

PACIFIC ENERGY PARTNERS LP
 Form 4
 May 16, 2006

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
LEHMAN BROTHERS HOLDINGS INC

2. Issuer Name and Ticker or Trading Symbol
PACIFIC ENERGY PARTNERS LP [PPX]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
745 SEVENTH AVENUE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
05/11/2006

____ Director
 ____ Officer (give title below)
 ____ 10% Owner
 Other (specify below)
 See Remark (1).

NEW YORK, NY 10019

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 ____ Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
Common Units	05/11/2006		S	(A) or (D) D	285,409 (1) 31.4 (2)	1,544,136 (3)	I By LB Pacific, LP (4)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
Subordinated Units Representing Limited Partner Interests	(5)	05/11/2006		S	285,409 (1)	(6) (7)	Common Units Representing Limited Partner Interests 28
Subordinated Units Representing Limited Partner Interests	(5)	05/11/2006		S	570,818 (1)	(9) (7)	Common Units Representing Limited Partner Interests 57

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEHMAN BROTHERS HOLDINGS INC 745 SEVENTH AVENUE NEW YORK, NY 10019				See Remark (1).
LEHMAN BROTHERS INC// 745 SEVENTH AVENUE NEW YORK, NY 10019				See Remark (1).
LB I GROUP INC 745 SEVENTH AVENUE NEW YORK, NY 10019				See Remark (1).

Signatures

Barrett DiPaolo, Vice President of Lehman Brothers Holdings, Inc.	05/16/2006
__Signature of Reporting Person	Date
Barrett DiPaolo, Senior Vice President of Lehman Brothers, Inc.	05/16/2006
__Signature of Reporting Person	Date
Barrett DiPaolo, Senior Vice President of LB I Group Inc.	05/16/2006
__Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On May 11, 2006, LB I Group Inc. sold 10.9% of the limited partner interests in LB Pacific LP, which directly owns the Common Units and Subordinated Units. LB I Group also sold 10.9% of the membership interests in LB Pacific GP, LLC, which owns the .1% general partner interest in LB Pacific, LP. The transaction reported herein is the indirect disposition of Subordinated Units and Common Units held by LB Pacific LP by virtue of the disposition of equity interests in LB Pacific LP and LB Pacific GP LLC. The numbers of Common Units and Subordinated Units shown as disposed of is based on applying the decrease in proportionate interest of LBI Group Inc. in LB Pacific LP, directly and indirectly through LB Pacific GP, LLC, to the respective numbers of Common Units and Subordinated Units held by LP Pacific LP.
- (2) The aggregate purchase price for the interests in LB Pacific, LP and LB Pacific GP, LLC was \$29,250,000, and an allocation of a portion of the aggregate purchase price to the Subordinated Units based on estimates of the relative fair market values of assets results in a price of \$31.40 per Common Unit, a price of \$30.46 per Subordinated Unit that becomes convertible on or after June 30, 2006, and a price of \$28.89 per Subordinated Unit that becomes convertible on or after June 30, 2007.
- (3) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 98,499 of these Common Units, which is based on the indirect proportionate interest of LB I Group Inc., following the reported transactions, in such Common Units by virtue of its direct and indirect equity interest in LB Pacific LP. Lehman Brothers Holdings Inc. may be deemed to have beneficial ownership of the same securities through its 100% equity interest in Lehman Brothers Inc. In addition, Lehman Brothers Holdings Inc. may be deemed to have a beneficial ownership interest in 1,445,637 additional Common Units attributable to an additional direct and indirect proportionate interest in LB Pacific LP held by investment funds managed by direct and indirect subsidiaries of Lehman Brothers Holdings Inc., as to which it disclaims beneficial ownership except to the extent of its pecuniary interest therein.
- (4) The Subordinated Units and Common Units reported herein are held by LB Pacific, LP. See Remark (1).
- (5) 1-for-1
- (6) These Subordinated Units are convertible into Common Units of the Issuer immediately after the distribution of available cash to partners in respect of any quarter ending on or after June 30, 2006, assuming certain financial tests in the Issuer's partnership agreement have been satisfied.
- (7) None.
- (8) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 98,499 of these Subordinated Units, which is based on the indirect proportionate interest of LBI Group Inc., following the reported transactions, in such Subordinated Units by virtue of its direct and indirect equity interest in LB Pacific LP. Lehman Brothers Holdings Inc. may be deemed to have beneficial ownership of the same securities through its 100% equity interest in Lehman Brothers Inc. In addition, Lehman Brothers Holdings Inc. may be deemed to have a beneficial ownership interest in 1,445,637 additional Subordinated Units convertible on the same basis attributable to an additional direct and indirect proportionate interest in LB Pacific LP held by investment funds managed by direct and indirect subsidiaries of Lehman Brothers Holdings Inc., as to which it disclaims beneficial ownership except to the extent of its pecuniary interest therein.
- (9) These Subordinated Units are convertible into Common Units of the Issuer immediately after the distribution of available cash to partners in respect of any quarter ending on or after June 30, 2007, assuming certain financial tests in the Issuer's partnership agreement have been satisfied.
- (10) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 196,997 of these Subordinated Units, which is based on the indirect proportionate interest of LBI Group Inc., following the reported transactions, in such Subordinated Units by virtue of its direct and indirect equity interest in LB Pacific LP. Lehman Brothers Holdings Inc. may be deemed to have beneficial ownership of the same securities through its 100% equity interest in Lehman Brothers Inc. In addition, Lehman Brothers Holdings Inc. may be deemed to have a beneficial ownership interest in 2,891,276 additional Subordinated Units convertible on the same basis attributable to an additional direct and indirect proportionate interest in LB Pacific LP held by investment funds managed by direct and indirect subsidiaries of Lehman Brothers Holdings Inc., as to which it disclaims beneficial ownership except to the extent of its pecuniary interest therein.

Remarks:

Remark (1) - This report is filed jointly by Lehman Brothers Holdings Inc., Lehman Brothers Inc. and LB I Group Inc. The rep

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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