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 June 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 July 31, 2001, 9,599,322 common units were outstanding.

SHAMROCK LOGISTICS, L.P.
FORM 10-Q
JUNE 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 June 30, 2001 (unaudited)	Predecessor December 31, 2000
Assets		
Current assets:		
Cash	$ 17,371	$ 4
Receivable from parent	2,473	22,348
Accounts and notes receivable	4,527	2,386
Other current assets	-	3,528
Total current assets	24,371	28,266
Property, plant and equipment	392,800	388,537
Less accumulated depreciation and amortization	(114,876)	(108,520)
Property, plant and equipment, net	277,924	280,017
Goodwill, net	4,864	5,014
Investment in affiliate	16,531	16,187
Other noncurrent assets, net	432	-
Total assets	$ 324,122	$ 329,484
Liabilities and Partnership Equity		
Current liabilities:		
Current portion of long-term debt	$ 385	$ 608
Accounts payable and accrued liabilities	3,766	2,685
Taxes other than income taxes	3,014	3,601
Total current liabilities	7,165	6,894
Long-term debt, less current portion	30,582	10,076
Debt due to parent	-	107,676
Commitments and contingencies		
Partnership equity:		
Limited partners' equity	280,648	202,790
General partners' equity	5,727	2,048
Total partnership equity	286,375	204,838
Total liabilities and partnership equity	$ 324,122	$ 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 Three Months Ended June 30, 2001	Predecessor Three Months Ended June 30, 2000	Successor Six Months Ended June 30, 2001	Predecessor Six Months Ended June 30, 2000
Revenues	$ 23,637	$ 23,097	$ 47,059	$ 44,503
Operating costs and expenses:				
Operating expenses	7,726	7,863	15,366	15,458
General and administrative expenses	1,331	1,689	2,503	2,590
Depreciation and amortization	3,251	3,116	6,489	6,336
Taxes other than income taxes	1,010	1,368	2,021	2,454
Total operating costs and expenses	13,318	14,036	26,379	26,838
Operating income	10,319	9,061	20,680	17,665
Interest expense	(870)	(217)	(3,114)	(433)
Equity income from affiliate	907	1,057	1,576	1,926
Income before income taxes	10,356	9,901	19,142	19,158
Benefit for income taxes	-	34,374	-	30,812
Net income	$ 10,356	$ 44,275	$ 19,142	$ 49,970
Allocation of net income:				
Total net income	$ 10,356		$ 19,142	
Less net income applicable to the period January 1 through March 31, 2001	-		(8,786)	
Less net income applicable to the period April 1 through April 15, 2001	(1,340)		(1,340)	
Net income applicable to the period April 16 through June 30, 2001	9,016		9,016	
General partners' interest in net income applicable to the period April 16 through June 30, 2001	180		180	
Limited partners' interest in net income applicable to the period April 16 through June 30, 2001	$ 8,836		$ 8,836	
Basic and diluted net income per limited partnership unit	$ 0.46		$ 0.46	
Weighted average number of limited partnership units outstanding for the period April 16 through June 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 Six Months Ended June 30, 2001	Predecessor Six Months Ended June 30, 2000
Cash Flows from Operating Activities:		
Net income	$ 19,142	$ 49,970
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,489	6,336
Amortization of debt issuance costs	29	-
Equity income from affiliate	(1,576)	(1,926)
Benefit for deferred income taxes	-	(36,677)
Changes in operating assets and liabilities:		
Decrease in receivable from parent	19,875	-
Decrease (increase) in accounts and notes receivable	(2,141)	263
Decrease in other current assets	3,528	-
Increase in accounts payable, accrued liabilities and taxes other than income taxes	494	492
Increase in other noncurrent assets	(461)	-
Decrease in other long-term liabilities	-	(137)
Net cash provided by operating activities	45,379	18,321
Cash Flows from Investing Activities:		
Maintenance capital expenditures	(1,843)	(1,699)
Expansion capital expenditures	(2,403)	(3,186)
Distributions received from affiliate	1,232	2,306
Net cash used in investing activities	(3,014)	(2,579)
Cash Flows from Financing Activities:		
Proceeds from long-term debt borrowings	20,506	-
Repayment of long-term debt	(223)	(284)
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)	-
Net cash used in financing activities	(24,998)	(15,742)
Net Increase in Cash and Cash Equivalents	17,367	-
Cash at Beginning of Period	4	3
Cash at End of Period	$ 17,371	$ 3
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
Six Months Ended June 30, 2000
(unaudited, in thousands)

Balance at January 1, 2000	$ 254,807
Net income..	49,970
Net change in parent advances.......................	(15,458)
Formalization of the terms of debt due to parent.....	(107,676)
Balance at June 30, 2000................................	$ 181,643

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
Six Months Ended June 30, 2001
(unaudited, in thousands)

	Limited Partner		General	Total Partnership
	Common	Subordinated	Partner	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...of capital expenditures.........	(20,517)	-	-	(20,517)
Issuance of Shamrock Logistics' units for the contribution of Shamrock Logistics Operations' limited partner interest...... net assets....................................	(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 June 30, 2001................	4,418	4,418	180	9,016
Balance at June 30, 2001......................	$ 166,777	$ 113,871	$ 5,727	$ 286,375

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
June 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 (successor) and the Ultramar Diamond Shamrock Logistics Business (predecessor) as follows:

- consolidated financial statements of Shamrock Logistics and Shamrock Logistics Operations (successor) as of and for the three months ended June 30, 2001;
- combined financial statements of Shamrock Logistics and Shamrock Logistics Operations (successor) as of December 31, 2000 and for the six months ended June 30, 2001; and
- combined financial statements of Shamrock Logistics and the Ultramar Diamond Shamrock Logistics Business for the three and 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 six months ended June 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. 141
In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141, " Business Combinations." Statement No. 141 addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16, "Business Combinations," and Statement No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." All business combinations in the scope of Statement No. 141 are to be accounted for using the purchase method. The provisions of Statement No. 141 apply to all business combinations initiated after June 30, 2001 and applies to all business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001 or later. We implemented Statement No. 141 on July 1, 2001, and the acquisition of the Southlake refined product terminal has been accounted for under the purchase method required by Statement No. 141 (see Note 7).

FASB Statement No. 142
Also in June 2001, the FASB issued Statement No. 142, "Goodwill and Other Intangible Assets." Statement No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, "Intangible Assets." Statement No. 142 addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. The provisions of Statement No. 142 are required to be applied starting with fiscal years beginning after December 15, 2001. This statement is required to be applied at the beginning of an entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. Impairment losses for goodwill and indefinite-lived intangible assets that arise due to the initial application of Statement No. 142 are to be reported as resulting from a change in accounting principle. We have reviewed the requirements of Statement No. 142 and the impact of adoption effective January 1, 2002 will result in the cessation of goodwill amortization beginning January 1, 2002, which amortization approximates $300,000 annually. In addition, we believe that future reported net income may be more volatile because impairment losses related to goodwill are likely to occur irregularly and in varying amounts.

FASB Statement No. 143

In June 2001, the FASB also issued Statement No. 143, "Accounting for Asset Retirement Obligations." This statement establishes standards for accounting for an obligation associated with the retirement of a tangible long-lived asset. An asset retirement obligation liability should be recognized in the financial statements in the period in which it meets the definition of a liability as defined in FASB Concepts Statement No. 6, "Elements of Financial Statements." The amount of the liability would initially be measured at fair value. Subsequent to initial measurement, an entity would recognize changes in the amount of the liability resulting from (a) the passage of time and (b) revisions to either the timing or amount of estimated cash flows. Statement No. 143 also establishes standards for accounting for the cost associated with an asset retirement obligation. It requires that, upon initial recognition of a liability for an asset retirement obligation, an entity capitalize that cost by recognizing an increase in the carrying amount of the related long-lived asset. The capitalized asset retirement cost would then be allocated to expense using a systematic and rational method. Statement No. 143 will be effective for financial statements issued for fiscal years beginning after June 15, 2002, with earlier 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: 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 June 30, 2001	Predecessor Three Months Ended June 30, 2000	Successor Six Months Ended June 30, 2001	Predecessor Six Months Ended June 30, 2000
Revenues	$.23,488	$ 23,017	$ 46,760	$ 44,187
Operating expenses	2,727	2,502	5,413	5,393
General and administrative expenses	1,300	1,813	2,600	2,839
Interest expense on debt due to parent	358	-	2,512	-

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 becoming 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 three and six months ended June 30, 2000 were $1,813,000 and $2,839,000, respectively.

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.

NOTE 6: Initial Public Offering

On April 16, 2001, we completed our initial public offering of common units, by selling 5,175,000 common units to the public at $24.50 per unit. Total proceeds before offering costs and underwriters' commissions for the 5,175,000 common units were $126,787,500. After the offering, our outstanding equity included 9,599,322 common units, including 4,424,322 held by subsidiaries of UDS, 9,599,322 subordinated units held by subsidiaries of UDS and a 2% general partner interest held by Riverwalk Logistics.

Concurrent with the closing of the initial public offering, Shamrock Logistics Operations borrowed $20,505,900 under its existing 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. A summary of the proceeds received and use of proceeds is as follows:

Proceeds received:

Sale of common units	$ 126,787,500
Borrowing under the revolving credit facility	20,505,900
Total proceeds	147,293,400
Use of proceeds:	
Underwriters' commissions	8,875,100
Professional fees and other costs	6,000,000
Debt issuance costs	435,700
Repayment of debt due to parent	107,676,200
Reimbursement of capital expenditures	20,517,000
Total use of proceeds	143,504,000
Net proceeds remaining	$ 3,789,400

NOTE 7: Subsequent Events

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 of both companies; however, closing of the transaction is subject to regulatory reviews and the approval of the shareholders of both companies. 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.

Purchase of Southlake refined product terminal

On July 2, 2001, we acquired the Southlake refined product terminal located in Dallas, Texas from UDS for $5,600,000. The Southlake terminal has averaged 25,000 barrels per day of throughput in 2001 and it is expected to increase our operating income by approximately $500,000 in the last six months of 2001.

Three Rivers Refinery Fire

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. UDS' management expects that the alkylation unit will be shut down for approximately eight weeks; however the rest of the refinery was restarted on August 6th and processing levels are expected to increase slowly through the end of August 2001. UDS plans to operate 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 will be lower. Our management does not expect that the lower production at the refinery will significantly impact our results of operations in the third quarter of 2001 as UDS is transporting refined products from the Gulf Coast into the refinery through the Corpus Christi to Three Rivers crude oil pipeline, which we have 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 will allow refined products to be transported to San Antonio and Laredo, Texas using our other pipelines connected to the Three Rivers refinery.

Declaration of Distribution

On July 19, 2001, we declared a quarterly partnership distribution of $0.5011 per unit payable on August 14, 2001 to unitholders of record on August 1, 2001.

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 (successor) and the Ultramar Diamond Shamrock Logistics Business (predecessor) as follows:

- consolidated financial statements of Shamrock Logistics and Shamrock Logistics Operations (successor) as of and for the three months ended June 30, 2001;
- combined financial statements of Shamrock Logistics and Shamrock Logistics Operations (successor) as of December 31, 2000 and for the six months ended June 30, 2001; and
- combined financial statements of Shamrock Logistics and the Ultramar Diamond Shamrock Logistics Business for the three and 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.

Results of Operations

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

Summarized financial and operating data are as follows (in thousands):

Summarized Financial Data:

	Successor Three Months Ended June 30, 2001	Predecessor Three Months Ended June 30, 2000
Statement of Income Data:		
Revenues	$ 23,637	$ 23,097
Operating costs and expenses:		
Operating expenses	7,726	7,863
General and administrative expenses	1,331	1,689
Depreciation and amortization	3,251	3,116
Taxes other than income taxes	1,010	1,368
Total operating costs and expenses	13,318	14,036
Operating income	10,319	9,061
Interest expense	(870)	(217)
Equity income from affiliate	907	1,057
Income before income taxes	10,356	9,901
Benefit for income taxes	-	34,374
Net income	$ 10,356	$ 44,275

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 June 30, 2001 and 2000 (in thousands).

	Successor Three Months Ended June 30, 2001	Predecessor Three Months Ended June 30, 2000
Crude oil pipelines:		
Dixon to McKee	5,724	5,817
Wasson to Ardmore (both pipelines)	7,389	7,321
Ringgold to Wasson	3,887	3,546
Corpus Christi to Three Rivers	8,256	8,059
Other crude oil pipelines	3,657	3,749
Total crude oil pipelines	28,913	28,492
Refined product pipelines:		
McKee to Colorado Springs to Denver	2,138	2,446
McKee to El Paso	6,597	5,579
McKee to Amarillo (both pipelines) to Abernathy	3,028	3,306
Amarillo to Albuquerque	1,116	1,063
McKee to Denver	1,060	1,110
Ardmore to Wynnewood	5,227	5,294
Three Rivers to Laredo	1,119	1,467
Three Rivers to San Antonio	2,641	2,566
Other refined product pipelines	5,823	6,332
Total refined product pipelines	28,749	29,163
Refined product terminals	14,515	15,317
Total throughput	72,177	72,972

Revenues for the quarter ended June 30, 2001 were $23,637,000 as compared to $23,097,000 for the quarter ended June 30, 2000, an increase of 2%, or $540,000. This increase in revenues is primarily due to the following items:

- revenues for the Corpus Christi to Three Rivers crude oil pipeline increased $406,000 primarily due to an increase in the pipeline tariff rate coupled with an increase in throughput. The tariff rate was increased 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 decreased $424,000 due to a 13% decrease in throughput barrels primarily in the Colorado Springs to Denver segment of the pipeline. UDS has supplied the greater demand for refined products in Denver from its Denver refinery, thus decreasing the throughput in the entire pipeline;

- revenues for the McKee to El Paso refined product pipeline increased $557,000 primarily due to an 18% increase in throughput barrels resulting from an increase in UDS' sales into the Arizona market via the connecting common carrier pipeline from El Paso to Phoenix; and

- revenues for the Three Rivers to Laredo refined product pipeline decreased by $179,000 due to a 24% decrease in throughput barrels resulting from 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.

Operating expenses decreased $137,000, or 2%, for the quarter ended June 30, 2001 as compared to the quarter ended June 30, 2000 primarily due to the following items:

- during the quarter ended June 30, 2000, the Ultramar Diamond Shamrock Logistics Business (predecessor) recognized a loss of $218,000 due to the impact of volumetric expansions, contractions and measurement discrepancies in our pipelines. 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; and

- utility expenses increased by $427,000 due to higher electricity rates in the second quarter of 2001 as a result of higher natural gas costs.

General and administrative expenses decreased 21% for the quarter ended June 30, 2001 as compared to 2000 due to decreased general and administrative costs allocated to us from UDS. 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. For the three months ended June 30, 2001, general and administrative expenses of $1,331,000 reflect $1,300,000, or one-fourth of the annual fee, less $68,000 reimbursed by partners on jointly-owned pipelines plus $99,000 of public company expenses. For the three months ended June 30, 2000, general and administrative expenses of $1,689,000 reflect $1,813,000, or the 5% allocation of UDS's general and administrative expenses, less $124,000 reimbursed by partners on jointly-owned pipelines.

Interest expense for the quarter ended June 30, 2001 was $870,000 as compared to $217,000 for the same period in 2000. During the second quarter of 2001, we incurred $358,000 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 $315,000 of aditional interest expense for the quarter ended June 30, 2001. 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 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 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 June 30, 2001 remained comparable to the same period in 2000 as throughput levels in the pipeline were comparable.

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 three months ended June 30, 2000. The resulting net benefit for income taxes of $34,374,000 for the three months ended June 30, 2000, includes the write-off of the deferred income tax liability less the provision for income taxes of $3,843,000 for the three months ended June 30, 2000. The income tax provision for the quarter 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 quarter ended June 30, 2001 was $10,356,000 as compared to $44,275,000 for the quarter ended June 30, 2000. The decrease of $33,919,000 is primarily due to the change in tax status effective July 1, 2000.

Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Summarized financial and operating data are as follows (in thousands):

Summarized Financial Data:

	Successor Six Months Ended June 30, 2001	Predecessor Six Months Ended June 30, 2000
Statement of Income Data:		
Revenues	$ 47,059	$ 44,503
Operating costs and expenses:		
Operating expenses	15,366	15,458
General and administrative expenses	2,503	2,590
Depreciation and amortization	6,489	6,336
Taxes other than income taxes	2,021	2,454
Total operating costs and expenses	26,379	26,838
Operating income	20,680	17,665
Interest expense	(3,114)	(433)
Equity income from affiliate	1,576	1,926
Income before income taxes	19,142	19,158
Provision for income taxes	-	30,812
Net income	$ 19,142	$ 49,970

	Successor	
	June 30, 2001	December 31, 2000
Balance Sheet Data:		
Net property, plant and equipment	$ 277,924	$ 280,017
Total assets	324,122	329,484
Long-term debt, including current portion and debt due to parent	30,967	118,360
Total partnership equity	286,375	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 six months ended June 30, 2001 and 2000 (in thousands).

	Successor Six Months Ended June 30, 2001	Predecessor Six Months Ended June 30, 2000
Crude oil pipelines:		
Dixon to McKee	11,183	11,626
Wasson to Ardmore (both pipelines)	14,782	13,694
Ringgold to Wasson	6,798	4,979
Corpus Christi to Three Rivers	16,229	15,701
Other crude oil pipelines	7,669	7,515
Total crude oil pipelines	56,661	53,515
Refined product pipelines:		
McKee to Colorado Springs to Denver	4,399	4,030
McKee to El Paso	12,355	11,437
McKee to Amarillo (both pipelines) to Abernathy	6,874	6,831
Amarillo to Albuquerque	2,292	2,252
McKee to Denver	2,141	2,169
Ardmore to Wynnewood	10,714	10,114
Three Rivers to Laredo	2,204	2,970
Three Rivers to San Antonio	5,096	4,986
Other refined product pipelines	11,246	12,133
Total refined product pipelines	57,321	56,922
Refined product terminals	29,618	30,654
Total throughput	143,600	141,091

Revenues for the six months ended June 30, 2001 were $47,059,000 as compared to $44,503,000 for the six months ended June 30, 2000, an increase of 6%, or $2,556,000. This increase in revenues is primarily due to the following items:

o revenues for the Ringgold to Wasson and the Wasson to Ardmore crude oil pipelines increased $752,000 due to a combined 16% 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;

o revenues for the Corpus Christi to Three Rivers crude oil pipeline increased $668,000 primarily due to an increase in the pipeline tariff rate coupled with an increase in throughput. The tariff rate was increased to cover the additional costs (dockage and wharfage fees) associated with operating a marine crude oil storage facility;

o revenues for the McKee to Colorado Springs to Denver refined product pipeline increased $797,000 due to a 9% 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 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 $489,000 primarily due to an 8% increase in throughput barrels resulting from an increase in UDS' sales into the Arizona market;

- revenues for the Three Rivers to Laredo refined product pipeline decreased by $394,000 due to a 26% decrease in throughput barrels resulting from 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 Ardmore to Wynnewood refined product pipeline remained comparable with the first six months of 2000 even though throughput barrels increased 6%. The tariff rate for the Ardmore to Wynnewood refined product pipeline varies depending upon the ultimate destination to which the refined products are shipped over the connecting common carrier pipeline. In the first six months of 2001, refined products were transported over short distances, reducing revenues in 2001; and

- revenues for the refined product terminals increased $225,000 primarily due to an increase in the terminalling fee charged at our marine-based refined product terminals. The terminalling fee was increased to cover the additional costs (dockage and wharfage fees) associated with operating a marine refined product storage facility.

Operating expenses decreased $92,000, or less than 1%, for the six months ended June 30, 2001 as compared to the six months ended June 30, 2000 primarily due to the following items:

- during the six months ended June 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. 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 $1,379,000 due to higher electricity rates in the first six months of 2001 as a result of higher natural gas costs; and

- other operating expenses decreased due to lower rental expenses for fleet vehicles, satellite communications and safety equipment as a result of more favorable leasing arrangements.

General and administrative expenses decreased 3% for the six months ended June 30, 2001 as compared to 2000 due to decreased general and administrative costs allocated to us from UDS. 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. For the six months ended June 30, 2001, general and administrative expenses of $2,503,000 reflect $2,600,000, or one-half of the annual fee, less $196,000 reimbursed by partners on jointly-owned pipelines plus $99,000 of public company expenses. For the six months ended June 30, 2000, general and administrative expenses of $2,590,000 reflect $2,839,000, or the 5% allocation of UDS's general and administrative expenses, less $249,000 reimbursed by partners on jointly-owned pipelines.

Interest expense for the six months ended June 30, 2001 was $3,114,000 as compared to $433,000 for the same period in 2000. During the period from January 1, 2001 to April 16, 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 $315,000 of additional interest expense for the quarter ending June 30, 2001. 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 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 six months ended June 30, 2001 decreased $350,000, or 18% as compared to the same period in 2000 due to a 16% decrease in throughput barrels in the Skellytown to Mont Belvieu refined product pipeline. The decreased throughput in the first six 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 six months ended June 30, 2000. The resulting net benefit for income taxes of $30,812,000 for the six months ended June 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 six months ended June 30, 2001 was $19,142,000 as compared to $49,970,000 for the six months ended June 30, 2000. The decrease of $30,828,000 is primarily due to the change in tax status effective July 1, 2000. The increase in revenues resulting from higher throughput barrels in our pipelines is offset by the increase in interest expense for the first six months of 2001 as compared to 2000.

Three Rivers Refinery Fire

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. UDS' management expects that the alkylation unit will be shut down for approximately eight weeks. The majority of refinery units were restarted on August 6th and processing levels are expected to increase to full capacity by August 31, 2001. UDS plans to operate the Three Rivers refinery at reduced rates during the alkylation unit shut down, thus volumes of crude oil transported to and refined product tranported from the refinery will be lower. Our management does not expect that the lower production at the refinery will significantly impact our results of operations in the third quarter of 2001 as UDS is transporting refined products from other locations using our pipelines.

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 $20,505,900 under the revolving credit facility. See discussion below related to the initial public offering and use of proceeds.

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 $126,787,500 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	$ 126,787,500
Borrowing under the revolving credit facility	20,505,900
Total proceeds	147,293,400
Use of proceeds:	
Underwriters' commissions	8,875,100
Professional fees and other offering costs	6,000,000
Debt issuance costs	435,700
Repayment of debt due to parent	107,676,200
Reimbursement of capital expenditures	20,517,000
Total use of proceeds	143,504,000
Net proceeds	$ 3,789,400

The net proceeds $3,789,400 were used for working capital and general corporate purposes.

Equity

On July 19, 2001, we declared a quarterly partnership distribution of $0.5011 per unit payable on August 14, 2001 to unitholders of record on August 1, 2001.

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 six months ended June 30, 2001, we incurred maintenance capital expenditures of $1,843,000 primarily related to tank upgrades at the refined product terminals and cathodic (corrosion) protection upgrades for both refined product and crude oil pipelines. Also during the six months ended June 30, 2001, we incurred $2,403,000 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 $280,000 for the expansion of the McKee to Colorado Springs refined product pipeline. The rights of way amount is net of Phillips Petroleum Company's 50% share of such cost.

On July 1, 2001, we exercised our option to acquire the Southlake refined product terminal located in Dallas, Texas from UDS for $5,600,000. We used available cash on hand to acquire the terminal.

Currently, we intend to exercise our option to purchase the Ringgold crude oil storage facility in the third quarter of 2001 at a cost of $6,500,000 and the Wichita Falls to McKee crude oil pipeline and storage facility by the first quarter of 2002 at a cost of $64,000,000, upon completion of construction. We intend to fund these acquisitions 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 of both companies; however, closing of the transaction is subject to regulatory reviews and the approval of the shareholders of both companies. 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. Additionally, the remaining debt is fixed rate debt with an 8% interest rate. The estimated fair value of our fixed rate debt at June 30, 2001 was $10,856,000 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 June 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:

4.1 First Amendment to Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P. as of April 16, 2001.

(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
August 13, 2001

First Amendment to Second Amended and Restated

Agreement of Limited Partnership

of

Shamrock Logistics Operations, L.P.

Pursuant to the power granted it in Section 13.1(d)(i) of the Second Amended and Restated Agreement of Limited Partnership of Shamrock Logistics Operations, L.P. (the "Partnership Agreement"), the undersigned General Partner of Shamrock Logistics Operations, L.P. hereby amends Section 11.2 of the Partnership Agreement to read as follows:

SECTION 11.2 Removal of the General Partner

(a) The General Partner shall be removed if the General Partner is removed as the general partner of the MLP pursuant to Section 11.2 of the MLP Agreement. Such removal shall be effective concurrently with the effectiveness of the removal of the General Partner as the general partner of the MLP pursuant to the terms of the MLP Agreement. If a successor general partner for the MLP is elected in connection with the removal of the General Partner, such successor general partner of the MLP shall, upon admission pursuant to Article X, automatically become the successor General Partner of the Partnership. The admission of any such successor General Partner to the Partnership shall be subject to the provisions of Section 10.4.

(b) The General Partner may be removed by majority vote of the Limited Partners. Upon removal of the General Partner by the Limited Partners, the Limited Partners shall elect a successor General Partner for the Partnership. The admission of such successor General Partner to the Partnership shall be subject to the provisions of Section 10.4.

IN WITNESS WHEREOF, the undersigned has set its hand hereto, to be effective as of April 16, 2001.

RIVERWALK LOGISTICS, L.P.
By: SHAMROCK LOGISTICS GP, LLC,
its General Partner

By: /s/ Curtis V. Anastasio

Curtis V. Anastasio, its President and Chief Executive Officer