shamrock Logistics GP, LLC, its general partner

By: /s/ Steven A. Blank

STEVEN A. BLANK
CHIEF FINANCIAL OFFICER
November 13, 2001