

**UNITED STATES OF AMERICA**  
**BEFORE THE FEDERAL TRADE COMMISSION**

In the Matter of

UNION OIL COMPANY OF CALIFORNIA, INC.  
a corporation

DOCKET NO: 9305

**DECLARATION OF MARTIN E. LOEBER**

I, MARTIN E. LOEBER, declare and state as follows:

1. I am over the age of eighteen and competent to give testimony. The information set forth below is based on my own personal knowledge, information and/or belief, and if called upon to testify thereto, I could and would do so competently.

2. I am the Vice President of Complex Legal Projects and Dispute Management for various Valero Energy Corporation, Inc. ("Valero") entities and am entirely familiar with the fourteen (14) documents which are the subject of Valero's Motion for *In Camera* Treatment. Given Valero's substantial interest in protecting the confidentiality of the Confidential Documents, which contain secret and commercially sensitive information, I am available to appear at a hearing to address any questions that the court may have relating to the contents of these documents.

3. I make this declaration in support of Non-Party Valero's Motion for *In Camera* Treatment of Certain Confidential Documents which have been identified as:

Trial Exh. Number	Document Date	Description	Bates Numbers
CX0820	7/29/94	Clean Fuels Project Wilmington Refinery Process Data Book and Operating Instructions	VALFTC-0010750-0011041
CX0821	4/01	Wilmington Refinery CARB RFG III Project	VALFTC-0011132-0011164

Trial Exh. Number	Document Date	Description	Bates Numbers
		Process Design Specification for Utilities	
CX0822	4/01	Wilmington Refinery CARB RFG III Project Overview	VALFTC-0011043-0011120
CX0823	1995	Valero Wilmington Refinery Clean Fuels Projects Steps I, II & III	VALFTC-0017604-0017635
CX0824	Undated	Detailed Process Step III	VALFTC-0017484-0017603
CX0825	Undated	Detailed Process Description Step I/II	VALFTC-0017386-0017483
CX0826	8/20/99	CARB Phase 3 Revised Specs and Operation	VALFTC-0016548-0016659
CX0827	12/93	Fluor Daniel Clean Fuels FCC Modifications Turnaround Project Book	VALFTC-0011369-0011625
CX0828	4/01	Wilmington Refinery CARB RFG III Project Process Design Specification for HF Alkylation Unit	VALFTC-0011240-0011367-
CX0829	4/01	Wilmington Refinery CARB RFG III Project Process Design Specification for Butamer Unit	VALFTC-0011175-0011239
CX2211	Undated	Benecia Refinery Batch data from 2000-2003	CX2211-080
CX2212	Undated	Wilmington Refinery Batch data from 1996-2003	CX2212-113
RX278	6/26/02	CARB III Gasoline Strategy West Coast Refineries	VALFTC-0048773-0048780
RX279	1/23/01	Benecia Refinery CARB RFG3 Meeting	VALFTC-0048746-0048754

(the “Confidential Documents”).

4. The Confidential Documents are highly competitive and extremely valuable to Valero. The above Confidential Documents for which Valero seeks *in camera* treatment consist of process design documents and procedures describing in detail the manner in which Valero’s Wilmington, California refinery made investments to comply with California’s CARB II standards. The information sought to be protected is very detailed and lays out the specific process unit configurations now utilized by Valero in California and process unit configurations

planned for the future. With this information, a competitor could understand in detail the strengths and weaknesses, capabilities, limitations, and planned improvements of the Wilmington refinery's operations. Other documents relate to specific plans for Valero's compliance with California's CARB III regulations. The documents detail exactly what constraints Valero faces at its Benicia, California and Wilmington, California refineries in its effort to comply with California's CARB III regulations. The information shows specific compliance options based on particular refinery gasoline pool constraints, and includes information regarding the competitive abilities of Valero's other refineries outside of California. Access to this information would enable a competitor to precisely understand Valero's strengths and weaknesses in the marketplace and put Valero at a severe competitive disadvantage. Another category of confidential information is specific blend data for production from the California refineries. Disclosure of this information would be highly damaging because it would inform competitors of exactly what blends Valero's refineries are capable of making.

5. These documents and the information contained therein are highly sensitive and confidential. For Valero to successfully compete in this market it needs to maintain the confidentiality of its business plans, refinery operations, and plans for CARB compliance.

6. The documents in question are the essence of the competitive information Valero seeks to shield from public disclosure. The disclosure of Valero's competitive information, both to the public and to Valero's competitors, will negatively impact Valero's ability to compete and cause it serious economic injury in the marketplace. Moreover, there is no countervailing public interest that militates against maintaining Valero's' confidences. Valero is not a party to this proceeding. Valero is a third-party witness whose documents may be called upon to assist the fact finder's understanding of the marketplace the government believes was subjected to anti-competitive behavior by Unocal. No public purpose will be advanced by disclosing Valero's confidential information to other companies in the market. Such disclosure will only serve to

impede Valero's ability to compete and impair its flexibility to meet the challenges of the marketplace and comply with CARB regulations in a competitive manner.

7. Public disclosure of any of the information contained in the Confidential Documents will unfairly reveal competitive production, processing, technological and regulatory compliance information. Documents CX 0820, CX 0823, CX 0824, CX 0825, and CX 0827 all consist of process design documents and procedures describing in detail the manner in which Valero's Wilmington, California refinery made investments to comply with California's CARB II standards. The information sought to be protected is very detailed and lays out the specific process unit configurations now utilized by Valero in California and process unit configurations planned for the future. With this information, a competitor could understand in detail the strengths and weaknesses, capabilities, limitations, and planned improvements of the Wilmington refinery's operations.

8. Documents CX 0821, CX 0822, CX 0826, CX 0828, CX 0829, CX 2211, CX 2212, RX 278, and RX 279 all relate to specific plans for Valero's compliance with California's CARB III regulations. The documents detail exactly what constraints Valero faces at its Benicia, California and Wilmington, California refineries in its effort to comply with California's CARB III regulations. The information shows specific compliance options based on particular refinery gasoline pool constraints, and includes information regarding the competitive abilities of Valero's other refineries outside of California. Access to this information would enable a competitor to precisely understand Valero's strengths and weaknesses in the marketplace and put Valero at a severe competitive disadvantage. Specifically, CX 2211 and CX 2212 contain confidential information showing specific blend data for production from the California refineries. Disclosure of this information would be highly damaging because it would inform competitors of exactly what blends Valero's refineries are capable of making.

9. Disclosure of any of the fourteen Confidential Documents would result in serious and irreparable competitive injury to Valero without serving any countervailing public purpose.

The Confidential Documents have been stamped “confidential” and treated by all the relevant parties as confidential during the entirety of this proceeding.

10. The Confidential Documents warrant *in camera* protection for a period of not less than fifteen (15) years. The Confidential Documents disclose information that will not only seriously impair Valero’s ability to compete now in the market, but also seriously injury Valero’s future business, planning, production, compliance and marketing strategies. These processes, production strategies and CARB compliance challenges are multi-million dollar issues. As such, the processes, production and CARB compliance information in the Confidential Documents will be critically sensitive and proprietary for at least fifteen years.

11. The information detailed in these documents is known only by Valero and, to the best of Valero’s knowledge, those parties to whom such documents have been disclosed pursuant to the terms of the confidentiality order in this FTC proceeding.

12. Within Valero’s own corporate structure, this information is circulated to only a small number of its employees, specifically only those who are involved in structuring, planning implementing or evaluating the procedures and processes outlined in the Confidential Documents.

13. Valero enforces a strict confidentiality policy and aggressively attempts to prevent the dissemination of any of the information contained in these documents to external sources. In pursuing these efforts, Valero takes great steps in protecting its confidential information.

14. Disclosure of any of the Confidential Documents would allow Valero’s competitors to analyze and study Valero’s processes, plans and production procedures and identify Valero’s future business planning and production strategies, all to Valero’s severe detriment.

As such, the Confidential Documents contain secret information that is material to Valero's business, competitiveness and profitability. Release of this information will cause the loss of business advantage and serious and irreparable injury to Valero.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 17th day of October 2003 at San Antonio, Texas.

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MARTIN E. LOEBER

**CERTIFICATE OF SERVICE**

I declare as follows:

I certify that on October 17, 2003, I caused an original and two copies of the **DECLARATION OF MARTIN E. LOEBER IN SUPPORT OF NON-PARTY VALERO ENERGY CORPORATION INC.'S MOTION FOR *IN CAMERA* TREATMENT OF FOURTEEN CONFIDENTIAL DOCUMENTS** to be served (one electronic copy of that motion to be filed by electronic mail) with:

Donald S. Clark  
Secretary  
Federal Trade Commissions  
600 Pennsylvania Ave., NW Rm. H-159  
Washington, DC 20580

I also certify that on October 17, 2003, I caused one copy of the foregoing motion to be served by U.S. Mail and Federal Express upon:

The Honorable D. Michael Chappell  
Administrative Law Judge  
Federal Trade Commission  
600 Pennsylvania Ave., NW  
Washington, DC 20580

I also certify that on October 17, 2003, I caused one copy of the foregoing motion to be served by U.S. Mail and Federal Express upon each person listed below:

J. Robert Robertson, Esq.  
Senior Litigation Counsel  
Bureau of Competition  
Federal Trade Commission  
600 Pennsylvania Ave., NW\  
Washington, DC 20580

Richard B. Dagen  
(through service upon)  
Chong S. Park, Esq.  
Bureau of Competition  
Federal Trade Commission  
601 New Jersey Ave., NW Rm. NJ-6213

I also certify that on October 17, 2003, I caused one copy of the foregoing motion to be served by U.S. Mail and Federal Express upon:

David W. Beehler, Esq.  
Diane Simerson, Esq.  
Robins, Kaplan, Miller & Ciresi, LLP  
2800 LaSalle Plaza  
800 LaSalle Ave.  
Minneapolis, MN 55402-2015

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William E. Stoner