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

FORM 10-Q

(Mark One)

☑	**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the quarterly period ended June 30, 2006

OR

o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the transition period from __________ to __________

Commission file number 1-31219

SUNOCO LOGISTICS PARTNERS L.P.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**23-3096839** **(I.R.S. Employer Identification No.)**
Mellon Bank Center **1735 Market Street, Suite LL, Philadelphia, PA** **(Address of principal executive offices)**	**19103-7583** **(Zip Code)**

Registrant's telephone number, including area code: (866) 248-4344

Former name, former address and formal fiscal year, if changed since last report: Not Applicable

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 ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer o Accelerated filer ☑ Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No ☑

At August 2, 2006, the number of the registrant's Common Units outstanding was 22,844,051, and its Subordinated Units outstanding was 5,691,819.

SUNOCO LOGISTICS PARTNERS L.P.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(in thousands, except unit and per unit amounts)

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005
Revenues		
Sales and other operating revenue:		
Affiliates (Note 3)	$ 518,439	$ 495,010
Unaffiliated customers	973,057	585,435
Other income	3,872	4,089
Total Revenues	1,495,368	1,084,534
Costs and Expenses		
Cost of products sold and operating expenses	1,439,674	1,041,388
Depreciation and amortization	9,211	7,493
Selling, general and administrative expenses	13,522	12,507
Total Costs and Expenses	1,462,407	1,061,388
Operating Income	32,961	23,146
Net interest cost paid to affiliates (Note 3)	414	87
Other interest cost and debt expense, net	7,416	5,265
Capitalized interest	(1,189)	—
Net Income	$ 26,320	$ 17,794
Calculation of Limited Partners' interest in Net Income (Note 4):		
Net Income	$ 26,320	$ 17,794
Less: General Partner's interest in Net Income	(4,101)	(1,156)
Limited Partners' interest in Net Income	$ 22,219	$ 16,638
Net Income per Limited Partner unit:		
Basic	$ 0.81	$ 0.69
Diluted	$ 0.81	$ 0.68
Weighted average Limited Partners' units outstanding (Note 4):		
Basic	27,466,092	24,144,043
Diluted	27,589,644	24,303,921

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(in thousands, except unit and per unit amounts)

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Revenues		
Sales and other operating revenue:		
Affiliates (Note 3)	$ 996,760	$ 971,933
Unaffiliated customers	1,755,707	1,120,361
Other income	6,263	7,716
Total Revenues	2,758,730	2,100,010
Costs and Expenses		
Cost of products sold and operating expenses	2,654,460	2,016,299
Depreciation and amortization	18,157	15,615
Selling, general and administrative expenses	28,525	24,424
Total Costs and Expenses	2,701,142	2,056,338
Operating Income	57,588	43,672
Net interest cost paid to affiliates (Note 3)	723	152
Other interest cost and debt expense, net	13,866	10,428
Capitalized interest	(1,745)	—
Net Income	$ 44,744	$ 33,092
Calculation of Limited Partners' interest in Net Income (Note 4):		
Net Income	$ 44,744	$ 33,092
Less: General Partner's interest in Net Income	(5,445)	(2,078)
Limited Partners' interest in Net Income	$ 39,299	$ 31,014
Net Income per Limited Partner unit:		
Basic	$ 1.48	$ 1.29
Diluted	$ 1.48	$ 1.28
Weighted average Limited Partners' units outstanding (Note 4):		
Basic	26,499,007	24,116,585
Diluted	26,623,554	24,295,440

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2006 (UNAUDITED)	December 31, 2005
Assets		
Current Assets		
Cash and cash equivalents	$ 25,442	$ 21,645
Advances to affiliates (Note 3)	7,754	—
Accounts receivable, affiliated companies (Note 3)	165,344	136,536
Accounts receivable, net	808,126	584,509
Inventories:		
Crude oil	29,219	27,561
Materials, supplies and other	725	700
Total Current Assets	1,036,610	770,951
Properties, plants and equipment	1,440,323	1,287,542
Less accumulated depreciation and amortization	(481,895)	(472,706)
Properties, plants and equipment, net	958,428	814,836
Investment in affiliates (Note 5)	69,071	69,097
Deferred charges and other assets	31,232	25,801
Total Assets	$ 2,095,341	$ 1,680,685
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	$ 958,315	$ 720,127
Accrued liabilities	28,489	32,884
Accrued taxes other than income	23,853	20,986
Advances from affiliates (Note 3)	—	5,750
Total Current Liabilities	1,010,657	779,747
Long-term debt (Note 6)	423,813	355,573
Other deferred credits and liabilities	23,343	21,954
Commitments and contingent liabilities (Note 7)		
Total Liabilities	1,457,813	1,157,274
Partners' Capital:		
Limited partners' interest	627,027	515,512
General partner's interest	10,501	7,899
Total Partners' Capital	637,528	523,411
Total Liabilities and Partners' Capital	$ 2,095,341	$ 1,680,685

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Six Months Ended June 30 ,	
	2006	2005
Cash Flows from Operating Activities:		
Net Income	$ 44,744	$ 33,092
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,157	15,615
Restricted unit incentive plan expense	2,572	1,642
Changes in working capital pertaining to operating activities net of the effect of acquisitions:		
Accounts receivable, affiliated companies	(28,808)	2,512
Accounts receivable, net	(223,617)	(167,205)
Inventories	506	2,347
Accounts payable and accrued liabilities	233,554	143,373
Accrued taxes other than income	2,867	1,034
Other	(3,762)	(2,533)
Net cash provided by operating activities	46,213	29,877
Cash Flows from Investing Activities:		
Capital expenditures	(53,759)	(17,930)
Acquisitions	(108,900)	—
Net cash used in investing activities	(162,659)	(17,930)
Cash Flows from Financing Activities:		
Distributions paid to Limited Partners and General Partner	(45,047)	(32,013)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	(1,443)	(2,863)
Net proceeds from issuance of Limited Partner units	110,357	99,203
Redemption of Limited Partner units from Sunoco	—	(99,203)
Contributions from General Partner for Limited Partner unit transactions	2,426	137
Net proceeds from issuance of Senior Notes	173,307	—
Repayments from (advances to) affiliates, net	(13,504)	14,449
Borrowings under credit facility	109,500	—
Repayments under credit facility	(216,100)	—
Contributions from affiliate	747	895
Net cash provided by /(used in) financing activities	120,243	(19,395)
Net change in cash and cash equivalents	3,797	(7,448)
Cash and cash equivalents at beginning of year	21,645	52,660
Cash and cash equivalents at end of period	$ 25,442	$ 45,212

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

Sunoco Logistics Partners L.P. (the "Partnership") is a publicly traded Delaware limited partnership formed by Sunoco, Inc. ("Sunoco") in October 2001 to acquire a substantial portion of Sunoco's logistics business. The Partnership owns and operates a geographically diverse portfolio of complementary assets, consisting of refined product pipelines, terminalling and storage assets, crude oil pipelines, and crude oil acquisition and marketing assets located in the Northeast, Midwest and South Central United States.

The consolidated financial statements reflect the results of Sunoco Logistics Partners L.P. and its wholly-owned partnerships, including Sunoco Logistics Partners Operations L.P. (the "Operating Partnership"). Equity ownership interests in corporate joint ventures, which are not consolidated, are accounted for under the equity method.

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and accounting principles generally accepted in the United States for interim financial reporting. They do not include all disclosures normally made in financial statements contained in Form 10-K. In management's opinion, all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for the periods shown have been made. All such adjustments are of a normal recurring nature. Results for the three and six months ended June 30, 2006 are not necessarily indicative of results for the full year 2006.

2. Acquisitions

Millenium and Kilgore Pipeline Acquisition

On March 1, 2006, the Partnership purchased a Texas crude oil pipeline system from affiliates of Black Hills Energy, Inc. for approximately $40.9 million. The system consists of (a) the Millennium Pipeline, a 200-mile, 12-inch crude oil pipeline with 65,000 barrels per day operating capacity, originating near the Partnership's Nederland Terminal, and terminating at Longview Texas; (b) the Kilgore Pipeline, a 190-mile, 10-inch crude oil pipeline with 35,000 barrels per day capacity originating in Kilgore, Texas and terminating at refineries in the Houston, Texas region; (c) approximately 800,000 shell barrels of storage capacity at Kilgore, and Longview, Texas, 340,000 of which are active; (d) a crude oil sales and marketing business; and (e) crude oil line fill and working inventory.

The purchase price of the acquisition was initially funded with borrowings under the Partnership's Credit Facility, and has been allocated within the Western Pipeline System business segment to the assets acquired based on their relative fair values at the acquisition date. The following is a summary of the effects of the transaction on the Partnership's consolidated financial position (in thousands of dollars):

Increase in:	
Inventories	$ 2,189
Properties, plants and equipment, net	38,711
Cash paid for acquisition	$ 40,900

The results of the acquisition are included in the financial statements from the date of acquisition.

Amdel and White Oil Pipeline Acquisition

On March 1, 2006, the Partnership also acquired a Texas crude oil pipeline system from Alon USA Energy, Inc. for approximately $68.0 million. The system consists of (a) the Amdel Pipeline, a 503-mile, 10-inch common carrier crude oil pipeline with 27,000 barrels per day operating capacity, originating at the Nederland Terminal, and terminating at Midland, Texas, and (b) the White Oil Pipeline, a 25-mile, 10-inch crude oil pipeline with 40,000 barrels per day operating capacity, originating at the Amdel Pipeline and terminating at Alon's Big Spring, Texas refinery. Alon has also agreed to ship a minimum of 15,000 barrels per day under a 10-year, throughput and deficiency agreement on the pipelines. The Partnership expects shipments on the Amdel pipeline to begin during the third quarter 2006. The pipelines were idle at the time of purchase and were re-commissioned by the Partnership during the second quarter 2006. The Partnership also began construction to expand capacity on the Amdel Pipeline from 27,000 to 40,000 barrels per day, which it expects to complete by the end of 2006, and to construct new tankage at the Nederland Terminal to service these new volumes more efficiently. This capital program, including re-commissioning and expansion of the pipeline and the new tankage, is expected to total approximately $17 million. The purchase price of the acquisition was initially funded with borrowings under the Partnership's Credit Facility, and has been allocated to property, plants and equipment based on the relative fair value of the assets acquired on the acquisition date within the Western Pipeline System business segment.

Mesa Pipe Line System Interest Acquisition

On December 5, 2005, the Partnership purchased a subsidiary of Sunoco which owned a 7.2 percent undivided interest in the Mesa Pipe Line system for approximately $1.3 million. The Mesa Pipe Line system consists of an 80-mile, 24-inch crude oil pipeline from Midland, Texas to Colorado City, Texas, with an operating capacity of 316,000 barrels per day, and approximately 800,000 barrels of tankage at Midland. The Mesa pipeline connects to the West Texas Gulf pipeline, which supplies crude oil to the Mid-Valley pipeline. On December 29, 2005, the Partnership purchased an additional 29.8 percent interest in Mesa from Chevron for $5.3 million, increasing its combined interest to 37.0 percent. The purchase prices of the acquisitions were initially funded with $6.6 million of borrowings under the Partnership's Credit Facility, and were allocated on a preliminary basis to property, plants and equipment within the Western Pipeline System business segment. The results of the acquisitions are included in the financial statements from the dates of acquisition.

The Partnership and Plains All American Pipeline are the owners of the undivided interest in Mesa. On April 21, 2006, the Partnership and Plains All American Pipeline agreed to extend the Mesa operating agreement, previously scheduled to expire on June 30, 2006, until December 31, 2009.

Corsicana to Wichita Falls Pipeline Acquisition

On August 1, 2005, the Partnership purchased, from an affiliate of Exxon Mobil Corporation, a crude oil pipeline system and storage facilities located in Texas for $100.0 million. The pipeline system consists primarily of a 187-mile, 16-inch pipeline with an operating capacity of 125,000 barrels per day. It originates at a crude oil terminal in Corsicana, Texas and terminates at Wichita Falls, Texas. The storage facilities include the Corsicana terminal, which has 2.9 million barrels of shell capacity for crude oil, and the Ringgold, Texas terminal, which consists of 0.5 million barrels of shell capacity for crude oil. In addition, the Partnership invested approximately $16.0 million in 2005 to construct a new 20-mile, 24-inch pipeline to connect the Corsicana to Wichita Falls pipeline to the West Texas Gulf pipeline, in which the Partnership has a 43.8% ownership interest. The purchase price of the acquisition was initially funded with $75.0 million of borrowings under the Partnership's Credit Facility and $25.0 million of cash on hand. In August 2005, $56.5 million of proceeds were raised in an offering of common units (see Note 9), and were used to pay down a portion of these borrowings on the Credit Facility. The purchase price was allocated to property, plants and equipment within the Western Pipeline System business segment. The results of the acquisition are included in the financial statements from the date of acquisition.

Syracuse Terminal Acquisition

On April 17, 2006, the Partnership signed a definitive agreement to purchase a 50 percent interest in a refined products terminal located in Syracuse, New York from Mobil Pipe Line Company, an affiliate of Exxon Mobil Corporation. Total terminal storage is approximately 550 thousand barrels. The transaction is subject to normal conditions to closing for assets of this nature. Closing is now expected to occur in the third quarter of 2006.

3. Related Party Transactions

Advances To and From Affiliates

The Partnership has a treasury services agreement with Sunoco pursuant to which it, among other things, participates in Sunoco's centralized cash management program. Under this program, all of the Partnership's cash receipts and cash disbursements are processed, together with those of Sunoco and its other subsidiaries, through Sunoco's cash accounts with a corresponding credit or charge to an intercompany account. The intercompany balances are settled periodically, but no less frequently than monthly. Amounts due from Sunoco earn interest at a rate equal to the average rate of the Partnership's third-party money market investments, while amounts due to Sunoco bear interest at a rate equal to the interest rate provided in the Partnership's revolving credit facility (see Note 6).

Selling, general and administrative expenses in the condensed consolidated statements of income include costs incurred by Sunoco for the provision of certain centralized corporate functions such as legal, accounting, treasury, engineering, information technology, insurance and other corporate services, including the administration of employee benefit plans. These are provided to the Partnership under an omnibus agreement ("Omnibus Agreement") with Sunoco for an annual administrative fee. The fee for the annual period ended December 31, 2005 was $8.4 million. In January 2006, the parties extended the term of Section 4.1 of the Omnibus Agreement (which concerns the Partnership's obligation to pay the annual fee for provision of certain general and administrative services) by one year. The annual administrative fee applicable to this one-year extension is $7.7 million, which reflects the Partnership directly incurring some of these general and administrative costs. These costs may be increased if the acquisition or construction of new assets or businesses requires an increase in the level of general and administrative services received by the Partnership. There can be no assurance that Section 4.1 of the Omnibus Agreement will be extended beyond 2006, or that, if extended, the administrative fee charged by Sunoco will be at or below the current administrative fee. In the event that the Partnership is unable to obtain such services from Sunoco or third parties at or below the current cost, the Partnership's financial condition and results of operations may be adversely impacted.

The annual administrative fee does not include the costs of shared insurance programs, which are allocated to the Partnership based upon its share of the cash premiums incurred. This fee also does not include salaries of pipeline and terminal personnel or other employees of the general partner, or the cost of their employee benefits. These employees are employees of the Partnership's general partner or its affiliates, which are wholly-owned subsidiaries of Sunoco. The Partnership has no employees. Allocated Sunoco employee benefit plan expenses for employees who work in the pipeline, terminalling, storage and crude oil gathering operations, including senior executives, include non-contributory defined benefit retirement plans, defined contribution 401(k) plans, employee and retiree medical, dental and life insurance plans, incentive compensation plans, and other such benefits. The Partnership is reimbursing Sunoco for these costs and other direct expenses incurred on its behalf. These expenses are reflected in cost of products sold and operating expenses and selling, general and administrative expenses in the condensed consolidated statements of income.

Accounts Receivable, Affiliated Companies

Affiliated revenues in the condensed consolidated statements of income consist of sales of crude oil as well as the provision of crude oil and refined product pipeline transportation, terminalling and storage services to Sunoco, Inc. (R&M) ("Sunoco R&M"). Sales of crude oil are computed using the formula-based pricing mechanism of a supply agreement with Sunoco R&M. Management of the Partnership believes these terms in the aggregate to be comparable to those that could be negotiated with an unrelated third party. Pipeline revenues are generally determined using posted tariffs. The Partnership has throughput agreements with Sunoco R&M under which the Partnership is charging Sunoco R&M fees for services provided under these agreements comparable to those charged in arm's-length, third-party transactions. Under these agreements, Sunoco R&M has agreed to pay the Partnership a minimum level of revenues for transporting and terminalling refined products and crude oil for the period specified in the agreements.

Under other agreements between the parties, Sunoco R&M is, among other things, purchasing from the Partnership, at market-based rates, particular grades of crude oil that the Partnership's crude oil acquisition and marketing business purchases for delivery to certain pipelines. These agreements automatically renew on a monthly basis unless terminated by either party on 30 days written notice. Sunoco R&M also leases the Partnership's 58 miles of interrefinery pipelines between Sunoco R&M's Philadelphia and Marcus Hook refineries for a term of 20 years, ending in 2022.

Capital Contributions

The Partnership has agreements with Sunoco R&M which requires Sunoco R&M to, among other things, reimburse the Partnership for certain expenditures. These agreements include:

- the Omnibus Agreement, which requires Sunoco R&M to, among other things, reimburse the Partnership for up to $10.0 million of expenditures required at the Marcus Hook Tank Farm and the Darby Creek Tank Farm to maintain compliance with existing industry standards and regulatory requirements. During the second quarter 2006, the Partnership received $0.1 million under this arrangement and reached the $10.0 million limit. The Partnership does not expect to receive any future reimbursements under this arrangement;
- the Interrefinery Lease Agreement, which requires Sunoco R&M to reimburse the Partnership for any non-routine maintenance expenditures incurred, as defined, during the term of the agreement; and

- the Eagle Point purchase agreement, which requires Sunoco R&M to reimburse the Partnership for certain maintenance capital and expenses incurred regarding the assets acquired, as defined, up to $5.0 million through March 2014. The Partnership has received $0.6 million to date under this agreement.

These expenditures, which were recorded as maintenance capital and operating expenses, were as follows (in thousands of dollars):

	Six Months Ended June 30,	
	2006	2005
Maintenance capital	$ 747	$ 895
Operating expenses	—	—
	$ 747	$ 895

The reimbursement of these amounts was recorded by the Partnership as capital contributions to Partners' Capital within the condensed consolidated balance sheet at June 30, 2006.

In May 2006, the Partnership sold 2.4 million common units in a public offering. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale (see Note 9). As a result of this issuance of 2.680 million common units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded this amount as a capital contribution to Partners' Capital within its condensed consolidated balance sheet.

In August 2005, the Partnership sold 1.5 million common units in a public offering. In September 2005, the Partnership sold an additional 125,000 common units to cover over-allotments in connection with the August 2005 sale. As a result of this issuance of 1.625 million common units, the general partner contributed $1.3 million to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded this amount as a capital contribution to Partners' Capital within its condensed consolidated balance sheet.

In February 2006 and 2005, the Partnership issued 0.1 million and 0.2 million common units, respectively, to participants in the Sunoco Partners LLC Long-Term Incentive Plan ("LTIP") upon completion of award vesting requirements. As a result of these net issuances of common units, the general partner contributed $0.1 million in each period to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded these amounts as capital contributions to Partners' Capital within its condensed consolidated balance sheets.

Asset Acquisition

On December 5, 2005, the Partnership acquired a subsidiary of Sunoco, which owned a 7.2 percent undivided interest in the Mesa Pipe Line system for approximately $1.3 million (see Note 2). Since the acquisition was from a related party, the interest in the entity was recorded by the Partnership at Sunoco's historical cost of $0.2 million, and the $1.1 million difference between the purchase price and the cost basis of the assets was recorded by the Partnership as a capital distribution.

Redemption of Common Units

In May and June 2005, the Partnership sold a total of 2.775 million common units in a public offering. The net proceeds from the sale were used to redeem 2.775 million common units owned by Sunoco for $99.6 million. Also in connection with the equity offering, Sunoco agreed to reimburse the Partnership for transaction costs incurred by the Partnership. Reimbursement of these costs of $0.4 million occurred during the third quarter of 2005 when the transaction costs were finalized, and the reimbursement was accounted for as an increase to Partners' Capital within the Partnership's condensed consolidated balance sheet.

Conversion of Subordinated Units

A total of 5,691,820 subordinated limited partner units, equal to one-half of the originally issued subordinated units held by the general partner, were converted to common units, 2,845,910 each on February 15, 2006 and February 15, 2005, as the Partnership met the requirements set forth in the partnership agreement (see Note 10).

4. Net Income Per Unit Data

Except as discussed in the following paragraph, basic and diluted net income per limited partner unit is calculated by dividing net income, after deducting the amount allocated to the general partner's interest, by the weighted-average number of limited partner common and subordinated units outstanding during the period.

Emerging Issues Task Force Issue No. 03-06 ("EITF 03-06") "Participating Securities and the Two-Class Method under FASB Statement No. 128" addresses the computation of earnings per share by entities that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the entity. EITF 03-06 provides that the general partner's interest in net income is to be calculated based on the amount that would be allocated to the general partner if all the net income for the period were distributed, and not on the basis of actual cash distributions for the period. The Partnership applied EITF 03-06 prospectively beginning with the third quarter of 2005. The application of EITF 03-06 may have an impact on earnings per limited partner unit in future periods if there are material differences between net income and actual cash distributions or if other participating securities are issued. The effect of applying EITF 03-06 to periods prior to the third quarter of 2005, however, would not have been material.

The general partner's interest in net income consists of its 2.0 percent general partner interest and "incentive distributions", which are increasing percentages, up to 50 percent of quarterly distributions in excess of $0.50 per limited partner unit (see Note 10). The general partner was allocated net income of $4.1 million (representing 15.6 percent of total net income for the period) and $1.2 million (representing 6.5 percent of total net income for the period) for the three months ended June 30, 2006 and 2005, respectively, and $5.4 million (representing 12.2 percent of total net income for the period) and $2.1 million (representing 6.3 percent of total net income for the period) for the six months ended June 30, 2006 and 2005, respectively. Diluted net income per limited partner unit is calculated by dividing net income applicable to limited partners' by the sum of the weighted-average number of common and subordinated units outstanding and the dilutive effect of incentive unit awards, as calculated by the treasury stock method.

The following table sets forth the reconciliation of the weighted average number of limited partner units used to compute basic net income per limited partner unit to those used to compute diluted net income per limited partner unit for the three and six months ended June 30, 2006 and 2005:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Weighted average number of limited partner units outstanding — basic	27,466,092	24,144,043	26,499,007	24,116,585
Add effect of dilutive unit incentive awards	123,552	159,878	124,547	178,855
Weighted average number of limited partner units – diluted	27,589,644	24,303,921	26,623,554	24,295,440

5. Investment in Affiliates

The Partnership's ownership percentages in corporate joint ventures as of June 30, 2006 and December 31, 2005 are as follows:

	Equity Ownership Percentage
Explorer Pipeline Company	9.4%
Wolverine Pipe Line Company	31.5%
West Shore Pipe Line Company	12.3%
Yellowstone Pipe Line Company	14.0%
West Texas Gulf Pipe Line Company	43.8%

The following table provides summarized combined statement of income data on a 100 percent basis for the Partnership's corporate joint venture interests for the three and six months ended June 30, 2006 and 2005 (in thousands of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Income Statement Data:				
Total revenues	$ 96,497	$ 99,219	$ 179,583	$ 186,240
Net income	$ 24,162	$ 28,797	$ 44,900	$ 53,234

The following table provides summarized combined balance sheet data on a 100 percent basis for the Partnership's corporate joint venture interests as of June 30, 2006 and December 31, 2005 (in thousands of dollars):

	June 30, 2006	December 31, 2005
Balance Sheet Data:		
Current assets	$ 106,166	$ 100,241
Non-current assets	$ 461,731	$ 468,994
Current liabilities	$ 84,671	$ 80,054
Non-current liabilities	$ 425,889	$ 437,004
Net equity	$ 57,337	$ 52,177

The Partnership's investments in Wolverine, West Shore, Yellowstone, and West Texas Gulf at June 30, 2006 include an excess investment amount of approximately $55.3 million, net of accumulated amortization of $2.3 million. The excess investment is the difference between the investment balance and the Partnership's proportionate share of the net assets of the entities. The excess investment was allocated to the underlying tangible and intangible assets. Other than land and indefinite-lived intangible assets, all amounts allocated, principally to pipeline and related assets, are amortized using the straight-line method over their estimated useful life of 40 years and included within depreciation and amortization in the condensed consolidated statements of income.

6. Long-Term Debt

The components of long-term debt are as follows (in thousands of dollars):

	June 30, 2006	December 31, 2005
Credit Facility	$ —	$ 106,600
Senior Notes — 7.25%, due February 15, 2012	250,000	250,000
Senior Notes — 6.125%, due May 15, 2016	175,000	—
Less unamortized bond discount	(1,187)	(1,027)
	$ 423,813	$ 355,573

Sunoco Logistics Partners Operations L.P. (the "Operating Partnership"), a wholly-owned entity of the Partnership, has a $300 million Credit Facility available to fund the Operating Partnership's working capital requirements, to finance future acquisitions and for general partnership purposes. It may also be used to fund the quarterly distribution to a maximum of $20.0 million. Borrowing under this distribution sublimit must be reduced to zero each year for a 15-day period. The Credit Facility matures in November 2010 and may be prepaid at any time. It bears interest at the Operating Partnership's option, at either (i) LIBOR plus an applicable margin or (ii) the higher of the federal funds rate plus 0.50 percent or the Citibank prime rate (each plus the applicable margin). There were no borrowings outstanding under the Credit Facility at June 30, 2006. The Credit Facility contains various covenants limiting the Operating Partnership's ability to incur indebtedness; grant certain liens; make certain loans, acquisitions and investments; make any material change to the nature of its business; acquire another company; or enter into a merger or sale of assets, including the sale or transfer of interests in the Operating Partnership's subsidiaries. The Credit Facility also contains covenants (each as defined in the credit agreement) requiring the Operating Partnership to maintain, on a rolling four-quarter basis, a maximum total debt to EBITDA ratio of 4.75 to 1, which can generally be increased to 5.25 to 1 during an acquisition period; and an interest coverage ratio of at least 3.0 to 1. The Operating Partnership is in compliance with these covenants as of June 30, 2006. The Partnership's ratio of total debt to EBITDA was 2.9 to 1 and the interest coverage ratio was 4.7 to 1 at June 30, 2006.

On March 1, 2006, the Partnership completed its acquisition of two Texas crude oil pipeline systems for approximately $108.9 million (see Note 2). The Partnership initially financed these transactions with $109.5 million of borrowings under the Credit Facility. All of the $216.1 million in borrowings outstanding under the Credit Facility were repaid in May 2006 with proceeds from the Senior Notes offering described below, together with a portion of the net proceeds from the concurrent offering of 2.68 million limited partner common units (see Note 9).

During May 2006, the Operating Partnership issued $175 million of 6.125 percent Senior Notes, due May 15, 2016 at 99.858 percent of the principal amount, for net proceeds of $173.3 million after the underwriter's commission and legal, accounting and other transaction expenses. The discount is amortized on a straight-line basis over the term of the Senior Notes and is included within interest expense in the condensed consolidated statements of income. The Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The Senior Notes contain various covenants limiting the Operating Partnership's ability to incur certain liens, engage in sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The Operating Partnership is in compliance with these covenants as of June 30, 2006. In addition, the Senior Notes are also subject to repurchase by the Operating Partnership, at the option of the holders of the Senior Notes, at a price equal to 100 percent of their principal amount, plus accrued and unpaid interest upon a change of control to a non-investment grade entity. The net proceeds from the Senior Notes, together with the $110.4 million in net proceeds from the concurrent offering of 2.68 million limited partner common units, were used to repay all of the $216.1 million in outstanding borrowings under the Partnership's Credit Facility The balance of the proceeds from the offerings are being used to fund the Partnership's organic growth program and for general Partnership purposes, including to finance pending and future acquisitions.

The Partnership and the operating partnerships of the Operating Partnership serve as joint and several guarantors of the Senior Notes and of any obligations under the Credit Facility. The guarantees are full and unconditional. See Note 13 for supplemental condensed consolidating financial information.

7. Commitments and Contingent Liabilities

The Partnership is subject to numerous federal, state and local laws which regulate the discharge of materials into the environment or that otherwise relate to the protection of the environment. These laws and regulations result in liabilities and loss contingencies for remediation at the Partnership's facilities and at third-party or formerly owned sites. The accrued liability for environmental remediation in the condensed consolidated balance sheets was $0.6 million as of June 30, 2006 and December 31, 2005. There are no liabilities attributable to unasserted claims, nor have any recoveries from insurance been assumed.

Total future costs for environmental remediation activities will depend upon, among other things, the identification of any additional sites, the determination of the extent of any contamination at each site, the timing and nature of required remedial actions, the technology available and needed to meet the various existing legal requirements, the nature and extent of future environmental laws, inflation rates and the determination of the Partnership's liability at multi-party sites, if any, in light of uncertainties with respect to joint and several liability, and the number, participation levels and financial viability of other parties. As discussed below, the Partnership's future costs will also be impacted by an indemnification from Sunoco.

Sunoco has indemnified the Partnership for 30 years from environmental and toxic tort liabilities related to the assets contributed to the Partnership that arise from the operation of such assets prior to the closing of the Partnership's initial public offering ("IPO") on February 8, 2002. Sunoco has indemnified the Partnership for 100 percent of all such losses asserted within the first 21 years of closing of the February 2002 IPO. Sunoco's share of liability for claims asserted thereafter will decrease by 10 percent a year. For example, for a claim asserted during the twenty-third year after closing of the February 2002 IPO, Sunoco would be required to indemnify the Partnership for 80 percent of its loss. There is no monetary cap on the amount of indemnity coverage provided by Sunoco. The Partnership has agreed to indemnify Sunoco and its affiliates for events and conditions associated with the operation of the Partnership's assets that occur on or after the closing of the February 2002 IPO and for environmental and toxic tort liabilities to the extent Sunoco is not required to indemnify the Partnership.

Sunoco has also indemnified the Partnership for liabilities, other than environmental and toxic tort liabilities related to the assets contributed to the Partnership, that arise out of Sunoco's ownership and operation of the assets prior to the closing of the February 2002 IPO and that are asserted within 10 years after closing of the February 2002 IPO. In addition, Sunoco has indemnified the Partnership from liabilities relating to certain defects in title to the assets contributed to the Partnership and associated with failure to obtain certain consents and permits necessary to conduct its business that arise within 10 years after closing of the February 2002 IPO as well as from liabilities relating to legal actions pending against Sunoco or its affiliates as of February 2, 2002, or events and conditions associated with any assets retained by Sunoco or its affiliates.

Management of the Partnership does not believe that any liabilities which may arise from claims indemnified by Sunoco would be material in relation to the consolidated financial position of the Partnership at June 30, 2006.

There are certain other pending legal proceedings related to matters arising after the February 2002 IPO which are not indemnified by Sunoco. Management believes that any liabilities that may arise from these legal proceedings will not be material in relation to the consolidated financial position of the Partnership at June 30, 2006.

8. Management Incentive Plan

Sunoco Partners LLC, the general partner of the Partnership, has adopted the Sunoco Partners LLC Long-Term Incentive Plan ("LTIP") for employees and directors of the general partner who perform services for the Partnership. The LTIP is administered by the independent directors of the Compensation Committee of the general partner's board of directors with respect to employee awards, and by the non-independent members of the general partners' board of directors with respect to awards granted to the independent directors. The LTIP currently permits the grant of restricted units and unit options covering an aggregate of 1,250,000 common units. There have been no grants of unit options since the inception of the LTIP. Restricted unit awards under the Partnership's LTIP generally vest upon completion of a three-year service period. For performance-based awards, adjustments for attainment of performance targets can range from 0–200 percent of the award grant, and are payable in common units. Restricted unit awards may also include tandem distribution equivalent rights ("DERs") at the discretion of the Compensation Committee. Subject to applicable vesting criteria, a DER entitles the grantee to a cash payment equal to cash distributions paid on an outstanding common unit during the period the restricted unit is outstanding. DERs are recognized as a reduction of Partners' Capital as they become vested.

As of June 30, 2006, there were approximately 0.2 million unvested restricted stock units outstanding with a weighted average grant-date fair value of $39.71 per unit, and a contractual life of three years. As of June 30, 2006, total compensation cost related to non-vested awards not yet recognized was $2.7 million, and the weighted-average period over which this cost is expected to be recognized in expense is 1.8 years. The number of restricted stock units outstanding and the total compensation cost related to non-vested awards not yet recognized reflect the Partnership's estimates of performance factors pertaining to performance-based restricted unit awards.

Effective January 1, 2006, the Partnership adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"), using the modified-prospective method. SFAS No. 123R revised the accounting for stock-based compensation required by Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"). Among other things, SFAS No. 123R requires a fair-value-based method of accounting for share-based payment transactions, which is similar to the method followed by the Partnership under the provisions of SFAS No. 123.

SFAS No. 123R also requires the use of a non-substantive vesting period approach for new share-based payment awards that vest when an employee becomes retirement eligible, as is the case under the Partnership's Long-Term Incentive Plan (i.e., the vesting period cannot exceed the date an employee becomes retirement eligible). The effect will be to accelerate expense recognition compared to the vesting period approach that the Partnership previously followed under SFAS No. 123. As a result of adopting Statement 123(R) on January 1, 2006, the Partnership's net income is $0.9 million lower for the three and six months ended June 30, 2006, than if it had continued to account for share-based compensation under SFAS No. 123. Basic and diluted earnings per unit are each $0.01 lower for the three months ended June 30, 2006 and are $0.02 and $0.01 lower for the six months ended June 30, 2006, respectively, than if the Partnership had continued to account for share-based compensation under SFAS No. 123. The future impact of the non-substantive vesting period will be dependent upon the value of future stock-based awards granted to employees who are eligible to retire prior to the normal vesting periods of the awards.

The Partnership recognized share-based compensation expense related to the LTIP of approximately $2.6 million in the first six months of 2006 under SFAS No. 123R and $1.6 million for the first six months of 2005 under SFAS No.123. During the year ended December 31, 2005, approximately 118,400 awards under the LTIP vested. During the first quarter of 2006, the Partnership issued 86,827 new common units (after netting for taxes of approximately $1.4 million) and made DER-related payments of approximately $0.7 million in connection with the vesting.

9. Equity Offerings

In May 2006, the Partnership sold 2.4 million common units in a public offering at a price of $43.00 per unit. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale. The purchase price for the over allotment was equal to the offering price in the May 2006 sale. The units were issued under the Partnership's Form S-3 shelf registration statement declared effective by the SEC in April 2006. The total sale of units resulted in gross proceeds of $115.2 million, and net proceeds of $110.4 million, after the underwriters' commission and legal, accounting and other transaction expenses. Net proceeds of the offering, together with the $173.3 million in net proceeds from the concurrent offering of Senior Notes (see Note 6), were used to repay $216.1 million of the debt incurred under the revolving credit facility, to fund the Partnership's 2006 organic growth program, and for general partnership purposes. Also as a result of the issuance of these units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest.

At June 30, 2006, Sunoco's ownership in the Partnership, including its 2.0 percent general partner interest, was 43.4 percent.

10. Cash Distributions

Within 45 days after the end of each quarter, the Partnership distributes all cash on hand at the end of the quarter, less reserves established by the general partner in its discretion. This is defined as "available cash" in the partnership agreement. The general partner has broad discretion to establish cash reserves that it determines are necessary or appropriate to properly conduct the Partnership's business. The Partnership will make quarterly distributions to the extent there is sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to the general partner.

The Partnership had 5,691,819 subordinated units issued as of June 30, 2006, all of which were held by the general partner and for which there is no established public trading market.

The Partnership originally issued 11,383,639 subordinated units to its general partner in connection with the 2002 IPO. The subordination period is generally defined in the partnership agreement as the period that ends on the first day of any quarter beginning after December 31, 2006 if (1) the Partnership has distributed at least the minimum quarterly distribution on all outstanding units with respect to each of the immediately preceding three consecutive, non-overlapping four-quarter periods; and (2) the adjusted operating surplus, as defined in the partnership agreement, during such periods equals or exceeds the amount that would have been sufficient to enable the Partnership to distribute the minimum quarterly distribution on all outstanding units on a fully diluted basis and the related distribution on the 2 percent general partner interest during those periods. In addition, under the partnership agreement, one quarter of the subordinated units may convert to common units on a one-for-one basis after both December 31, 2004 and December 31, 2005, if the Partnership meets the required tests for the preceding three consecutive, non-overlapping four-quarter periods. When the subordination period ends, the rights of the holders of subordinated units will no longer be subordinated to the rights of the holders of common units and the subordinated units may be converted into common units.

During the subordination period, the Partnership will generally pay cash distributions each quarter in the following manner:

- First, 98 percent to the holders of common units and 2 percent to the general partner, until each common unit has received a minimum quarterly distribution of $0.45, plus any arrearages from prior quarters;
- Second, 98 percent to the holders of subordinated units and 2 percent to the general partner, until each subordinated unit has received a minimum quarterly distribution of $0.45; and
- Thereafter, in the manner discussed below.

The Partnership has met the minimum quarterly distribution requirements on all outstanding units for each of the three consecutive, non-overlapping four-quarter periods ended December 31, 2004 and 2005. As a result, a total of 5,691,820 subordinated units were converted into common units on a one-for-one basis, 2,845,910 each on February 15, 2005 and February 15, 2006. As of June 30, 2006, there are 5,691,819 subordinated units outstanding, all of which may be converted in February 2007 as long as the Partnership continues to meet the financial tests noted above for each of the three consecutive, non-overlapping four-quarter periods ending December 31, 2006.

After the subordination period, the Partnership will, in general, pay cash distributions each quarter in the following manner:

	Percentage of Distributions	
Quarterly Cash Distribution Amount per Unit	**Unitholders**	**General Partner**
Up to minimum quarterly distribution ($0.45 per Unit)	98%	2%
Above $0.45 per Unit up to $0.50 per Unit	98%	2%
Above $0.50 per Unit up to $0.575 per Unit	85%	15%
Above $0.575 per Unit up to $0.70 per Unit	75%	25%
Above $0.70 per Unit	50%	50%

If cash distributions exceed $0.50 per unit in a quarter, the general partner will receive increasing percentages, up to 50 percent, of the cash distributed in excess of that amount. These distributions are referred to as "incentive distributions". The amounts shown in the table under "Percentage of Distributions" are the percentage interests of the general partner and the unitholders in any available cash from operating surplus that is distributed up to and including the corresponding amount in the column "Quarterly Cash Distribution Amount per Unit," until the available cash that is distributed reaches the next target distribution level, if any. The percentage interests shown for the unitholders and the general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

Distributions paid by the Partnership for the period from January 1, 2005 through June 30, 2006 were as follows:

Date Cash Distribution Paid	Cash Distribution per Limited Partner Unit	Total Cash Distribution to Limited Partners ($ in millions)	Total Cash Distribution to the General Partner ($ in millions)
February 14, 2005	$ 0.625	$ 15.0	$ 1.0
May 13, 2005	$ 0.625	$ 15.1	$ 1.0
August 12, 2005	$ 0.6375	$ 15.4	$ 1.1
November 12, 2005	$ 0.675	$ 17.4	$ 1.5
February 14, 2006	$ 0.7125	$ 18.4	$ 2.0
May 15, 2006	$ 0.75	$ 21.4	$ 3.3

On July 27, 2006, Sunoco Partners LLC, the general partner of Sunoco Logistics Partners L.P., declared a cash distribution of $0.775 per common and subordinated partnership unit ($3.10 annualized), representing the distribution for the second quarter of 2006. The $26.1 million distribution, including $4.0 million to the general partner, will be paid on August 14, 2006 to unitholders of record at the close of business on August 7, 2006.

11. Exit Costs Associated with Western Pipeline Headquarters Relocation

On June 10, 2005, the Partnership announced its intention to relocate its Western area headquarters operations from Tulsa, Oklahoma to the Houston, Texas area. The Partnership offered to relocate all affected employees. The Partnership substantially completed the relocation during the first quarter 2006.

The total non-recurring expenses incurred in connection with the relocation plan amounted to $4.9 million, including $2.9 recognized during the first quarter 2006. These costs consist primarily of employee relocation costs, one-time termination benefits and new hire expenses. These costs are included in selling, general and administrative expenses in the condensed statement of income, and are included in the operating results for the Western Pipeline System segment. In addition, the total capital expenditures associated with the move amounted to $5.5 million, including $2.8 million in the first quarter 2006. These capital expenditures include furniture and equipment, communication infrastructure and a pipeline control center. The Partnership did not incur any costs related to the move in the second quarter of 2006, and does not expect the remaining costs related to the relocation to be material.

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12. Business Segment Information

The following table sets forth condensed statement of income information concerning the Partnership's business segments and reconciles total segment operating income to net income for the three months ended June 30, 2006 and 2005, respectively (in thousands of dollars):

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005
Segment Operating Income		
Eastern Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 18,949	$ 18,305
Unaffiliated customers	6,274	5,136
Other income	2,859	3,179
Total Revenues	28,082	26,620
Operating expenses	9,583	11,119
Depreciation and amortization	2,568	2,607
Selling, general and administrative expenses	4,604	4,740
Total Costs and Expenses	16,755	18,466
Operating Income	$ 11,327	$ 8,154
Terminal Facilities:		
Sales and other operating revenue:		
Affiliates	$ 20,803	$ 19,142
Unaffiliated customers	9,574	8,744
Total Revenues	30,377	27,886
Operating expenses	12,739	11,751
Depreciation and amortization	3,880	3,431
Selling, general and administrative expenses	3,883	3,454
Total Costs and Expenses	20,502	18,636
Operating Income	$ 9,875	$ 9,250
Western Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 478,687	$ 457,563
Unaffiliated customers	957,209	571,555
Other income	1,013	910
Total Revenues	1,436,909	1,030,028
Cost of products sold and operating expenses	1,417,352	1,018,518
Depreciation and amortization	2,763	1,455
Selling, general and administrative expenses	5,035	4,313
Total Costs and Expenses	1,425,150	1,024,286
Operating Income	$ 11,759	$ 5,742
Reconciliation of Segment Operating Income to Net Income:		
Operating Income:		
Eastern Pipeline System	$ 11,327	$ 8,154
Terminal Facilities	9,875	9,250
Western Pipeline System	11,759	5,742
Total segment operating income	32,961	23,146
Net interest expense	6,641	5,352
Net Income	$ 26,320	$ 17,794

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Segment Operating Income		
Eastern Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 37,387	$ 36,366
Unaffiliated customers	13,112	10,579
Other income	4,831	6,250
Total Revenues	55,330	53,195
Operating expenses	20,232	21,736
Depreciation and amortization	5,218	5,206
Selling, general and administrative expenses	8,672	9,399
Total Costs and Expenses	34,122	36,341
Operating Income	$ 21,208	$ 16,854
Terminal Facilities:		
Sales and other operating revenue:		
Affiliates	$ 39,959	$ 38,455
Unaffiliated customers	19,531	17,358
Other Income	7	1
Total Revenues	59,497	55,814
Operating expenses	25,296	22,790
Depreciation and amortization	7,580	7,515
Selling, general and administrative expenses	7,356	6,722
Total Costs and Expenses	40,232	37,027
Operating Income	$ 19,265	$ 18,787
Western Pipeline System:		
Sales and other operating revenue:		
Affiliates	$ 919,414	$ 897,112
Unaffiliated customers	1,723,064	1,092,424
Other income	1,425	1,465
Total Revenues	2,643,903	1,991,001
Cost of products sold and operating expenses	2,608,932	1,971,773
Depreciation and amortization	5,359	2,894
Selling, general and administrative expenses	12,497	8,303
Total Costs and Expenses	2,626,788	1,982,970
Operating Income	$ 17,115	$ 8,031
Reconciliation of Segment Operating Income to Net Income:		
Operating Income:		
Eastern Pipeline System	$ 21,208	$ 16,854
Terminal Facilities	19,265	18,787
Western Pipeline System	17,115	8,031
Total segment operating income	57,588	43,672
Net interest expense	12,844	10,580
Net Income	$ 44,744	$ 33,092

The following table provides the identifiable assets for each segment as of June 30, 2006 and December 31, 2005 (in thousands):

	June 30, 2006	December 31, 2005
Eastern Pipeline System	$ 347,566	$ 343,591
Terminal Facilities	$ 321,328	$ 293,119
Western Pipeline System	$ 1,384,706	$ 1,016,915
Corporate and other	$ 41,741	$ 27,060
Total identifiable assets	$ 2,095,341	$ 1,680,685

Corporate and other assets consist primarily of cash and cash equivalents, advances to affiliates and deferred charges.

13. Supplemental Condensed Consolidating Financial Information

The Partnership and the operating subsidiaries of the Operating Partnership serve as joint and several guarantors of the 6.125% and 7.25% Senior Notes and of any obligations under the Credit Facility. The guarantees are full and unconditional. Given that certain, but not all subsidiaries of the Partnership are guarantors, the Partnership is required to present the following supplemental condensed consolidating financial information. For purposes of the following footnote, Sunoco Logistics Partners, L.P. is referred to as “Parent” and Sunoco Logistics Partners Operations L.P. is referred to as “Subsidiary Issuer.” Sunoco Partners Marketing and Terminals L.P. and Sunoco Pipeline L.P. are collectively referred to as the “Guarantor Subsidiaries” and Sunoco Logistics Partners GP LLC, Sunoco Logistics Partners Operations GP LLC and Sunoco Partners Lease Acquisition & Marketing LLC are referred to as “Non-Guarantor Subsidiaries.” Sun Pipe Line Services (Out) LLC, previously considered a Non-Guarantor Subsidiary, was merged into Sunoco Pipeline L.P. in the second quarter 2006.

The following supplemental condensed consolidating financial information (in thousands) reflects the Parent’s separate accounts, the Subsidiary Issuer’s separate accounts, the combined accounts of the Guarantor Subsidiaries, the combined accounts of the Non-Guarantor Subsidiaries, the combined consolidating adjustments and eliminations and the Parent’s consolidated accounts for the dates and periods indicated. For purposes of the following condensed consolidating information, the Parent’s investments in its subsidiaries and the Subsidiary Issuer’s investments in its subsidiaries are accounted for under the equity method of accounting.

Statement of Income
Three Months Ended June 30, 2006
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues						
Sales and other operating revenue:						
Affiliates	$ —	$ —	$ 518,197	$ 242	$ —	$ 518,439
Unaffiliated customers	—	—	972,319	738	—	973,057
Equity in earnings of subsidiaries	25,720	32,373	—	3	(58,096)	—
Other income	—	—	3,872	—	—	3,872
Total Revenues	25,720	32,373	1,494,388	983	(58,096)	1,495,368
Costs and Expenses						
Cost of products sold and operating expenses	—	—	1,439,324	350	—	1,439,674
Depreciation and amortization	—	—	9,181	30	—	9,211
Selling, general and administrative expenses	—	—	13,519	3	—	13,522
Total Costs and Expenses	—	—	1,462,024	383	—	1,462,407
Operating Income	25,720	32,373	32,364	600	(58,096)	32,961
Net interest cost paid to/ (received from) affiliates	—	426	(12)	—	—	414
Other interest cost and debt expenses, net	—	7,416	—	—	—	7,416
Capitalized interest	—	(1,189)	—	—	—	(1,189)
Net Income	$ 25,720	$ 25,720	$ 32,376	$ 600	$ (58,096)	$ 26,320

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Statement of Income
Three Months Ended June 30, 2005
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues						
Sales and other operating revenue:						
Affiliates	$ —	$ —	$ 495,010	$ —	$ —	$ 495,010
Unaffiliated customers	—	—	585,435	—	—	585,435
Equity in earnings of subsidiaries	17,786	23,879	—	2	(41,667)	—
Other income	—	—	4,089	—	—	4,089
Total Revenues	17,786	23,879	1,084,534	2	(41,667)	1,084,534
Costs and Expenses						
Cost of products sold and operating expenses	—	—	1,041,393	(5)	—	1,041,388
Depreciation and amortization	—	—	7,493	—	—	7,493
Selling, general and administrative expenses	—	—	12,507	—	—	12,507
Total Costs and Expenses	—	—	1,061,393	(5)	—	1,061,388
Operating Income	17,786	23,879	23,141	7	(41,667)	23,146
Net interest cost paid to/ (received from) affiliates	—	828	(741)	—	—	87
Other interest cost and debt expenses, net	—	5,265	—	—	—	5,265
Net Income	$ 17,786	$ 17,786	$ 23,882	$ 7	$ (41,667)	$ 17,794

Statement of Income
Six Months Ended June 30, 2006
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues						
Sales and other operating revenue:						
Affiliates	$ —	$ —	$ 996,298	$ 462	$ —	$ 996,760
Unaffiliated customers	—	—	1,754,686	1,021	—	1,755,707
Equity in earnings of subsidiaries	43,891	57,237	—	6	(101,134)	—
Other income	—	—	6,263	—	—	6,263
Total Revenues	43,891	57,237	2,757,247	1,489	(101,134)	2,758,730
Costs and Expenses						
Cost of products sold and operating expenses	—	—	2,653,888	572	—	2,654,460
Depreciation and amortization	—	—	18,096	61	—	18,157
Selling, general and administrative expenses	—	—	28,522	3	—	28,525
Total Costs and Expenses	—	—	2,700,506	636	—	2,701,142
Operating Income	43,891	57,237	56,741	853	(101,134)	57,588
Net interest cost paid to/ (received from) affiliates	—	1,225	(502)	—	—	723
Other interest cost and debt expenses, net	—	13,866	—	—	—	13,866
Capitalized interest	—	(1,745)	—	—	—	(1,745)
Net Income	$ 43,891	$ 43,891	$ 57,243	$ 853	$ (101,134)	$ 44,744

Statement of Income
Six Months Ended June 30, 2005
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues						
Sales and other operating revenue:						
Affiliates	$ —	$ —	$ 971,933	$ —	$ —	$ 971,933
Unaffiliated customers	—	—	1,120,361	—	—	1,120,361
Equity in earnings of subsidiaries	33,082	44,922	—	4	(78,008)	—
Other income	—	—	7,716	—	—	7,716
Total Revenues	33,082	44,922	2,100,010	4	(78,008)	2,100,010
Costs and Expenses						
Cost of products sold and operating expenses	—	—	2,016,304	(5)	—	2,016,299
Depreciation and amortization	—	—	15,615	—	—	15,615
Selling, general and administrative expenses	—	—	24,424	—	—	24,424
Total Costs and Expenses	—	—	2,056,343	(5)	—	2,056,338
Operating Income	33,082	44,922	43,667	9	(78,008)	43,672
Net interest cost paid to/ (received from) affiliates	—	1,412	(1,260)	—	—	152
Other interest cost and debt expenses, net	—	10,428	—	—	—	10,428
Net Income	$ 33,082	$ 33,082	$ 44,927	$ 9	$ (78,008)	$ 33,092

Balance Sheet
June 30, 2006
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets						
Current Assets						
Cash and cash equivalents	$ —	$ 25,442	$ —	$ —	$ —	$ 25,442
Advances to affiliates	8,515	—	(761)	—	—	7,754
Accounts receivable, affiliated companies	—	—	165,344	—	—	165,344
Accounts receivable, net	—	—	808,126	—	—	808,126
Inventories						
Crude oil	—	—	29,219	—	—	29,219
Materials, supplies and other	—	—	725	—	—	725
Total Current Assets	8,515	25,442	1,002,653	—	—	1,036,610
Properties, plants and equipment, net	—	—	958,428	—	—	958,428
Investment in affiliates	625,436	1,026,668	69,071	100	(1,652,204)	69,071
Deferred charges and other assets	(25)	3,755	27,502	—	—	31,232
Total Assets	$ 633,926	$ 1,055,865	$ 2,057,654	$ 100	$ (1,652,204)	$ 2,095,341
Liabilities and Partners' Capital						
Current Liabilities						
Accounts payable	$ —	$ 3	$ 958,312	$ —	$ —	$ 958,315
Accrued liabilities	1,109	8,358	19,022	—	—	28,489
Accrued taxes other than income	—	—	23,853	—	—	23,853
Total Current Liabilities	1,109	8,361	1,001,187	—	—	1,010,657
Long-term debt	—	423,813	—	—	—	423,813
Other deferred credits and liabilities	—	—	23,343	—	—	23,343
Total Liabilities	1,109	432,174	1,024,530	—	—	1,457,813
Total Partners' Capital	632,817	623,691	1,033,124	100	(1,652,204)	637,528
Total Liabilities and Partners' Capital	$ 633,926	$ 1,055,865	$ 2,057,654	$ 100	$ (1,652,204)	$ 2,095,341

Balance Sheet
December 31, 2005

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets						
Current Assets						
Cash and cash equivalents	$ —	$ 21,645	$ —	$ —	$ —	$ 21,645
Advances to affiliates	—	—	5,506	—	(5,506)	—
Accounts receivable, affiliated companies	—	—	136,536	—	—	136,536
Accounts receivable, net	—	—	584,509	—	—	584,509
Inventories						
Crude oil	—	—	27,561	—	—	27,561
Materials, supplies and other	—	—	700	—	—	700
Total Current Assets	—	21,645	754,812	—	(5,506)	770,951
Properties, plants and equipment, net	—	—	809,342	5,494	—	814,836
Investment in affiliates	464,986	778,106	69,291	(130)	(1,243,156)	69,097
Deferred charges and other assets	—	2,459	23,325	17	—	25,801
Total Assets	$ 464,986	$ 802,210	$ 1,656,770	$ 5,381	$ (1,248,662)	$ 1,680,685
Liabilities and Partners' Capital						
Current Liabilities						
Accounts payable	$ —	$ —	$ 720,127	$ —	$ —	$ 720,127
Accrued liabilities	1,171	6,800	24,913	—	—	32,884
Accrued taxes other than income	—	—	20,986	—	—	20,986
Advances from affiliates	5,945	—	—	5,311	(5,506)	5,750
Total Current Liabilities	7,116	6,800	766,026	5,311	(5,506)	779,747
Long-term debt	—	355,573	—	—	—	355,573
Other deferred credits and liabilities	—	—	21,954	—	—	21,954
Total Liabilities	7,116	362,373	787,980	5,311	(5,506)	1,157,274
Total Partners' Capital	457,870	439,837	868,790	70	(1,243,156)	523,411
Total Liabilities and Partners' Capital	$ 464,986	$ 802,210	$ 1,656,770	$ 5,381	$ (1,248,662)	$ 1,680,685

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Statement of Cash Flows
Six Months Ended June 30, 2006
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 43,829	$ 44,152	$ 58,452	$ 914	$ (101,134)	$ 46,213
Cash Flows from Investing Activities:						
Capital expenditures	—	—	(53,759)	—	—	(53,759)
Acquisitions	—	—	(108,900)	—	—	(108,900)
Intercompany	(97,103)	(107,062)	103,945	(914)	101,134	—
	(97,103)	(107,062)	(58,714)	(914)	101,134	(162,659)
Cash Flows from Financing Activities:						
Distribution paid to Limited Partners and General Partner	(45,047)	—	—	—	—	(45,047)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(1,443)	—	—	(1,443)
Net proceeds from issuance of Limited Partner units	110,357	—	—	—	—	110,357
Net contribution from General Partner for Limited Partner unit transactions	2,426	—	—	—	—	2,426
Net proceeds from issuance of Senior Notes	—	173,307	—	—	—	173,307
Advances to affiliates, net	(14,462)	—	958	—	—	(13,504)
Borrowings under credit facility	—	109,500				109,500
Repayments under credit facility	—	(216,100)				(216,100)
Contributions from affiliate	—	—	747	—	—	747
	53,274	66,707	262	—	—	120,243
Net change in cash and cash equivalents	—	3,797	—	—	—	3,797
Cash and cash equivalents at beginning of year	—	21,645	—	—	—	21,645
Cash and cash equivalents at end of period	$ —	$ 25,442	$ —	$ —	$ —	$ 25,442

Statement of Cash Flows
Six Months Ended June 30, 2005
(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 33,365	$ 33,278	$ 41,233	$ 9	$ (78,008)	$ 29,877
Cash Flows from Investing Activities:						
Capital expenditures	—	—	(17,930)	—	—	(17,930)
Intercompany	(20,671)	(40,726)	(16,602)	(9)	78,008	—
	(20,671)	(40,726)	(34,532)	(9)	78,008	(17,930)
Cash Flows from Financing Activities:						
Distribution paid to Limited Partners and General Partner	(32,013)	—	—	—	—	(32,013)
Payments of statutory withholding on net issuance of Limited Partner units under restricted unit incentive plan	—	—	(2,863)	—	—	(2,863)
Net proceeds from issuance of Limited Partner units	99,203	—	—	—	—	99,203
Redemption of Limited Partner units from Sunoco	(99,203)	—	—	—	—	(99,203)
Net contribution from General Partner for Limited Partner unit transactions	137	—	—	—	—	137
Advances to affiliates, net	19,182	—	(4,733)	—	—	14,449
Contributions from affiliate	—	—	895	—	—	895
	(12,694)	—	(6,701)	—	—	(19,395)
Net change in cash and cash equivalents	—	(7,448)	—	—	—	(7,448)
Cash and cash equivalents at beginning of year	—	52,660	—	—	—	52,660
Cash and cash equivalents at end of period	$ —	$ 45,212	$ —	$ —	$ —	$ 45,212

14. Subsequent Event

On July 27, 2006, the Partnership announced that is has executed a purchase agreement with Sunoco, Inc. to acquire a 100 percent interest in Sun Pipe Line Company of Delaware LLC, the owner of a 55.3 percent equity interest in Mid-Valley Pipeline Company (“Mid-Valley”) for $65 million, subject to certain adjustments five years following the date of closing. Closing is expected within the next 30 days, subject to expiration of the Hart-Scott-Rodino waiting period. The purchase will initially be financed with the Partnership’s revolving credit facility and cash on hand. Mid-Valley owns a 994-mile pipeline, which originates in Longview, Texas and terminates in Samaria, Michigan, and has operating capacity of 238,000 barrels per day and 4.2 million barrels of shell storage capacity. Mid-Valley provides crude oil to a number of refineries, primarily in the Midwest United States. The Partnership will continue to be the operator of the Mid-Valley pipeline.

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

Results of Operations — Three Months Ended June 30, 2006 and 2005

Sunoco Logistics Partners L.P.
Operating Highlights
Three Months Ended June 30, 2006 and 2005

	Three Months Ended June 30,	
	2006	2005
Eastern Pipeline System: (1)		
Total shipments (barrel miles per day)(2)	58,451,104	55,429,896
Revenue per barrel mile (cents)	0.474	0.465
Terminal Facilities:		
Terminal throughput (bpd):		
Refined product terminals	390,341	383,286
Nederland terminal	449,176	452,571
Refinery terminals(3)	713,407	709,023
Western Pipeline System:(1)(4)		
Crude oil pipeline throughput (bpd)	519,808	320,243
Crude oil purchases at wellhead (bpd)	201,975	191,820
Gross margin per barrel of pipeline throughput (cents)(5)	33.4	31.4

(1) Excludes amounts attributable to equity ownership interests in the corporate joint ventures.

(2) Represents total average daily pipeline throughput multiplied by the number of miles of pipeline through which each barrel has been shipped.

(3) Consists of the Partnership's Fort Mifflin Terminal Complex, the Marcus Hook Tank Farm and the Eagle Point Dock.

(4) Includes results from the Partnership's purchases of an undivided joint interest in the Mesa Pipe Line system, the Corsicana to Wichita Falls, Texas pipeline system, and the Millennium and Kilgore pipeline system from the acquisition dates.

(5) Represents total segment sales and other operating revenue minus cost of products sold and operating expenses and depreciation and amortization divided by crude oil pipeline throughput.

Analysis of Consolidated Net Income

Net income was $26.3 million for the second quarter 2006 as compared with $17.8 million for the second quarter 2005, an increase of $8.5 million. This increase was due mainly to higher Western Pipeline System lease acquisition margins, an increase in total shipments in the Eastern Pipeline System, and operating results from the acquisitions completed in 2005 and 2006 in the Western Pipeline System. These increases were partially offset by higher interest expense related to financing of the recent acquisitions and the Partnership's internal expansion capital program, as well as higher selling, general and administrative costs related to the acquired assets.

Net interest expense increased $1.3 million to $6.6 million for the second quarter 2006 from $5.3 million for the prior year's quarter due to increased borrowings and higher interest rates, partially offset by an increase of $1.2 million in capitalized interest.

Analysis of Segment Operating Income

Eastern Pipeline System

Operating income for the Eastern Pipeline System increased $3.2 million to $11.3 million for the second quarter 2006 from $8.1 million for the second quarter 2005. This increase was primarily the result of a $1.8 million increase in sales and other operating revenue and a $1.5 million decrease in operating expenses, partially offset by a $0.3 million decrease in other income. Sales and other operating revenue increased from $23.4 million for the prior year's quarter to $25.2 million for the second quarter 2006 mainly due to an increase in total shipments, as well as higher revenue per barrel mile. The increase in shipments was due principally to higher throughput on the Marysville, Michigan to Toledo, Ohio crude oil pipeline due to resumed production at two third-party Canadian synthetic crude oil plants which experienced reduced production in 2005 as a result of fire damage, and higher demand due to expansion of a Detroit refinery served by the Marysville pipeline. Operating expenses decreased to $9.6 million in the second quarter 2006 from $11.1 million in the second quarter 2005 due mainly to product operating gains, partially offset by increased utility and operating supply costs. Other income decreased due to a reduction in equity income from the Partnership's joint venture interests.

Terminal Facilities

The Terminal Facilities business segment had operating income of $9.9 million for the second quarter 2006, as compared to $9.3 million for the prior year's second quarter. Total revenues increased $2.5 million from the prior year's second quarter to $30.4 million for the second quarter 2006 due primarily to increased revenues associated with the addition of ethanol blending at the balance of the Partnership's refined product terminals in May 2006, an increase in revenues at the Partnership's Nederland Terminal, as well as increased volumes at the refined product terminals. Operating expenses increased $1.0 million from the prior year's second quarter to $12.7 million for the second quarter 2006 due principally to timing of scheduled maintenance activity and higher utility costs.

Western Pipeline System

Operating income for the Western Pipeline System increased $6.0 million to $11.8 million for the second quarter 2006 from $5.8 million for the second quarter 2005. The increase was primarily the result of higher lease acquisition margins, and higher crude oil pipeline volumes, mainly from the Corsicana to Wichita Falls, Texas crude oil pipeline acquired in August 2005, the 37.0 percent undivided interest in the Mesa Pipe Line System acquired in December 2005, and the Millennium and Kilgore pipelines acquired in March 2006. Total revenues and cost of products sold and operating expenses increased in the second quarter 2006 compared with the prior year's quarter due principally to an increase in the price of crude oil. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma, increased to $70.70 per barrel for the second quarter 2006 from $53.13 per barrel for the second quarter 2005. Operating expenses were higher also as a result of increased costs associated with the acquired assets and higher utility costs. Depreciation and amortization increased by $1.3 million due principally to the 2005 and 2006 acquisitions described earlier.

Results of Operations – Six Months Ended June 30, 2006 and 2005

Sunoco Logistics Partners L.P.
Operating Highlights
Six Months Ended June 30, 2006 and 2005

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Eastern Pipeline System: (1)		
Total shipments (barrel miles per day)(2)	59,713,014	55,514,812
Revenue per barrel mile (cents)	0.467	0.467
Terminal Facilities:		
Terminal throughput (bpd):		
Refined product terminals	386,807	389,619
Nederland terminal	469,309	472,133
Refinery terminals(3)	703,597	699,459
Western Pipeline System:(1)(4)		
Crude oil pipeline throughput (bpd)	502,503	319,113
Crude oil purchases at wellhead (bpd)	191,751	193,325
Gross margin per barrel of pipeline throughput (cents)(5)	31.0	25.7

Analysis of Consolidated Net Income

Net income was $44.7 million for the six month period ended June 2006 as compared with $33.1 million for the comparable period in 2005, an increase of $11.6 million. This increase was due mainly to higher Western Pipeline System lease acquisition margins, an increase in total shipments in the Eastern Pipeline System, and operating results from the acquisitions completed in 2005 and 2006 in the Western Pipeline System. These increases were partially offset by higher interest expense related to financing of the recent acquisitions and the Partnership's internal expansion capital program, and higher selling, general and administrative costs as a result of $2.9 million in costs related to the Western area headquarters relocation, which was completed in the first quarter 2006.

Net interest expense increased $2.3 million to $12.8 million for the first half of 2006 from $10.5 million for the first half of 2005 due to increased borrowings and higher interest rates, partially offset by an increase of $1.7 million in capitalized interest.

Analysis of Segment Operating Income

Eastern Pipeline System

Operating income for the Eastern Pipeline System increased $4.4 million to $21.2 million for the first half of 2006 from $16.8 million for the first half of 2005. Sales and other operating revenue increased from $46.9 million for the prior year's period to $50.5 million for the six months ended 2006 mainly due to an increase in total shipments. This increase was principally the result of higher throughput on the Marysville to Toledo crude oil pipeline as a result of the prior year production issues previously discussed. Other income decreased to $4.8 million for the first half of 2006 from $6.3 million for the prior year period due primarily to a decrease in joint venture equity income mainly as a result of reduced pipeline volumes experienced by the Partnership's joint venture interests. Operating expenses decreased from $21.7 million in the first half of 2005 to $20.2 million for the first half of 2006 due mainly to product operating gains, partially offset by increased utility and operating supply costs.

Terminal Facilities

The Terminal Facilities business segment had operating income of $19.3 million for the six months ended June 2006, as compared to $18.8 million for the prior year's corresponding period. Total revenues increased $3.7 million from the prior year's first half to $59.5 million for the first half of 2006 due primarily to an increase in revenues at the Partnership's Nederland Terminal, as well as increased revenues associated with the addition of ethanol blending at the balance of the

Partnership's refined product terminals in May 2006. Operating expenses increased $2.5 million from the prior year's first half to $25.3 million for the first half of 2006 due to the timing of scheduled maintenance activity and higher utility costs.

Western Pipeline System

Operating income for the Western Pipeline System increased $9.1 million to $17.1 million for the first half of 2006 from $8.0 million for the first half of 2005. The increase was primarily the result of higher lease acquisition margins, and higher crude oil pipeline volumes, mainly from the acquisitions previously discussed. Total revenues and cost of products sold and operating expenses increased in the first half of 2006 compared with the prior year period due principally to an increase in the price of crude oil. The average price of West Texas Intermediate crude oil at Cushing, Oklahoma, increased to $67.13 per barrel for the six months ended June 2006 from $51.53 per barrel for the six months ended June 2005. Depreciation and amortization increased by $2.4 million due principally to the 2005 and 2006 acquisitions discussed earlier. Selling, general and administrative expenses increased $4.2 million due principally to $2.9 million of costs related to the Western area headquarters relocation from Tulsa, Oklahoma to Sugar Land, Texas, as well as increased costs associated with the acquired assets. The relocation to Sugar Land was completed in the first quarter 2006.

Liquidity and Capital Resources

Liquidity

Cash generated from operations and borrowings under the Credit Facility are the Partnership's primary sources of liquidity. At June 30, 2006, the Partnership had working capital of $26.0 million and available borrowing capacity under the Credit Facility of $300.0 million. The Partnership's working capital position also reflects crude oil inventories based on historical costs under the LIFO method of accounting. If the inventories had been valued at their current replacement cost, the Partnership would have had working capital of $146.6 million at June 30, 2006.

Capital Resources

The Partnership periodically supplements its cash flows from operations with proceeds from debt and equity financing activities.

Credit Facility

Sunoco Logistics Partners Operations L.P., a wholly-owned subsidiary of the Partnership (the "Operating Partnership"), has a $300 million Credit Facility available to fund working capital requirements, to finance future acquisitions, and for general partnership purposes. The Credit Facility matures in November 2010. It also includes a $20.0 million distribution sublimit that is available for distributions, and may be used to fund the quarterly distributions, provided the total outstanding borrowings for distributions do not at any time exceed $20.0 million. The Partnership will be required to reduce to zero all borrowings under the distribution sublimit under the Credit Facility each year for 15 days.

At December 31, 2005, there was $106.6 million outstanding under the Credit Facility. On March 1, 2006, an additional $109.5 million was drawn against the Credit Facility to fund the acquisitions of the Millennium and Kilgore pipeline system and the Amdel pipeline system. During the second quarter 2006, the Partnership completed an offering of 2.68 million limited partner common units and the Operating Partnership completed an offering of $175 million of 6.125 percent Senior Notes. A portion of the net proceeds of $283.7 million from these offerings were utilized to repay all of the $216.1 million outstanding under the Credit Facility. The balance of the proceeds is being used to fund a portion of the Partnership's internal expansion capital program, and for general Partnership purposes, including to finance pending and future acquisitions.

Senior Notes

During May 2006, the Operating Partnership issued $175 million of 6.125 percent Senior Notes, due May 15, 2016 at 99.858 percent of the principal amount, for net proceeds of $173.3 million after the underwriter's commission and legal, accounting and other transaction expenses. The discount is amortized on a straight-line basis over the term of the Senior Notes and is included within interest expense in the condensed consolidated statements of income. The Senior Notes are redeemable, at a make-whole premium, and are not subject to sinking fund provisions. The Senior Notes contain various covenants limiting the Operating Partnership's ability to incur certain liens, engage in sale/leaseback transactions, or merge, consolidate or sell substantially all of its assets. The Operating Partnership is in compliance with these covenants as of June 30, 2006. In addition, the Senior Notes are also subject to repurchase by the Operating Partnership, at the option of the holders of the Senior Notes, at a price equal to 100 percent of their principal amount, plus accrued and unpaid interest at any time. The net proceeds from the Senior Notes, together with the $110.4 million in net proceeds from the concurrent offering of 2.68 million limited partner common units, were used to repay of all of the $216.1 million in outstanding borrowings under the Partnership's Credit Facility The balance of the proceeds from the offerings are being used to fund the Partnership's organic growth program and for general Partnership purposes, including to finance pending and future acquisitions.

Equity Offerings

In May 2006, the Partnership sold 2.4 million common units in a public offering. In June 2006, the Partnership sold an additional 280,000 common units to cover over-allotments in connection with the May 2006 sale. The total sale of units resulted in gross proceeds of $115.2 million, and net proceeds of $110.4 million, after the underwriters' commission and legal, accounting and other transaction expenses. Net proceeds of the offering were used to repay a portion of the $216.1 million of the debt incurred under the revolving Credit Facility. As a result of this issuance of 2.68 million common units, the general partner contributed $2.4 million to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded this amount as a capital contribution to Partners' Capital within its condensed consolidated balance sheet.

In August 2005, the Partnership sold 1.5 million common units in a public offering. In September 2005, the Partnership sold an additional 125,000 common units to cover over-allotments in connection with the August 2005 sale. The total sale of units resulted in total gross proceeds of $63.4 million, and net proceeds of $60.4 million, after the underwriters' commission and legal, accounting and other transaction expenses. Net proceeds of the sale were used to repay $56.5 million of the debt incurred to finance the August 2005 purchase of the Corsicana to Wichita Falls, Texas crude oil pipeline system and storage facilities, with the balance for general partnership purposes. As a result of this issuance of 1.625 million common units, the general partner contributed $1.3 million to the Partnership to maintain its 2.0 percent general partner interest.

In May 2005, the Partnership sold 2.5 million common units in a public offering. In June 2005, the Partnership sold an additional 275,000 common units to cover over-allotments in connection with the May 2005 sale. The purchase price for the over-allotment was equal to the offering price in the May 2005 sale. The sale of units resulted in total gross proceeds of $104.1 million, and net proceeds of $99.2 million, after underwriters' commissions and legal, accounting and other transaction expenses. Net proceeds from the sale were used to redeem 2.775 million common units owned by Sunoco at a redemption price per unit equal to the public offering price per unit after the underwriters' commissions.

Shelf Registration Statement

On April 7, 2006, the Partnership, the Operating Partnership, and the Operating Partnership's wholly-owned subsidiaries, as co-registrants, filed a shelf registration statement with the Securities and Exchange Commission. This shelf registration permits the periodic offering and sale of up to $500 million of equity securities by the Partnership or debt securities of the Operating Partnership (guaranteed by the Partnership). At June 30, 2006, $209.8 million remains available for issuance under the shelf registration statement. The shelf registration also covers the resale of up to five million common units by the Partnership's general partner. The amount, type and timing of any offerings will depend upon, among other things, the funding requirements of the Partnership, prevailing market conditions, and compliance with covenants in applicable debt obligations of the Operating Partnership (including the Credit Facility).

Cash Flows and Capital Expenditures

Net cash provided by operating activities for the six months ended June 30, 2006 was $46.2 million compared with $29.9 million for the first six months of 2005. Net cash provided by operating activities for the first six months of 2006 was primarily generated by net income of $44.7 million, depreciation and amortization of $18.2 million, partially offset by a $15.5 million increase in working capital. Working capital increased primarily due to increases in accounts receivable balances. Net cash provided by operating activities for the first six months of 2005 was principally generated by net income of $33.1 million and depreciation and amortization of $15.6 million, partially offset by a $17.9 million increase in working capital.

Net cash used in investing activities for the first six months of 2006 was $162.7 million compared with $17.9 million for the first six months of 2005. The increase between periods is due primarily to the acquisitions of the Millennium and Kilgore pipelines and the Amdel pipeline in March 2006, and the Partnership's investment in its internal expansion capital program, as further discussed below in the "*Capital Requirements*" section of this document.

Net cash provided by financing activities for the first six months of 2006 was $120.2 million compared with $19.4 million net cash used in financing activities for the first six months of 2005. Net cash provided by financing activities for the first six months of 2006 was the result of $110.4 million of net proceeds from the offering of 2.68 million limited partner common units and $173.3 million of net proceeds received from the issuance of 6.125 percent Senior Notes in May 2006. This increase was partially offset by $45.0 million in distributions paid to limited partners and the general partner, and a net repayment of $106.6 million of outstanding borrowings under the Partnership's Credit Facility.

Under a treasury services agreement with Sunoco, the Partnership participates in Sunoco's centralized cash management program. Advances to affiliates in the Partnership's condensed consolidated balance sheets at June 30, 2006 represent amounts due from Sunoco under this agreement. Advances from affiliates at December 31, 2005 represent amounts due to Sunoco under this agreement.

Capital Requirements

The pipeline, terminalling, and crude oil transport operations are capital intensive, requiring significant investment to maintain, upgrade or enhance existing operations and to meet environmental and operational regulations. The capital requirements have consisted, and are expected to continue to consist, primarily of:

- Maintenance capital expenditures, such as those required to maintain equipment reliability, tankage and pipeline integrity and safety, and to address environmental regulations; and
- Expansion capital expenditures to acquire assets to grow the business and to expand existing and construct new facilities, such as projects that increase storage or throughput volume.

The following table summarizes maintenance and expansion capital expenditures, including net cash paid for acquisitions, for the periods presented (in thousands of dollars):

	Six Months Ended June 30,	
	2006	2005
Maintenance	$ 10,297	$ 10,904
Expansion	150,169	7,026
	$ 160,466	$ 17,930

Maintenance capital expenditures, including $2.8 million related to the Western area headquarters relocation in the six months ended June 30, 2006, decreased $0.6 million from the six months ended June 30, 2005. Excluding the relocation costs, maintenance capital expenditures decreased $3.4 million in the first half of 2006 from the first half of 2005 due mainly to the differences in timing of scheduled maintenance activity between the periods. Management anticipates maintenance capital expenditures to be approximately $25.0 million for the year ended December 31, 2006, excluding the $2.8 million related to the Western area headquarters' relocation and amounts reimbursable under agreements with Sunoco. Maintenance capital expenditures for both periods presented include recurring expenditures such as pipeline integrity costs, pipeline relocations, repair and upgrade of field instrumentation, including measurement devices, repair and replacement of tank floors and roofs, upgrades of cathodic protection systems, crude trucks and related equipment, and the upgrade of pump stations.

Expansion capital expenditures in the six months ended June 30, 2006 include $106.7 million related to the acquisitions of properties, plants and equipment associated with the Millennium and Kilgore pipeline system and the Amdel pipeline system on March 1, 2006 (see Note 2 to the condensed consolidated financial statements).

Expansion capital expenditures also include the Partnership's investments in its internal expansion capital program, including expansion of the Marysville crude oil pipeline and the Amdel pipeline purchased in March 2006, the construction at Nederland of six new crude oil storage tanks with a total capacity of approximately 3.6 million shell barrels, installation of ethanol blending facilities at the balance of the Partnership's refined product terminals, as well as capitalized interest of $1.7 million. The Partnership's internal expansion capital program is expected to total approximately $135 million in projects in 2006 and 2007, and will also include construction of additional new tanks at the Nederland Terminal and pipeline connections to service the Millennium pipeline purchased in March 2006, construction of new tanks and pipeline connections in the Eastern and Western Pipeline systems, and installation of ultra-low sulfur diesel infrastructure at certain refined product terminals.

The Partnership expects to fund capital expenditures, including pending and future acquisitions, from both cash provided by operations and, to the extent necessary, from the proceeds of borrowings under the Credit Facility, other borrowings and the issuance of additional common units.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Partnership is exposed to various market risks, including volatility in crude oil commodity prices and interest rates. To manage such exposures, inventory levels and expectations of future commodity prices and interest rates are monitored when making decisions with respect to risk management. The Partnership has not entered into derivative transactions that would expose it to price risk.

The $300 million Credit Facility generally exposes the Partnership to interest rate risk since it bears interest at a variable rate, however there were no outstanding borrowings under the Credit Facility at June 30, 2006.

Forward-Looking Statements

Some of the information included in this quarterly report on Form 10-Q contains “forward-looking” statements, as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act, and information relating to the Partnership that is based on the beliefs of its management as well as assumptions made by and information currently available to management.

Forward-looking statements discuss expected future results based on current and pending business operations, and may be identified by words such as “anticipates”, “believes”, “expects”, “planned”, “scheduled” or similar expressions. Although management of the Partnership believes these forward-looking statements are reasonable, they are based upon a number of assumptions, any or all of which may ultimately prove to be inaccurate. Statements made regarding future results are subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this document.

The following are among the important factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted:

- Our ability to successfully consummate announced acquisitions or expansions and integrate them into our existing business operations;
- Delays related to construction of, or work on, new or existing facilities and the issuance of applicable permits;
- Changes in demand for, or supply of, crude oil, refined petroleum products and natural gas liquids that impact demand for the Partnership’s pipeline, terminalling and storage services;
- Changes in the demand for crude oil we both buy and sell;
- The loss of Sunoco R&M as a customer or a significant reduction in its current level of throughput and storage with the Partnership;
- An increase in the competition encountered by the Partnership’s petroleum products terminals, pipelines and crude oil acquisition and marketing operations;
- Changes in the financial condition or operating results of joint ventures or other holdings in which the Partnership has an equity ownership interest;
- Changes in the general economic conditions in the United States;
- Changes in laws and regulations to which the Partnership is subject, including federal, state, and local tax, safety, environmental and employment laws;
- Changes in regulations concerning required composition of refined petroleum products, that result in changes in throughput volumes, pipeline tariffs and/or terminalling and storage fees;
- Improvements in energy efficiency and technology resulting in reduced demand for petroleum products;
- The Partnership’s ability to manage growth and/or control costs;
- The effect of changes in accounting principles and tax laws and interpretations of both;
- Global and domestic economic repercussions, including disruptions in the crude oil and petroleum products markets, from terrorist activities, international hostilities and other events, and the government’s response thereto;

- Changes in the level of operating expenses and hazards related to operating facilities (including equipment malfunction, explosions, fires, spills and the effects of severe weather conditions);
- The occurrence of operational hazards or unforeseen interruptions for which the Partnership may not be adequately insured;
- The age of, and changes in the reliability and efficiency of the Partnership's operating facilities;
- Changes in the expected level of capital, operating, or remediation spending related to environmental matters;
- Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;
- Risks related to labor relations and workplace safety;
- Non-performance by or disputes with major customers, suppliers or other business partners;
- Changes in the Partnership's tariff rates implemented by federal and/or state government regulators;
- The amount of the Partnership's indebtedness, which could make the Partnership vulnerable to adverse general economic and industry conditions, limit the Partnership's ability to borrow additional funds, place it at competitive disadvantages compared to competitors that have less debt, or have other adverse consequences;
- Restrictive covenants in the Partnership's or Sunoco, Inc.'s credit agreements;
- Changes in the Partnership's or Sunoco, Inc.'s credit ratings, as assigned by ratings agencies;
- The condition of the debt capital markets and equity capital markets in the United States, and the Partnership's ability to raise capital in a cost-effective way;
- Changes in interest rates on the Partnership's outstanding debt, which could increase the costs of borrowing;
- Claims of the Partnership's non-compliance with regulatory and statutory requirements; and
- The costs and effects of legal and administrative claims and proceedings against the Partnership or any entity in which it has an ownership interest, and changes in the status of, or the initiation of new litigation, claims or proceedings, to which the Partnership, or any entity in which it has an ownership interest, is a party.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Partnership's forward-looking statements. Other factors could also have material adverse effects on future results. The Partnership undertakes no obligation to update publicly any forward-looking statement whether as a result of new information or future events.

Item 4. Controls and Procedures

(a) As of the end of the fiscal quarter covered by this report, the Partnership carried out an evaluation, under the supervision and with the participation of the management of Sunoco Partners LLC, the Partnership's general partner (including the President and Chief Executive Officer of Sunoco Partners LLC and the Vice President and Chief Financial Officer of Sunoco Partners LLC), of the effectiveness of the design and operation of the Partnership's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the President and Chief Executive Officer of Sunoco Partners LLC and the Vice President and Chief Financial Officer of Sunoco Partners LLC concluded that the Partnership's disclosure controls and procedures are effective.

(b) No change in the Partnership's internal controls over financial reporting has occurred during the fiscal quarter covered by this report that has materially affected, or that is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

(c) Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Partnership reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Partnership reports under the Exchange Act is accumulated and communicated to management, including the President and Chief Executive Officer of Sunoco Partners LLC and the Vice President and Chief Financial Officer of Sunoco Partners LLC, as appropriate, to allow timely decisions regarding required disclosure.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

The Partnership's Sunoco Pipeline L.P. subsidiary operates the Mid-Valley Pipeline on behalf of Mid-Valley Pipeline Company (an affiliate of Sunoco, Inc.) and its third-party shareholders pursuant to an Operating Agency Agreement. In June 2005, Sunoco Pipeline L.P. and Mid-Valley Pipeline Company received a letter from the U.S. Department of Justice, indicating its intent to initiate a civil action on behalf of the U.S. Environmental Protection Agency against Sunoco Pipeline L.P. and Mid-Valley Pipeline Company, for alleged violations of the Clean Water Act arising from a January 2005 crude oil release by Mid-Valley Pipeline into the Kentucky River near Worthville, Kentucky. According to the letter, the government could seek civil penalties of up to the statutory maximum under the Clean Water Act, which are substantially in excess of $100,000. However, the Partnership does not expect any penalties or fines that may be paid to have a material adverse effect on the Partnership. Also, the Operating Agency Agreement obligates Mid-Valley Pipeline Company and its shareholders to indemnify and hold-harmless the operator from and against any claims arising out of its actions or omissions, including negligence, taken in good faith performance of the agreement. As a result, the Partnership expects to be fully indemnified for costs associated with the January 2005 release.

Item 1A. Risk Factors

There have been no material changes from the risk factors described previously in Part I, Item 1A of the Partnership's Annual Report on Form 10-K for the year ended December 31, 2005, filed on March 1, 2006.

Item 2. Unregistered Sales of Equity Securities and Uses 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

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Exhibits

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31.1	:	Chief Executive Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)
31.2	:	Chief Financial Officer Certification of Periodic Report Pursuant to Exchange act Rule 13a-14(a)
32	:	Chief Executive Officer and Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. §1350

We are pleased to furnish this Form 10-Q to unitholders who request it by writing to:

Sunoco Logistics Partners L.P.
Investor Relations
Mellon Bank Center
1735 Market Street
Philadelphia, PA 19103-7583

or through our website at www.sunocologistics.com.

SIGNATURE

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

Sunoco Logistics Partners L.P.

By: /s/ COLIN A. OERTON

Colin A. Oerton
Vice President &
Chief Financial Officer

Date: August 2, 2006

Exhibit 10.1

MEMBERSHIP INTEREST PURCHASE AGREEMENT
Sun Pipe Line Company of Delaware LLC

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT, effective as of July 27, 2006 (this "Agreement"), is between Sunoco Inc., a Pennsylvania corporation ("Seller"), and Sunoco Pipeline Acquisition LLC, a Delaware limited liability company ("Buyer").

RECITAL:

Pursuant to a Notice of Exercise of Option dated April 4, 2006 (the "Notice of Exercise") and pursuant to the terms of the Omnibus Agreement by and among Sunoco, Inc. et. al. and Sunoco Logistics Partners L.P. et. al. dated February 2, 2002 (the "Omnibus Agreement"), Buyer has agreed to purchase Seller's membership interest (the "Interest") in Sun Pipe Line Company of Delaware LLC, a Delaware limited liability company (the "Company"), which constitutes all of the issued and outstanding membership interests in the Company and to assume Seller's rights and obligations relating to the Interest under the Limited Liability Company Agreement of the Company dated as of May 24, 2006 (the "Governing Agreement"), as provided herein and Seller has agreed to assign to Buyer the Interest and its rights relating to the Interest under the Governing Agreement as provided herein. The Company owns 500 Class A shares and 6680 Class B shares (collectively the "Shares") of Mid-Valley Pipe Line Company ("MVPL").

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. Sale of Interest. For and in consideration of the payment of Sixty-five Million Dollars ($65,000,000) (the "Initial Purchase Price"), subject to adjustment as provided in Section 2 hereof, and for other good and valuable consideration, receipt of which Seller hereby acknowledges, Seller shall , at Closing, grant, sell, convey, assign and transfer and set over to Buyer, and Buyer shall accept from Seller, all of Seller's right, title and interest in and to the Interest. The Initial Purchase Price shall be paid by Buyer to Seller by wire transfer of immediately available funds to the bank account designated by Seller at the closing of the transaction contemplated hereunder (the "Closing").

2. Purchase Price Adjustment. On the fifth (5th) anniversary of the Closing, the Initial Purchase Price may be subject to adjustment as follows:

(i) If Seller's payments to MVPL during the five-year period commencing on the date of the Closing and ending on the fifth (5th) anniversary of the date of the Closing (the "Measurement Period") result in tariff revenues to MVPL of less than Seventy Million Dollars ($70,000,000), the Initial Purchase Price shall be reduced by the amount of Five Million Dollars ($5,000,000); provided, however, if Seller is unable to transport crude oil volumes necessary to generate $70,000,000 in tariff revenues to MVPL during the Measurement Period, as a result of (a) operational difficulties on the Mid-Valley Pipeline or the Maumee

Pipeline (collectively the “Pipeline”), which difficulties are not due to the fault of the Seller, or (b) proration on the Pipeline, no reduction in the Initial Purchase Price shall be made.

(ii) If Seller’s payments to MVPL during the Measurement Period result in tariff revenues to MVPL of between (and including) Seventy Million Dollars ($70,000,000) and One Hundred Million Dollars ($100,000,000), no adjustment to the Initial Purchase Price shall be made.

(iii) If Seller’s payments to MVPL during the Measurement Period results in tariff revenues to MVPL of more than One Hundred Million Dollars ($100,000,000), the Initial Purchase Price shall be increased by the amount of Three Million Dollars ($3,000,000).

The amount of any increase or decrease to the Initial Purchase Price shall be referred to as the “Adjustment Amount.” Within sixty (60) days following the fifth anniversary of the Closing, the Adjustment Amount shall be paid by Buyer or Seller, as appropriate, to the other party by wire transfer of immediately available funds to the bank account designated by the receiving party. The payment of any Adjustment Amount shall be deemed an adjustment to the Initial Purchase Price, and the Initial Purchase Price as adjusted by the Adjustment Amount shall constitute the Purchase Price for the Interest.

3. Assignment and Assumption of Governing Agreement. Seller shall, at Closing, assign to Buyer all of its rights and duties under the Governing Agreement as they relate to the Interest, and Buyer shall accept such assignment and shall assume and agree to timely perform and discharge all of the duties and obligations of Seller under the Governing Agreement as they relate to the Interest.

4. Reservation of Rights. Notwithstanding anything to the contrary in Sections 1, 2 and 3 hereof, Seller reserves all of its rights to reimbursement, contribution or indemnification under the Governing Agreement and applicable law.

5. Representations. Seller represents and warrants that:

(i) Seller is record and beneficial owner of the Interest, free and clear of all liens, equities and claims;

(ii) The Company is the record and beneficial owner of the Shares, free and clear of all liens, equities and claims; and

(iii) The Shares are the sole asset of the Company.

6. Incorporation of Indemnification Terms of Omnibus Agreement. Buyer shall be entitled to indemnification from Seller pursuant to and in accordance with Article III of the Omnibus Agreement with respect to the Shares (whether such claim arises from, or out of, the ownership of the Shares or the ownership or operation of the assets of MVPL, but without duplication for any claim) for the remaining term of such indemnification with respect to events or conditions associated with the ownership of the Shares or the ownership or operation of the assets of MVPL occurring prior to the Closing, and those terms and conditions are deemed to be

incorporated by reference in this Agreement. For the avoidance of doubt, and without limiting the generality of the immediately preceding sentence, subject to Section 10 hereof, the indemnities in Article III of the Omnibus Agreement shall apply to the Company's share of the claims, liabilities and losses of MVPL arising in connection with (i) the November 2000 release into Clampit Pond in Claiborne Parish, Louisiana; and (ii) the January 2005 release into the Kentucky and Ohio Rivers.

Further, in addition to, and not in limitation of, the indemnities contained in Article III, Seller shall indemnify and hold harmless Buyer, its officers, directors, employees, affiliates and subsidiaries, from and against all losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs, and expenses (including, without limitation, court costs and reasonable experts' and attorneys' fees) arising out of, or in connection with, (i) the operation of the Company's assets (other than the Shares) prior to the Closing , and (ii) any assets or liabilities of the Company transferred by the Company prior to the Closing. For purposes of this additional indemnification, the procedures set forth in Section 3.5 of the Omnibus Agreement shall apply.

7. Change of Service. In the event the Board of Directors ("Board") of MVPL considers (a) converting the Pipeline from crude oil service to an alternative service, or (b) terminating service on the Pipeline, Buyer shall cause its representatives on the Board ("Representatives") to request to the Board that:

(i) when and to the extent not prohibited by law or confidentiality obligations, the Board notify all then current crude oil shippers on the Pipeline, as soon as reasonably practicable, of the Board's consideration of converting or terminating service on the Pipeline;

(ii) the Board make available to any then current crude oil shipper on the Pipeline interested in maintaining the Pipeline in crude oil service, the terms and conditions under which the Board would consider maintaining the Pipeline in crude oil service; and

(iii) the Board consider any proposals submitted by then current crude oil shippers regarding the continuation of the Pipeline in crude oil service.

Nothing in this Agreement shall be deemed to require the Buyer to cause the Representatives to vote in any particular manner on any matter before the Board, and such Representatives shall be free to vote in any manner they deem appropriate.

8. Dividends. In the event that the Board of Directors of MVPL declares a dividend for the second quarter of 2006, such dividend shall be the property of the Seller regardless of when it is paid. In the event the Board of Directors of MVPL declares a dividend for the third quarter of 2006 the Seller shall be entitled to a pro rata portion of the third quarter dividend based on the number of days in the third quarter that the Seller owned the Shares. Buyer shall, within three (3) business days of receipt of any dividend to which the Seller is entitled hereunder, pay over to Seller such amounts due Seller.

9. Closing. Notwithstanding Section 6.2(b)(vi) of the Omnibus Agreement, Closing shall occur on or before the tenth (10th) business day following receipt of all necessary third party consents to the transaction.

10. No Affect on Rights. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement is intended to affect, limit or restrict any rights that the Seller or Buyer, or any of their respective affiliates, may have against the other in connection with the ownership or operation of the Pipeline.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, excluding any conflict of law rules that may direct the application of the laws of another jurisdiction.

12. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, the parties have entered into this Membership Interest Purchase Agreement as of the date first written above.

SUNOCO, INC.

By: /s/ Michael J. Hennigan
Name: Michael J. Hennigan
Title: Senior Vice President Supply, Trading, Sales & Transportation

SUNOCO PIPELINE ACQUISITION LLC

By: /s/ Deborah M. Fretz
Name: Deborah M. Fretz
Title: President

Exhibit 12.1

STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)

Sunoco Logistics Partners L.P.

	Six Months Ended June 30, 2006
Fixed Charges:	
Interest cost and debt expense	$ 14,849
Interest allocable to rental expense (a)	955
Total	$ 15,804
Earnings:	
Income before income tax expense	$ 44,744
Equity in income of less than 50 percent owned affiliated companies	(6,031)
Dividends received from less than 50 percent owned affiliated companies	5,731
Fixed charges	15,804
Interest capitalized	(1,745)
Amortization of previously capitalized interest	85
Total	$ 58,588
Ratio of Earnings to Fixed Charges	3.71

(a) Represents one-third of the total operating lease rental expense which is that portion deemed to be interest.

Exhibit 31.1

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Deborah M. Fretz, President and Chief Executive Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., hereby certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 of Sunoco Logistics Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2006

	/s/ DEBORAH M. FRETZ
Name:	**Deborah M. Fretz**
Title:	**President and Chief Executive Officer**

Exhibit 31.2

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Colin A. Oerton, Vice President and Chief Financial Officer of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., hereby certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 of Sunoco Logistics Partners L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 2, 2006

/s/ COLIN A. OERTON

Name: **Colin A. Oerton**
Title: **Vice President and Chief Financial Officer**

Exhibit 32

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

We, the undersigned Deborah M. Fretz and Colin A. Oerton, being, respectively, the President and Chief Executive Officer and the Vice President and Chief Financial Officer, of Sunoco Partners LLC, the general partner of the registrant Sunoco Logistics Partners L.P., do each hereby certify that the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Sunoco Logistics Partners L.P.

Date: August 2, 2006

	/s/ DEBORAH M. FRETZ
Name:	**Deborah M. Fretz**
Title:	**President and Chief Executive Officer**
	/s/ COLIN A. OERTON
Name:	**Colin A. Oerton**
Title:	**Vice President and Chief Financial Officer**