

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

FORM 10-Q/A
Amendment No. 1

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

OR

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

COMMISSION FILE NUMBER: 1-14569

PLAINS ALL AMERICAN PIPELINE, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

76-0582150
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

500 DALLAS STREET
HOUSTON, TEXAS 77002
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)
(ZIP CODE)

(713) 654-1414
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

At November 11, 2000, there were outstanding 23,049,239 Common Units, 1,307,190 Class B Common Units and 10,029,619 Subordinated Units.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT UNIT DATA)

	September 30, 2000 ----- (unaudited)	December 31, 1999 -----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,272	\$ 53,768
Accounts receivable and other current assets	382,911	508,920
Inventory	22,287	34,826
Assets held for sale (Note 3)	-	141,486
	-----	-----
Total current assets	408,470	739,000
	-----	-----
PROPERTY AND EQUIPMENT		
Less allowance for depreciation and amortization	462,482	454,878
	(23,641)	(11,581)
	-----	-----
	438,841	443,297
	-----	-----
OTHER ASSETS		
Pipeline linefill	31,030	17,633
Other, net	8,500	23,107
	-----	-----
	\$886,841	\$1,223,037
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	\$346,634	\$ 485,400
Due to affiliates	23,902	42,692
Short-term debt and current portion of long-term debt	-	109,369
	-----	-----
Total current liabilities	370,536	637,461
LONG-TERM LIABILITIES		
Bank debt	292,000	259,450
Subordinated note payable - general partner	-	114,000
Other long-term liabilities and deferred credits	1,600	19,153
	-----	-----
Total liabilities	664,136	1,030,064
	-----	-----
PARTNERS' CAPITAL		
Common unitholders (23,049,239 units outstanding)	223,330	208,359
Class B common unitholders (1,307,190 units outstanding)	21,397	20,548
Subordinated unitholders (10,029,619 units outstanding)	(24,593)	(35,621)
General partner	2,571	(313)
	-----	-----
Total partners' capital	222,705	192,973
	-----	-----
	\$886,841	\$1,223,037
	=====	=====

See notes to consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER UNIT DATA)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
		(Restated)		(Restated)
REVENUES	\$756,926	\$1,127,808	\$2,495,212	\$2,484,063
COST OF SALES AND OPERATIONS	724,366	1,094,480	2,393,326	2,404,621
UNAUTHORIZED TRADING LOSSES AND RELATED EXPENSES (NOTE 2)	6,600	72,250	6,600	114,925
Gross Margin	25,960	(38,922)	95,286	(35,483)
EXPENSES				
General and administrative	9,911	9,217	26,486	17,164
Depreciation and amortization	5,349	4,700	20,148	11,371
Restructuring expense	-	1,000	-	1,410
Total expenses	15,260	14,917	46,634	29,945
Operating income (loss)	10,700	(53,839)	48,652	(65,428)
Interest expense	(6,478)	(6,620)	(18,518)	(14,533)
Related party interest expense	-	-	(3,268)	-
Gain on sale of assets (Note 3)	-	-	48,188	-
Interest and other income	294	328	10,825	615
Net income (loss) before extraordinary item	4,516	(60,131)	85,879	(79,346)
Extraordinary item	-	-	(15,147)	-
NET INCOME (LOSS)	\$ 4,516	\$ (60,131)	\$ 70,732	\$ (79,346)
NET INCOME (LOSS) - LIMITED PARTNERS	\$ 4,359	\$ (59,093)	\$ 69,185	\$ (77,984)
NET INCOME (LOSS) - GENERAL PARTNER	\$ 157	\$ (1,038)	\$ 1,547	\$ (1,362)
BASIC AND DILUTED NET INCOME (LOSS) PER LIMITED PARTNER UNIT				
Net income (loss) before extraordinary item	\$ 0.13	\$ (1.88)	\$ 2.45	\$ (2.53)
Extraordinary item	-	-	(0.44)	-
Net income (loss)	\$ 0.13	\$ (1.88)	\$ 2.01	\$ (2.53)
WEIGHTED AVERAGE UNITS OUTSTANDING	34,386	31,396	34,386	30,769

See notes to consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Nine Months Ended September 30,	
	2000	1999
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 70,732	\$ (79,346)
Items not affecting cash flows from operating activities:		
Depreciation and amortization	20,148	11,371
Gain on the sale of assets (Note 3)	(48,188)	-
Noncash compensation expense	2,269	1,947
Other noncash items	4,574	216
Change in assets and liabilities:		
Accounts receivable and other current assets	95,284	(155,165)
Inventory	12,539	(37,767)
Pipeline linefill	(13,397)	(3)
Accounts payable and other current liabilities	(143,451)	249,352
Other long-term liabilities and deferred credits	(8,000)	10,873
Net cash provided by (used in) operating activities	(7,490)	1,478
CASH FLOWS FROM INVESTING ACTIVITIES		
Costs incurred in connection with acquisitions	-	(173,070)
Additions to property and equipment and other assets	(7,487)	(8,255)
Proceeds from sales of assets (Note 3)	223,859	201
Net cash provided by (used in) investing activities	216,372	(181,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances (to) from affiliates	(18,790)	20,874
Proceeds from issuance of Class B Common Units	-	25,252
Proceeds from long-term debt	794,800	281,971
Proceeds from short-term debt	47,750	42,150
Payment of subordinated debt - general partner	(114,000)	-
Principal payments of long-term debt	(812,900)	(133,121)
Principal payments of short-term debt	(106,469)	(21,650)
Costs incurred in connection with financing arrangements	(6,500)	(3,527)
Distributions to unitholders	(43,269)	(34,619)
Net cash provided by (used in) financing activities	(259,378)	177,330
Net decrease in cash and cash equivalents	(50,496)	(2,316)
Cash and cash equivalents, beginning of period	53,768	5,503
Cash and cash equivalents, end of period	\$ 3,272	\$ 3,187

See notes to consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(IN THOUSANDS)
(UNAUDITED)

	Common Units		Class B Common Units		Subordinated Units		General Partner	Total Partners' Capital
	Units	Amount	Units	Amount	Units	Amount	Amount	Amount
Balance at December 31, 1999	23,049	\$208,359	1,307	\$20,548	10,030	\$(35,621)	\$ (313)	\$192,973
Noncash compensation expense	-	-	-	-	-	-	2,269	2,269
Distributions	-	(31,405)	-	(1,780)	-	(9,152)	(932)	(43,269)
Net income	-	46,376	-	2,629	-	20,180	1,547	70,732
Balance at September 30, 2000	23,049	\$223,330	1,307	\$21,397	10,030	\$(24,593)	\$2,571	\$222,705

See notes to consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 -- ORGANIZATION AND ACCOUNTING POLICIES

We are a Delaware limited partnership that was formed in September of 1998 to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. and its wholly owned subsidiaries. On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the business of the midstream subsidiaries of Plains Resources. Our operations are conducted through Plains Marketing, L.P., All American Pipeline, L.P. and Scurlock Permian Pipe Line LLC. Our general partner, Plains All American Inc., is a wholly owned subsidiary of Plains Resources. We are engaged in interstate and intrastate marketing, transportation and terminalling of crude oil. Our operations are conducted primarily in California, Texas, Oklahoma, Louisiana and the Gulf of Mexico.

The accompanying financial statements and related notes present our consolidated financial position as of September 30, 2000 and December 31, 1999; the results of our operations for the three and nine months ended September 30, 2000 and 1999; cash flows for the nine months ended September 30, 2000 and 1999; and changes in partners' capital for the nine months ended September 30, 2000. The financial statements have been prepared in accordance with the instructions to interim reporting as prescribed by the Securities and Exchange Commission ("SEC"). All adjustments, consisting only of normal recurring adjustments, that in the opinion of management were necessary for a fair statement of the results for the interim periods, have been reflected. All significant intercompany transactions have been eliminated. Certain reclassifications have been made to prior period amounts to conform with current period presentation. The results of operations for the three and nine months ended September 30, 2000 should not be taken as indicative of the results to be expected for the full year. The interim financial statements should be read in conjunction with our consolidated financial statements and notes thereto presented in our 1999 Annual Report on Form 10-K/A.

Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133 was subsequently amended (i) in June 1999 by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the effective date of FASB Statement No. 133 ("SFAS 137"), which deferred the effective date of SFAS 133 to fiscal years beginning after June 15, 2000; and (ii) in June 2000 by SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedge Activities," which amended certain provisions, inclusive of the definition of the normal purchase and sale exclusion.

SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if so, the type of hedge transaction. For fair value hedge transactions in which we are hedging changes in the fair value of an asset, liability, or firm commitment, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the fair value of the hedged item. For cash flow hedge transactions, in which we are hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are affected by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in earnings in the current period.

We will adopt SFAS 133, as amended, effective January 1, 2001. We believe we have identified all instruments currently in place that will be subject to the requirements of SFAS 133; however, due to the complex nature of SFAS 133 and various interpretations regarding application of SFAS 133 to certain instruments, we have not fully determined what impact the adoption of SFAS 133 would have on the consolidated balance sheets, statements of operations and cash flows. The FASB has formed a derivative implementation group which is addressing assessment and implementation matters regarding the application of SFAS 133 for consideration by the FASB. Adoption of this standard could increase volatility in earnings and partners' capital through comprehensive income.

NOTE 2 -- UNAUTHORIZED TRADING LOSSES AND RESTATED FINANCIAL STATEMENTS

In November 1999, we discovered that a former employee had engaged in unauthorized trading activity, resulting in losses of approximately \$162.0 million (\$174.0 million, including estimated associated costs and legal expenses at December 31, 1999). A full investigation into the unauthorized trading activities by outside legal counsel and independent accountants and consultants determined that the vast majority of the losses occurred from March through November 1999, and that the impact warranted a restatement of previously reported financial information for 1999 and 1998. Consequently, the consolidated financial statements for 1999 appearing in this report were previously restated to reflect the unauthorized trading losses. During the third quarter of 2000, we recognized an additional \$6.6 million charge for litigation related to the unauthorized trading losses (See Note 7).

Note 3 -- Asset Dispositions

We initiated the sale of approximately 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. This sale was completed in March 2000. The linefill was located in the segment of the All American Pipeline that extends from Emidio, California, to McCamey, Texas. Except for minor third party volumes, Plains Marketing, L.P., one of our subsidiaries, has been the sole shipper on this segment of the pipeline since its predecessor acquired the line from Goodyear on July 30, 1998. Proceeds from the sale of the linefill were approximately \$100.0 million, net of associated costs, and were used (1) to repay outstanding indebtedness under our \$65.0 million senior secured term credit facility entered into in December 1999 to fund short-term working capital requirements resulting from the unauthorized trading losses and (2) for general working capital purposes. We recognized a total gain of \$44.6 million in connection with the sale of the linefill, of which \$16.5 million was recorded in the fourth quarter of 1999. The amount of crude oil linefill for sale at December 31, 1999 was \$37.9 million and is included in assets held for sale on the consolidated balance sheet at such date.

On March 24, 2000, we completed the sale of the above referenced segment of the All American Pipeline to a unit of El Paso Energy Corporation for proceeds of approximately \$124.0 million, which are net of associated transaction costs and estimated costs to remove certain equipment. We recognized a gain of \$20.1 million in connection with the sale in the first quarter of 2000. Proceeds from the sale were used to permanently reduce the All American Pipeline, L.P. term loan facility (see Note 6). The cost of the pipeline segment is included in assets held for sale on the consolidated balance sheet at December 31, 1999.

NOTE 4 -- DISTRIBUTIONS

Our 2000 distributions, which are declared and paid in the following quarter, are summarized as follows:

	DISTRIBUTION PER UNIT		TOTAL DISTRIBUTION			TOTAL
	COMMON	SUBORDINATED	COMMON UNITHOLDERS	SUBORDINATED UNITHOLDERS	GENERAL PARTNER	
						(IN THOUSANDS)
2000						
Third quarter	\$0.463	\$0.463	\$11,265	\$4,639	\$392	\$16,296
Second quarter	0.463	0.463	11,265	4,639	392	16,296
First quarter	0.450	0.450	10,960	4,513	316	15,789

NOTE 5 -- CREDIT FACILITIES

On May 8, 2000, we entered into new bank credit agreements. The borrower under the new facilities is Plains Marketing, L.P. We are a guarantor of the obligations under the credit facilities. The obligations are also guaranteed by the subsidiaries of Plains Marketing, L.P. We entered into the credit agreements in order to:

- . refinance the existing bank debt of Plains Marketing, L.P. and Plains Scurlock Permian, L.P. in conjunction with the merger of Plains Scurlock Permian, L.P. into All American Pipeline, L.P.;
- . refinance existing bank debt of All American Pipeline, L.P.;
- . repay \$114.0 million plus accrued interest of subordinated debt to our general partner, and
- . provide additional flexibility for working capital, capital expenditures, and for other general corporate purposes.

Our new bank credit agreements consist of:

- . a \$400.0 million senior secured revolving credit facility. The revolving credit facility is secured by substantially all of our assets and matures in April 2004. No principal is scheduled for payment prior to maturity. The revolving credit facility bears interest at our option at either the base rate, as defined, plus an applicable margin, or LIBOR plus an applicable margin. We incur a commitment fee on the unused portion of the revolving credit facility. At September 30, 2000, \$292.0 million was outstanding on the revolving credit facility.
- . a \$300.0 million senior secured letter of credit and borrowing facility, the purpose of which is to provide standby letters of credit to support the purchase and exchange of crude oil for resale and borrowings to finance crude oil inventory that has been hedged against future price risk. The letter of credit facility is secured by substantially all of our assets and has a sublimit for cash borrowings of \$100.0 million to purchase crude oil that has been hedged against future price risk. The letter of credit facility expires in April 2003. Aggregate availability under the letter of credit facility for direct borrowings and letters of credit is limited to a borrowing base, which is determined monthly based on certain of our current assets and current liabilities (primarily inventory and accounts receivable and accounts payable related to the purchase and sale of crude oil). At September 30, 2000, approximately \$79.5 million in letters of credit were outstanding under the letter of credit and borrowing facility.

Our bank credit agreements prohibit distributions on, or purchases or redemptions of, units if any default or event of default is continuing. In addition, the agreements contain various covenants limiting our ability to, among other things:

- . incur indebtedness;
- . grant liens;
- . sell assets;
- . make investments;
- . engage in transactions with affiliates;
- . enter into prohibited contracts; and
- . enter into a merger or consolidation.

Our bank credit agreements treat a change of control as an event of default and also require us to maintain:

- . a current ratio (as defined) of 1.0 to 1.0;
- . a debt coverage ratio that is not greater than 4.0 to 1.0 for the period from March 31, 2000 to March 31, 2002 and subsequently 3.75 to 1.0;
- . an interest coverage ratio that is not less than 2.75 to 1.0; and
- . a debt to capital ratio of not greater than 0.65 to 1.0.

A default under our bank credit agreements would permit the lenders to accelerate the maturity of the outstanding debt and to foreclose on the assets securing the credit facilities. As long as we are in compliance with our bank credit agreements, they do not restrict our ability to make distributions of "available cash" as defined in our partnership agreement. We are in compliance with the covenants contained in our bank credit agreements. At September 30, 2000, we could have borrowed the full \$400.0 million available under our secured revolving credit facility.

At September 30, 2000 and December 31, 1999, the carrying value of short-term debt (nil and \$58.7 million, respectively) and long-term debt (\$292.0 million and \$424.1 million, respectively) approximated fair value.

Interest rate swaps and collars are used to hedge underlying debt obligations. These instruments hedge specific debt issuances and qualify for hedge accounting. The interest rate differential is reflected as an adjustment to interest expense over the life of the instruments. At September 30, 2000, we had interest rate swap and collar arrangements for an aggregate notional principal amount of \$215.0 million, which positions had an aggregate value of approximately \$0.2 million as of such date. These instruments are based on LIBOR and generally provide for a floor of 5% and a ceiling of 6.5% for \$90.0 million of debt and a floor of 6% and a ceiling of 8% for \$125.0 million of debt.

NOTE 6 -- EXTRAORDINARY ITEM

During the nine months ended September 30, 2000, we recognized extraordinary losses, consisting primarily of unamortized debt issue costs, of \$15.1 million related to the permanent reduction of the All American Pipeline, L.P. term loan facility and the refinancing of our credit facilities (see Notes 3 and 5). In addition, interest and other income for the nine months ended September 30, 2000, includes \$9.7 million of previously deferred gains from terminated interest rate swaps as a result of the debt extinguishments.

NOTE 7 -- CONTINGENCIES

Texas Securities Litigation. On November 29, 1999, a class action lawsuit was filed in the United States District Court for the Southern District of Texas entitled *Di Giacomo v. Plains All American Pipeline, L.P. ("PAA"), et al.* The suit alleged that PAA and certain of our general partner's officers and directors violated federal securities laws, primarily in connection with unauthorized trading by a former employee. An additional nineteen cases have been filed in the Southern District of Texas, some of which name our general partner and Plains Resources as additional defendants. All of the federal securities claims are being consolidated into two actions. The first consolidated action is that filed by purchasers of Plains Resources' common stock and options, and is captioned *Koplovitz v. Plains Resources Inc., et al.* The second consolidated action is that filed by purchasers of PAA's common units, and is captioned *Di Giacomo v. Plains All American Pipeline, L.P., et al.* Plaintiffs alleged that the defendants were liable for securities fraud violations under Rule 10b-5 and Section 20(a) of the Securities Exchange Act of 1934 and for making false registration statements under Sections 11 and 15 of the Securities Act of 1933.

Plains Resources and PAA have reached an agreement in principle with representatives for the plaintiffs for the settlement of all of the federal securities actions. Aggregate amounts to be paid under the agreement in principle total approximately \$29.5 million plus interest from October 1, 2000 through the date actual proceeds are remitted to representatives for the plaintiffs. Our insurance carrier has deposited \$15.0 million to an escrow account to fund amounts payable under our insurance policies. The Boards of Directors of PAA and Plains Resources have formed special independent committees to review and approve final allocation of the settlement costs between PAA and Plains Resources. Based on an estimate of such allocation, which allocation is currently under review by the committees, in the third quarter of 2000 we accrued an additional \$6.6 million of litigation costs and related expenses, which reduced earnings for the three and nine months ended September 30, 2000 by \$0.19 per limited partnership unit.

The settlement is subject to a number of conditions, including negotiation and finalization of a stipulation and agreement of settlement and related documentation, and approval of the United States District Court for the Southern District of Texas. The agreement in principle does not affect the Texas Derivative Litigation and Delaware Derivative Litigation described below.

Texas Derivative Litigation. On July 11, 2000, a derivative lawsuit was filed in the United States District Court for the Southern District of Texas entitled *Fernandez v. Plains All American Inc., et al.*, naming the general partner, its directors and certain of its officers as defendants. This lawsuit contains the same claims and seeks the same relief as the Delaware derivative litigation described below. A motion to dismiss was filed on behalf of the defendants on August 14, 2000.

Delaware Derivative Litigation. On December 3, 1999, two derivative lawsuits were filed in the Delaware Chancery Court, New Castle County, entitled *Susser v. Plains All American Inc., et al* and *Senderowitz v. Plains All American Inc., et al.* These suits, and three others which were filed in Delaware subsequently, named our general partner, its directors and certain of its officers as defendants, and allege that the defendants breached the fiduciary duties that they owed to us and our unitholders by failing to monitor properly the activities of our employees. The court has consolidated all of the cases under the caption *In Re Plains All American Inc. Shareholders Litigation*, and has designated the complaint filed in *Sussex v. Plains All American Inc.* as the complaint in the consolidated action. A motion to dismiss was filed on behalf of the defendants on August 11, 2000.

The plaintiffs in the Delaware securities litigation seek that the defendants (1) account for all losses and damages allegedly sustained by us from the unauthorized trading losses, (2) establish and maintain effective internal controls ensuring that our affiliates and persons responsible for our affairs do not engage in wrongful practices detrimental to us, (3) pay for the plaintiffs' costs and expenses in the litigation, including reasonable attorneys' fees, accountants' fees, and experts' fees and (4) provide the plaintiffs any additional relief as may be just and proper under the circumstances.

We intend to vigorously defend the claims made against us in the Texas derivative litigation and the Delaware derivative litigation. However, there can be no assurance that we will be successful in our defense or that these lawsuits will not have a material adverse effect on our financial position, results of operation or cash flows.

We, in the ordinary course of business, are a claimant and/or a defendant in various other legal proceedings. Management does not believe that the outcome of these other legal proceedings, individually and in the aggregate, will have a materially adverse effect on our financial condition, results of operations or cash flows.

Derivatives. We utilize derivative financial instruments to hedge our exposure to price volatility on crude oil. At September 30, 2000, our hedging activities included crude oil futures contracts maturing through 2001, covering approximately 6.9 million barrels of crude oil. Since such contracts are designated as hedges and correlate to price movements of crude oil, any gains or losses resulting from market changes will be largely offset by losses or gains on our hedged inventory or anticipated purchases of crude oil. Such contracts resulted in a reduction in revenues of \$1.2 million in the third quarter of 2000 and an increase in revenues of \$0.1 million in the nine months ended September 30, 2000. The unrealized loss with respect to such instruments at September 30, 2000 was \$7.0 million.

NOTE 8 -- OPERATING SEGMENTS

Our operations consist of two operating segments: (1) Pipeline Operations - engages in interstate and intrastate crude oil pipeline transportation and related merchant activities; (2) Marketing, Gathering, Terminalling and Storage Operations - engages in purchases and resales of crude oil at various points along the distribution chain and the leasing of terminalling and storage facilities.

(IN THOUSANDS) (UNAUDITED)	PIPELINE	MARKETING, GATHERING, & STORAGE	TOTAL
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THREE MONTHS ENDED SEPTEMBER 30, 2000			
Revenues:			
External Customers	\$ 93,226	\$ 663,700	\$ 756,926
Intersegment (a)	4,752	-	4,752
Other	(6)	300	294
	-----	-----	-----
Total revenues of reportable segments	\$ 97,972	\$ 664,000	\$ 761,972
	=====	=====	=====
Segment gross margin (b)	\$ 11,886	\$ 14,074	\$ 25,960
Segment gross profit (c)	11,865	4,184	16,049
Net income (loss) before extraordinary item	10,396	(5,880)	4,516
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THREE MONTHS ENDED SEPTEMBER 30, 1999 (RESTATED)			
Revenues:			
External Customers	\$228,737	\$ 899,071	\$1,127,808
Intersegment (a)	32,621	-	32,621
Other	24	304	328
	-----	-----	-----
Total revenues of reportable segments	\$261,382	\$ 899,375	\$1,160,757
	=====	=====	=====
Segment gross margin (b)	\$ 15,539	\$ (54,461)	\$ (38,922)
Segment gross profit (c)	14,979	(63,118)	(48,139)
Net income (loss) before extraordinary item	5,901	(66,032)	(60,131)
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NINE MONTHS ENDED SEPTEMBER 30, 2000			
Revenues:			
External Customers	\$379,806	\$2,115,406	\$2,495,212
Intersegment (a)	65,250	-	65,250
Other	9,673	1,152	10,825
	-----	-----	-----
Total revenues of reportable segments	\$454,729	\$2,116,558	\$2,571,287
	=====	=====	=====
Gain on sale of assets	\$ 48,188	-	\$ 48,188
Segment gross margin (b)	37,802	57,484	95,286
Segment gross profit (c)	36,158	32,642	68,800
Net income before extraordinary item	83,503	2,376	85,879
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NINE MONTHS ENDED SEPTEMBER 30, 1999 (RESTATED)			
Revenues:			
External Customers	\$606,352	\$1,877,711	\$2,484,063
Intersegment (a)	67,396	-	67,396
Other	119	496	615
	-----	-----	-----
Total revenues of reportable segments	\$673,867	\$1,878,207	\$2,552,074
	=====	=====	=====
Segment gross margin (b)	\$ 40,475	\$ (75,958)	\$ (35,483)
Segment gross profit (c)	38,392	(91,039)	(52,647)
Net income (loss) before extraordinary item	17,410	(96,756)	(79,346)
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- a) Intersegment sales were conducted on an arm's length basis.
b) Gross margin is calculated as revenues less cost of sales and operations.
c) Gross profit is calculated as revenues less costs of sales and operations expenses and general and administrative expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Pipeline Operations. Our activities from pipeline operations generally consist of transporting third-party volumes of crude oil for a tariff and merchant activities designed to capture price differentials between the cost to purchase and transport crude oil to a sales point and the price received for such crude oil at the sales point. Tariffs on our pipeline systems vary by receipt point and delivery point. The gross margin generated by our tariff activities depends on the volumes transported on the pipeline and the level of the tariff charged, as well as the fixed and variable costs of operating the pipeline. Our ability to generate a profit on margin activities is not tied to the absolute level of crude oil prices but is generated by the difference between an index-related price paid and other costs incurred in the purchase of crude oil and an index-related price at which we sell crude oil. We are well positioned to take advantage of these price differentials due to our ability to move purchased volumes on our pipeline systems. We combine reporting of gross margin for tariff activities and margin activities due to the sharing of fixed costs between the two activities.

Terminalling and Storage Activities and Gathering and Marketing Activities. Gross margin from terminalling and storage activities is dependent on the throughput volume of crude oil stored and the level of fees generated at our terminalling and storage facilities. Gross margin from our gathering and marketing activities is dependent on our ability to sell crude oil at a price in excess of our aggregate cost. These operations are not directly affected by the absolute level of crude oil prices, but are affected by overall levels of supply and demand for crude oil and fluctuations in market-related indices.

UNAUTHORIZED TRADING LOSSES

In November 1999, we discovered that a former employee had engaged in unauthorized trading activity, resulting in losses of approximately \$162.0 million (\$174.0 million, including estimated associated costs and legal expenses at December 31, 1999). Approximately \$154.9 million of the unauthorized trading loss was recognized in 1999, with approximately \$72.3 million and \$114.9 million of this amount recognized in the three and nine months ended September 30, 1999, respectively. As a result, we have previously restated our 1999 financial information. During the third quarter of 2000, we recognized an additional \$6.6 million charge for litigation related to the unauthorized trading losses. (See Note 7 to the consolidated financial statements).

RESULTS OF OPERATIONS

Three Months Ended September 30, 2000 and 1999

For the three months ended September 30, 2000, we reported net income of \$4.5 million on total revenue of \$756.9 million compared to a net loss for the same period in 1999 of \$60.1 million on total revenues of \$1.1 billion. The results for the three months ended September 30, 2000 and 1999 include the following special or nonrecurring items:

2000

- . \$6.6 million charge for litigation related to the unauthorized trading losses; and
- . \$2.1 million of noncash compensation expense.

1999

- . \$72.3 million of unauthorized trading losses;
- . \$1.9 million of noncash compensation expense; and
- . \$1.0 million of restructuring expenses.

Excluding the items noted above, we would have reported net income of \$13.3 million and \$15.1 million for the three months ended September 30, 2000 and 1999, respectively.

The following table sets forth our operating results for the periods indicated and includes the impact of the items discussed above (in thousands) (unaudited):

	THREE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
		(RESTATED)
OPERATING RESULTS:		
Revenues	\$756,926	\$1,127,808
	=====	=====
Gross margin:		
Pipeline	\$ 11,886	\$ 15,539
Gathering and marketing and terminalling and storage	20,674	17,789
Unauthorized trading losses	(6,600)	(72,250)
	-----	-----
Total	25,960	(38,922)
General and administrative expense	(9,911)	(9,217)
	-----	-----
Gross profit	\$ 16,049	\$ (48,139)
	=====	=====
Net income (loss)	\$ 4,516	\$ (60,131)
	=====	=====
AVERAGE DAILY VOLUMES (MBBLS/DAY):		
Pipeline Activities:		
All American		
Tariff activities	76	93
Margin activities	55	52
Other	100	106
	-----	-----
Total	231	251
	=====	=====
Lease gathering	258	347
Bulk purchases	28	181
	-----	-----
Total	286	528
	=====	=====
Terminal throughput	81	68
	=====	=====
Storage leased to third parties, monthly average volumes (MBbbls/month)	1,687	1,687
	=====	=====

Revenues. Revenues decreased to \$756.9 million for the third quarter of 2000 compared to the 1999 third quarter amount of \$1,127.8 million, due to lower current year lease gathering and bulk purchase volumes and decreased pipeline margin revenues, which offset higher crude oil prices.

Cost of Sales and Operations. Cost of sales and operations decreased to \$724.4 million in the third quarter of 2000 compared to \$1,094.5 million in the same quarter of 1999. The decrease is primarily due to lower current year lease gathering and bulk purchase volumes and a decrease in pipeline margin purchases partially offset by increased purchase costs as a result of higher crude oil prices.

General and Administrative. General and administrative expenses were \$9.9 million for the quarter ended September 30, 2000, compared to \$9.2 million for the third quarter in 1999. The increase in 2000 is primarily due to consulting and accounting charges related to system modifications and enhancements and personnel-related costs.

Depreciation and Amortization. Depreciation and amortization expense was \$5.3 million for the quarter ended September 30, 2000, compared to \$4.7 million for the third quarter of 1999. The increase primarily reflects a reevaluation of certain criteria on which the depreciation of certain fixed assets was based prior to the implementation of a fixed assets reporting system in the third quarter of 2000. We estimate that depreciation and amortization expense will average approximately \$4.6 million to \$4.7 million per quarter in the future, based on our current property base.

Interest expense. Interest expense was \$6.5 million for the quarter ended September 30, 2000 and approximated the 1999 amount for the comparable quarter. Increased interest rates offset the decreased interest resulting from a lower average debt balance in the current quarter.

Nonrecurring or Special Items

Unauthorized trading losses. As previously discussed, we recognized losses from unauthorized trading and related expenses, including litigation settlement of approximately \$6.6 million and \$72.3 million in the third quarter of 2000 and 1999, respectively.

Noncash compensation expense. We recognized noncash compensation expense of \$2.1 million and \$1.9 million in the third quarter of 2000 and 1999, respectively, related to the probable vesting of partnership units granted by our general partner to certain officers and key employees of our general partner and its affiliates. These amounts are included in general and administrative expense on the Consolidated Statements of Operations. The units granted are owned by the general partner and therefore, do not reflect an increase in the number of units of the partnership, nor a cash cost to us. However, generally accepted accounting principles require these charges to be "pushed down" from the general partner's financial results to our results. This charge is offset by an equivalent increase in partners' capital as the payments by the general partner are considered a contribution to our equity.

Restructuring charge. We incurred a \$1.0 million restructuring charge, primarily associated with personnel reduction in the third quarter of 1999.

Segment Results

Pipeline Operations. Gross margin from pipeline operations was \$11.9 million for the quarter ended September 30, 2000 compared to \$15.5 million for the prior year quarter. Lower volumes shipped to West Texas as a result of the first quarter 2000 sale of the California to Texas segment of the All American Pipeline and movements to the Mojave station, which were discontinued in late 1999 after a new California pipeline was activated, account for the majority of the decrease.

The margin between revenue and direct cost of crude purchased was \$4.8 million for the quarter ended September 30, 2000 compared to \$10.2 million for the prior year third quarter. Pipeline tariff revenues were approximately \$11.4 million for the third quarter of 2000 compared to approximately \$12.4 million for the same period in 1999, due to the sale of the All American Pipeline segment. Pipeline operations and maintenance expenses decreased to \$4.3 million for the third quarter of 2000 compared to \$7.1 million for the third quarter of 1999, also due to the disposition.

Average daily pipeline volumes totaled 231,000 barrels per day and 251,000 barrels per day for the third quarter of 2000 and 1999, respectively. The volume decrease is primarily due to the discontinued movements to the Mojave station, as well as discontinued movements to West Texas as a result of the sale of the segment of the All American Pipeline. Volumes on the All American Pipeline decreased from an average of 145,000 barrels per day for the third quarter of 1999 to 131,000 barrels per day in the current year quarter due to the reasons discussed above. All American's tariff volumes attributable to offshore California production were about flat between the two periods. Tariff volumes shipped on the Scurlock and West Texas gathering systems averaged 100,000 barrels per day and 106,000 barrels per day during the third quarters of 2000 and 1999, respectively.

Gathering and Marketing Activities and Terminalling and Storage Activities. Gross margin from gathering, marketing, terminalling and storage activities was approximately \$20.7 million for the quarter ended September 30, 2000, a 16% increase as compared to \$17.8 million in the prior year quarter (excluding the unauthorized trading losses), primarily due to an increase in our per-barrel margins due to the strong crude oil market. Gross revenues from these activities were approximately \$663.7 million and \$899.1 million in the third quarter of 2000 and 1999, respectively. The decreased revenues were primarily due to lower bulk purchase and lease gathering volumes, offset by higher crude prices.

Lease gathering volumes decreased from an average of 347,000 barrels per day in the third quarter of 1999 to approximately 258,000 barrels per day in the current year period. Bulk purchase volumes decreased from approximately 181,000 barrels per day in the 1999 third quarter to approximately 28,000 barrels per day in the current year period. These decreases are primarily due to the phase out of a significant amount of low-margin activity subsequent to the discovery of the unauthorized trading losses. The gross margin impact from the reduced volumes between the third quarter of 1999 and the current year quarter was approximately \$1.5 million. Lease gathering volumes averaged approximately 257,000 barrels per day and 237,000 barrels per day, respectively, for the first and second quarters of 2000, while bulk purchases averaged 29,000 barrels per day and 26,000 barrels per day for the same periods. These consecutive quarter comparisons are more indicative of a trend analysis than a comparison to the third quarter of 1999 due to the phase out of the low margin barrels.

Terminal throughput, which includes both our Cushing and Ingleside terminals, increased to 81,400 barrels per day from 67,900 barrels per day in the third quarter of last year, while storage leased to third parties was about flat with last year at 1.7 million barrels per month.

Nine Months Ended September 30, 2000 and 1999

For the nine months ended September 30, 2000, we reported net income of \$70.7 million on total revenue of \$2,495.2 million, compared to a net loss for the same period in 1999 of \$79.3 million on total revenues of \$2,484.1 million. The results for the nine months ended September 30, 2000 and 1999 include the following special or nonrecurring items:

2000

- . a \$28.1 million gain on the sale of crude oil linefill;
- . a \$20.1 million gain on the sale of the segment of the All American Pipeline that extends from Emidio, California, to McCamey, Texas;
- . \$9.7 million of previously deferred gains on interest rate swap terminations recognized due to the early extinguishment of debt;
- . an extraordinary loss of \$15.1 million related to the early extinguishment of debt;
- . \$6.6 million charge for litigation related to the unauthorized trading losses;
- . amortization of \$4.6 million of debt issue costs associated with facilities put in place during the fourth quarter of 1999; and
- . \$2.3 million of noncash compensation expense.

1999

- . \$114.9 million of unauthorized trading losses;
- . \$1.9 million of noncash compensation expense; and
- . \$1.0 million of restructuring expense.

Excluding the items noted above, we would have reported net income of \$41.4 million and \$38.9 million for the nine months ended September 30, 2000 and 1999, respectively.

The following table sets forth our operating results for the periods indicated and includes the impact of the items discussed above (in thousands) (unaudited):

	NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
	-----	-----
		(RESTATED)
OPERATING RESULTS:		
Revenues	\$2,495,212	\$2,484,063
	=====	=====
Gross margin:		
Pipeline	\$ 37,802	\$ 40,475
Gathering and marketing and terminalling and storage	64,084	38,967
Unauthorized trading losses	(6,600)	(114,925)
	-----	-----
Total	95,286	(35,483)
General and administrative expense	(26,486)	(17,164)
	-----	-----
Gross profit	\$ 68,800	\$ (52,647)
	=====	=====
Net income (loss)	\$ 70,732	\$ (79,346)
	=====	=====

Table continued on following page

NINE MONTHS ENDED
SEPTEMBER 30,

	2000		1999
	-----		-----
	-----		-----
		(RESTATED)	

AVERAGE DAILY VOLUMES (BARRELS):

Pipeline Activities:			
All American			
Tariff activities	74	106	
Margin activities	57	54	
Other	106	43	
	-----	---	
Total	237	203	
	=====	=====	
Lease gathering	259	240	
Bulk purchases	28	138	
	-----	---	
Total	287	378	
	=====	=====	
Terminal throughput	64	75	
	=====	=====	
Storage leased to third parties, monthly average volumes (MBbls/month)	1,489	1,920	
	=====	=====	

Revenues. Revenues increased to \$2,495.2 million from \$2,484.1 million in the first nine months of 1999. The increase is primarily due to higher crude oil prices, which were partially offset by lower current year volumes.

Cost of Sales and Operations. Cost of sales and operations decreased to \$2,393.3 million from \$2,404.6 million in the first nine months of 1999. The decrease is primarily due to lower current year volumes purchased, partially offset by higher crude oil prices.

General and Administrative. General and administrative expenses were \$26.5 million for the nine months ended September 30, 2000, compared to \$17.2 million for the same period in 1999. The increase in 2000 is primarily due to the Scurlock acquisition in May 1999 (approximately \$5.7 million), consulting fees related to the unauthorized trading loss investigation, consulting and accounting charges related to system modifications and enhancements and personnel related costs.

Depreciation and Amortization. Depreciation and amortization expense was \$20.1 million for the nine months ended September 30, 2000, compared to \$11.4 million for the first nine months of 1999. The increase is primarily due to the Scurlock and West Texas gathering system acquisitions in mid-1999, the previously discussed adjustments in connection with the implementation of a new fixed asset reporting system and increased amortization of debt issue costs associated with facilities put in place during the fourth quarter of 1999 due to the unauthorized trading losses. These increases were partially offset by decreased depreciation related to the segment of the All American Pipeline that was sold in the first quarter of 2000.

Interest expense. Interest expense was \$21.8 million for the nine months ended September 30, 2000, compared to \$14.5 million for the same period in 1999. The increase is primarily due to a higher average debt level in 2000 resulting from our 1999 acquisitions and the unauthorized trading losses and to higher interest rates in the current year.

Nonrecurring or Special Items

Unauthorized trading losses. As previously discussed, we recognized losses from unauthorized trading and related expenses, including litigation settlement of approximately \$6.6 million and \$114.9 million in the first nine months of 2000 and 1999, respectively.

Gain on sale of linefill. We initiated the sale of 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. The sale was completed in March 2000. We recognized a gain of \$28.1 million in connection with the sale of the linefill in the first quarter of 2000.

Gain on sale of pipeline segment. On March 24, 2000, we completed the sale of the segment of the All American Pipeline that extends from Emidio, California to McCamey, Texas to a unit of El Paso Energy Corporation for proceeds of approximately \$124.0 million, which are net of associated transaction costs and estimated costs to remove certain equipment. We recognized a total gain of \$20.1 million in connection with the sale in the first quarter of 2000.

Early extinguishment of debt. During the nine months ended September 30, 2000, we recognized extraordinary losses, consisting primarily of unamortized debt issue costs, totaling \$15.1 million related to the permanent reduction of the All American Pipeline, L.P. term loan facility and the refinancing of our credit facilities. In addition, interest and other income for the nine months ended September 30, 2000, includes \$9.7 million of previously deferred gains from terminated interest rate swaps as a result of the debt extinguishments.

Noncash compensation expense. We recognized noncash compensation expense of \$2.3 million and \$1.9 million for the nine months ended September 30, 2000 and 1999, respectively, related to the probable vesting of partnership units granted by our general partner to certain officers and key employees of our general partner and its affiliates. These amounts are included in general and administrative expense on the Consolidated Statements of Operations. The units granted are owned by the general partner and therefore, do not reflect an increase in the number of units of the partnership, nor a cash cost to us. However, generally accepted accounting principles require these charges to be "pushed down" from the general partner's financial results to our results. This charge is offset by an equivalent increase in partners' capital as the payments by the general partner are considered a contribution to our equity.

Restructuring charge. We incurred a \$1.4 million restructuring charge, primarily associated with personnel reduction in the first and third quarters of 1999.

Segment Results

Pipeline Operations. Gross margin from pipeline operations was \$37.8 million for the nine months ended September 30, 2000 compared to \$40.5 million for the prior year period. Increased margins from the Scurlock and West Texas gathering system acquisitions in mid-1999 were offset by lower tariff transport volumes and reduced margins on our pipeline merchant activity. Tariff volumes decreased due to lower production from Exxon's Santa Ynez Field and the Point Arguello Field, both offshore California, and the sale of the segment of the All American Pipeline. Margins from pipeline merchant activity were lower due to the sale of the segment of the All American Pipeline.

The margin between revenue and direct cost of crude purchased was \$14.0 million for the nine months ended September 30, 2000 compared to \$24.1 million for the first nine months of the prior year. Pipeline tariff revenues were approximately \$36.0 million for the first nine months of 2000 compared to approximately \$36.5 million for the same period in 1999 as increases related to the Scurlock and West Texas gathering system acquisitions were partially offset by the sale of the segment of the All American Pipeline segment. Pipeline operations and maintenance expenses were approximately \$12.2 million for the first nine months of 2000 compared to \$20.1 million for the first nine months of 1999, also due to the acquisitions and disposition.

Average daily pipeline volumes totaled 237,000 barrels per day and 203,000 barrels per day for the first nine months of 2000 and 1999, respectively. Volumes on the All American Pipeline decreased from an average of 160,000 barrels per day for the first nine months of 1999 to 131,000 barrels per day in the current year period due to the reasons discussed above. All American's tariff volumes attributable to offshore California production were approximately 74,000 barrels per day for nine months ended September 30, 2000 compared to 81,000 barrels per day in the prior year period. Tariff volumes shipped on the Scurlock and West Texas gathering systems averaged 106,000 barrels per day and 43,000 barrels per day during the first nine months of 2000 and 1999, respectively. The 1999 period includes volumes for Scurlock effective May 1, 1999, and West Texas gathering system volumes effective July 1, 1999.

Gathering and Marketing Activities and Terminalling and Storage Activities. Gross margin from gathering, marketing, terminalling and storage activities (excluding the unauthorized trading losses) was approximately \$64.1 million for the nine months ended September 30, 2000 compared to \$39.0 million in the prior year period. The increase in gross margin is primarily due to an increase in lease gathering volumes as a result of the Scurlock acquisition and increased per barrel margins due to the strong crude oil market. Gross revenues from gathering, marketing, terminalling and storage activities were approximately \$2.1 billion and \$1.9 billion in the first nine months of 2000 and 1999, respectively, as increased revenues resulting from higher crude oil prices and lease gathering volumes were partially offset by decreased revenues from lower bulk purchase volumes.

Lease gathering volumes increased from an average of 240,000 barrels per day for the first nine months of 1999 to approximately 259,000 barrels per day for the 2000 period due to the Scurlock acquisition, partially offset by a significant amount of low margin barrels that were phased out subsequent to the discovery of the trading losses. Bulk purchase volumes decreased from approximately 138,000 barrels per day for the first nine months of 1999 to approximately 28,000 barrels per day in the current year period, also due to the phase out of low margin barrels. The gross margin impact from the reduced

volumes was approximately \$6.0 million for the nine months ended September 30, 2000.

Terminal throughput, which includes both our Cushing and Ingleside terminals, was 64,000 and 75,000 barrels per day for the nine months ended September 30, 2000 and 1999, respectively. Storage leased to third parties was 1.5 million barrels per month and 1.9 million barrels per month for the same periods, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(IN MILLIONS) (UNAUDITED)	NINE MONTHS ENDED SEPTEMBER 30,	
	2000	1999
Cash provided by (used in):		
Operating activities	\$ (7.5)	\$ 1.5
Investing activities	216.4	(181.1)
Financing activities	(259.4)	177.3

Operating Activities. Net cash used in operating activities for the first nine months of 2000 resulted primarily from the amounts paid during the first quarter of 2000 for the 1999 unauthorized trading losses.

Investing Activities. Net cash provided by investing activities for the first nine months of 2000 included approximately \$224.0 million of proceeds from the sale of the segment of the All American Pipeline and pipeline linefill and approximately \$7.5 million of capital expenditures.

Financing activities. Cash used in financing activities for the first nine months of 2000 consisted primarily of net payments of \$76.8 million of short-term and long-term debt, the repayment of subordinated debt of \$114.0 million to our general partner and distributions to unitholders of \$43.3 million. Proceeds used to reduce the bank debt primarily came from the asset sales discussed above. Proceeds to repay the \$114.0 million of subordinated debt to the general partner came from our revolving credit facility.

Credit Facilities

On May 8, 2000, we entered into new bank credit agreements. The borrower under the new facilities is Plains Marketing, L.P. We are a guarantor of the obligations under the credit facilities. The obligations are also guaranteed by the subsidiaries of Plains Marketing, L.P. We entered into the credit agreements in order to:

- . refinance the existing bank debt of Plains Marketing, L.P. and Plains Scurlock Permian, L.P. in conjunction with the merger of Plains Scurlock Permian, L.P. into All American Pipeline, L.P.;
- . refinance existing bank debt of All American Pipeline, L.P.;
- . repay \$114.0 million plus accrued interest of subordinated debt to our general partner, and
- . provide additional flexibility for working capital, capital expenditures, and for other general corporate purposes.

Our new bank credit agreements consist of:

- . a \$400.0 million senior secured revolving credit facility. The revolving credit facility is secured by substantially all of our assets and matures in April 2004. No principal is scheduled for payment prior to maturity. The revolving credit facility bears interest at our option at either the base rate, as defined, plus an applicable margin, or LIBOR plus an applicable margin. We incur a commitment fee on the unused portion of the revolving credit facility. At September 30, 2000, \$292.0 million was outstanding on the revolving credit facility.
- . a \$300.0 million senior secured letter of credit and borrowing facility, the purpose of which is to provide standby letters of credit to support the purchase and exchange of crude oil for resale and borrowings to finance crude oil inventory that has been hedged against future price risk. The letter of credit facility is secured by substantially all of our assets and has a sublimit for cash borrowings of \$100.0 million to purchase crude oil that has been hedged against future price risk. The letter of credit facility expires in April 2003. Aggregate availability under the letter of credit facility for direct borrowings and letters of credit is limited to a borrowing base, which is determined monthly based on certain of our current assets and current liabilities (primarily inventory and accounts receivable and

accounts payable related to the purchase and sale of crude oil). At September 30, 2000, approximately \$79.5 million in letters of credit were outstanding under the letter of credit and borrowing facility.

Our bank credit agreements prohibit distributions on, or purchases or redemptions of, units if any default or event of default is continuing. In addition, the agreements contain various covenants limiting our ability to, among other things:

- . incur indebtedness;
- . grant liens;
- . sell assets;
- . make investments;
- . engage in transactions with affiliates;
- . enter into prohibited contracts; and
- . enter into a merger or consolidation.

Our bank credit agreements treat a change of control as an event of default and also require us to maintain:

- . a current ratio (as defined) of 1.0 to 1.0;
- . a debt coverage ratio that is not greater than 4.0 to 1.0 for the period from March 31, 2000 to March 31, 2002 and subsequently 3.75 to 1.0;
- . an interest coverage ratio that is not less than 2.75 to 1.0; and
- . a debt to capital ratio of not greater than 0.65 to 1.0.

A default under our bank credit agreements would permit the lenders to accelerate the maturity of the outstanding debt and to foreclose on the assets securing the credit facilities. As long as we are in compliance with our bank credit agreements, they do not restrict our ability to make distributions of "available cash" as defined in our partnership agreement. We are in compliance with the covenants contained in our credit agreements. At September 30, 2000, we could have borrowed the full \$400.0 million available under our secured revolving credit facility.

Contingencies

Since our announcement in November 1999 of our losses resulting from unauthorized trading by a former employee, numerous class action lawsuits have been filed against us, certain of our general partner's officers and directors and in some of these cases, our general partner and Plains Resources Inc. alleging violations of the federal securities laws. In addition, derivative lawsuits were filed against our general partner, its directors and certain of its officers alleging the defendants breached the fiduciary duties owed to us and our unitholders by failing to monitor properly the activities of our traders. See Part II - "Other Information" - Item 1. - "Legal Proceedings."

Although we maintain an inspection program designed to prevent and, as applicable, to detect and address releases of crude oil into the environment from our pipeline and storage operations, we may experience such releases in the future, or discover releases that were previously unidentified. Damages and liabilities incurred due to any future environmental releases from our assets may substantially affect our business.

ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS133 was subsequently amended (i) in June 1999 by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the effective date of FASB Statement No. 133 ("SFAS 137"), which deferred the effective date of SFAS 133 to fiscal years beginning after June 15, 2000; and (ii) in June 2000 by SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedge Activities," which amended certain provisions, inclusive of the definition of the normal purchase and sale exclusion.

SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if so, the type of hedge transaction. For fair value hedge transactions in which we are hedging changes in the fair value of an asset, liability, or firm commitment, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the fair value of the hedged item. For cash flow hedge transactions, in which we are hedging the variability of cash flows related to a variable-rate asset,

liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are affected by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in earnings in the current period.

We will adopt SFAS 133, as amended, effective January 1, 2001. We believe we have identified all instruments currently in place that will be subject to the requirements of SFAS 133; however, due to the complex nature of SFAS 133 and various interpretations regarding application of SFAS 133 to certain instruments, we have not fully determined what impact the adoption of SFAS 133 would have on the consolidated balance sheets, statements of operations and cash flows. The FASB has formed a derivative implementation group which is addressing assessment and implementation matters regarding the application of SFAS 133 for consideration by the FASB. Adoption of this standard could increase volatility in earnings and partners' capital through comprehensive income.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various market risks, including volatility in crude oil commodity prices and interest rates. To manage such exposure, we monitor our inventory levels and our expectations of future commodity prices and interest rates when making decisions with respect to risk management. We do not enter into derivative transactions for speculative trading purposes that would expose us to price risk. Substantially all of our derivative contracts are exchanged or traded with major financial institutions and the risk of credit loss is considered remote.

Commodity Price Risk. The fair value of outstanding derivative instruments and the change in fair value that would be expected from a 10 percent price increase are shown in the table below (in millions) (unaudited):

	SEPTEMBER 30, 2000		DECEMBER 31, 1999	
	FAIR VALUE	EFFECT OF 10% PRICE CHANGE	FAIR VALUE	EFFECT OF 10% PRICE CHANGE
Crude oil :				
Futures contracts	\$6.1	\$4.9	\$ -	\$(2.8)
Swaps and options contracts	-	-	(0.6)	(0.1)

The fair values of the futures contracts are based on quoted market prices obtained from the NYMEX. The fair value of the swaps is estimated based on quoted prices from independent reporting services compared to the contract price of the swap which approximate the gain or loss that would have been realized if the contracts had been closed out at the dates indicated above. All hedge positions offset physical positions exposed to the cash market; none of these offsetting physical positions are included in the above table. Price-risk sensitivities were calculated by assuming an across-the-board 10 percent increase in prices regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an actual 10 percent change in prompt month crude prices, the fair value of our derivative portfolio would typically change less than that shown in the table due to lower volatility in out-month prices.

At September 30, 2000, our hedging activities included crude oil futures contracts maturing through 2001, covering approximately 6.9 million barrels of crude oil. Since such contracts are designated as hedges and correlate to price movements of crude oil, any gains or losses resulting from market changes will be largely offset by losses or gains on our hedged inventory or anticipated purchases of crude oil. Such contracts resulted in a reduction in revenues of \$1.2 million in the third quarter of 2000 and an increase in revenues of \$0.1 million in the nine months ended September 30, 2000. The unrealized loss with respect to such instruments at September 30, 2000 was \$7.0 million.

Interest Rate Risk. Our debt instruments are sensitive to market fluctuations in interest rates. At September 30, 2000 and December 31, 1999, the carrying value of short-term debt (nil and \$58.7 million, respectively) and long-term debt (\$292.0 million and \$424.1 million, respectively) approximated fair value.

Interest rate swaps and collars are used to hedge underlying debt obligations. These instruments hedge specific debt issuances and qualify for hedge accounting. The interest rate differential is reflected as an adjustment to interest expense over the life of the instruments. At September 30, 2000, we had interest rate swap and collar arrangements for an aggregate notional principal amount of \$215.0 million, which positions had an aggregate value of approximately \$0.2 million as of such date. These instruments are based on LIBOR and generally provide for a floor of 5% and a ceiling of 6.5% for \$90.0 million of debt and a floor of 6% and a ceiling of 8% for \$125.0 million of debt.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

All statements, other than statements of historical fact, included in this report are forward-looking statements, including, but not limited to, statements identified by the words "anticipate," "believe," "estimate," "expect," "plan," "intend" and "forecast" and similar expressions and statements regarding our business strategy, plans and objectives of our management for future operations. These statements reflect our current views and those of our general partner with respect to future events, based on what we believe are reasonable assumptions. These statements, however, are subject to certain risks, uncertainties and assumptions, including, but not limited to:

- . the availability of adequate supplies of and demand for crude oil in the areas in which we operate;
- . the impact of crude oil price fluctuations;
- . the effects of competition;
- . the success of our risk management activities;
- . the availability (or lack thereof) of acquisition or combination opportunities;
- . the impact of current and future laws and governmental regulations;
- . environmental liabilities that are not covered by an indemnity or insurance; and
- . general economic, market or business conditions.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from the results anticipated in the forward-looking statements. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

PART II. OTHER INFORMATION

ITEMS 1. LEGAL PROCEEDINGS

Texas Securities Litigation. On November 29, 1999, a class action lawsuit was filed in the United States District Court for the Southern District of Texas entitled *Di Giacomo v. Plains All American Pipeline, L.P. ("PAA"), et al.* The suit alleged that PAA and certain of our general partner's officers and directors violated federal securities laws, primarily in connection with unauthorized trading by a former employee. An additional nineteen cases have been filed in the Southern District of Texas, some of which name our general partner and Plains Resources as additional defendants. All of the federal securities claims are being consolidated into two actions. The first consolidated action is that filed by purchasers of Plains Resources' common stock and options, and is captioned *Koplovitz v. Plains Resources Inc., et al.* The second consolidated action is that filed by purchasers of PAA's common units, and is captioned *Di Giacomo v. Plains All American Pipeline, L.P., et al.* Plaintiffs alleged that the defendants were liable for securities fraud violations under Rule 10b-5 and Section 20(a) of the Securities Exchange Act of 1934 and for making false registration statements under Sections 11 and 15 of the Securities Act of 1933.

Plains Resources and PAA have reached an agreement in principle with representatives of the plaintiffs for the settlement of all of the federal securities actions. Aggregate amounts to be paid under the agreement in principle total approximately \$29.5 million plus interest from October 1, 2000 through the date actual proceeds are remitted to representatives for the plaintiffs. Our insurance carrier has deposited \$15.0 million to an escrow account to fund amounts payable under our insurance policies. The Boards of Directors of PAA and Plains Resources have formed special independent committees to review and approve final allocation of the settlement costs between PAA and Plains Resources. Based on an estimate of such allocation, which allocation is currently under review by the committees, in the third quarter of 2000 we accrued an additional \$6.6 million of litigation costs and related expenses, which reduced earnings for the three and nine months ended September 30, 2000 by \$0.19 per limited partnership unit.

The settlement is subject to a number of conditions, including negotiation and finalization of a stipulation and agreement of settlement and related documentation, and approval of the United States District Court for the Southern District of Texas. The agreement in principle does not affect the Texas Derivative Litigation and Delaware Derivative Litigation described below.

Texas Derivative Litigation. On July 11, 2000, a derivative lawsuit was filed in the United States District Court for the Southern District of Texas entitled *Fernandez v. Plains All American Inc., et al.*, naming the general partner, its directors and certain of its officers as defendants. This lawsuit contains the same claims and seeks the same relief as the Delaware derivative litigation described below. A motion to dismiss was filed on behalf of the defendants on August 14, 2000.

Delaware Derivative Litigation. On December 3, 1999, two derivative lawsuits were filed in the Delaware Chancery Court, New Castle County, entitled *Susser v. Plains All American Inc., et al* and *Senderowitz v. Plains All American Inc., et al.* These suits, and three others which were filed in Delaware subsequently, named our general partner, its directors and certain of its officers as defendants, and allege that the defendants breached the fiduciary duties that they owed to us and our unitholders by failing to monitor properly the activities of our employees. The court has consolidated all of the cases under the caption *In Re Plains All American Inc. Shareholders Litigation*, and has designated the complaint filed in *Sussex v. Plains All American Inc.* as the complaint in the consolidated action. A motion to dismiss was filed on behalf of the defendants on August 11, 2000.

The plaintiffs in the Delaware securities litigation seek that the defendants (1) account for all losses and damages allegedly sustained by us from the unauthorized trading losses, (2) establish and maintain effective internal controls ensuring that our affiliates and persons responsible for our affairs do not engage in wrongful practices detrimental to us, (3) pay for the plaintiffs' costs and expenses in the litigation, including reasonable attorneys' fees, accountants' fees, and experts' fees and (4) provide the plaintiffs any additional relief as may be just and proper under the circumstances.

We intend to vigorously defend the claims made against the Texas derivative litigation and the Delaware derivative litigation. However, there can be no assurance that we will be successful in our defense or that these lawsuits will not have a material adverse effect on our financial position, results of operations or cash flows.

We, in the ordinary course of business, are a claimant and/or a defendant in various other legal proceedings. Management does not believe that the outcome of these other legal proceedings, individually and in the aggregate, will have a materially adverse effect on our financial condition or results of operation.

ITEMS 2, 3, 4 & 5 ARE NOT APPLICABLE AND HAVE BEEN OMITTED.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

3.1 Amendment No. 2 to the Second Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P.

27.1 Financial Data Schedule

B. Reports on Form 8-K

A Current Report on Form 8-K was filed on September 15, 2000, in connection with the announcement that Plains All American Pipeline, L.P. and Plains Resources Inc. had agreed in principle for the settlement of class action securities suits related to the unauthorized trading losses disclosed in November 1999.

SIGNATURES

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 and thereunto duly authorized.

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC.
Its General Partner

Date: January 18, 2001

By: /s/ Cynthia A. Feedback

Cynthia A. Feedback, Vice
President - Accounting and Treasurer
(Principal Accounting Officer) of the
General Partner

AMENDMENT NO. 2 TO THE SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF
PLAINS ALL AMERICAN PIPELINE, L.P.

THIS AMENDMENT NO. 2 TO THE SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF PLAINS ALL AMERICAN PIPELINE, L.P. (this "Amendment"), dated as of October 2, 2000, is entered into and effectuated by Plains All American Inc., a Delaware corporation, as the General Partner, pursuant to the authority granted to it in Section 13.1(d) of the Second Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P., dated as of November 17, 1998, as amended (the "Partnership Agreement"). Capitalized terms used but not defined herein are used as defined in the Partnership Agreement.

WHEREAS, Section 13.1(d) of the Partnership Agreement provides that the General Partner, without the approval of any Limited Partners, may amend any provision of the Partnership Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect a change that, in the discretion of the General Partner, is required to reflect the intent expressed in the Registration Statement or the intent of the provisions of the Partnership Agreement; and

WHEREAS, the General Partner deems it in the best interest of the Partnership to effect this amendment in order to provide that the definition of Subordination Period in the Partnership Agreement permit vesting of Awards (as defined in the Plains All American Inc. 1998 Long-Term Incentive Plan (the "Plan")) to the extent that, and in the same ratio that, Subordinated Units may be converted into Common Units under Section 5.8 of the Partnership Agreement; and

WHEREAS, the General Partner has determined that this Amendment will reflect the intent expressed in the Registration Statement;

NOW, THEREFORE, the definition of "Subordination Period" in the Partnership Agreement is hereby amended to include, as an additional last paragraph to that definition, the following language:

For purposes of the definition of Restricted Period in the Plains All American Inc. 1998 Long-Term Incentive Plan, the Subordination Period shall end with respect to the number of Subordinated Units that are converted into Common Units in accordance with Section 5.8 of the Partnership Agreement.

This Amendment will be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, this Amendment has been executed as the date first written above.

PLAINS ALL AMERICAN INC.,
General Partner

By: /s/ Tim Moore

Name: Tim Moore
Title: Vice President

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PLAINS ALL AMERICAN PIPELINE, L.P. CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2000 AND CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0001070423

PLAINS ALL AMERICAN PIPELINE, L.P.

9-MOS		
	DEC-31-2000	
	JAN-01-2000	
	SEP-30-2000	3,272
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	382,911	
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	886,841	
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	2,446,560	
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	0	
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85,879		
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(15,147)		0
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	2.01	