
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) – October 28, 2003

Plains All American Pipeline, L.P.

(Name of Registrant as specified in its charter)

DELAWARE

(State or other jurisdiction
of incorporation or organization)

0-9808

(Commission File Number)

76-0582150

(I.R.S. Employer
Identification No.)

333 Clay Street, Suite 1600

Houston, Texas 77002

(713) 646-4100

(Address, including zip code, and telephone number,
including area code, of Registrants principal executive offices)

N/A

(Former name or former address, if changed since last report.)

Item 7. Financial Statements and Exhibits

(c) Exhibit 99.1 – Press Release dated October 28, 2003

Item 9 and 12. Regulation FD Disclosure; Results of Operations and Financial Condition

Plains All American Pipeline, L.P. (the “Partnership”) today issued a press release reporting its results for the third quarter of 2003. The Partnership is furnishing the press release, attached as Exhibit 99.1, pursuant to Item 9 and Item 12 of Form 8-K. The Partnership is also furnishing pursuant to Item 9 updates of its projections of certain operating and financial results for the fourth quarter of 2003 and modifying certain aspects of its preliminary guidance for financial performance for 2004. In accordance with General Instructions B.2. and B.6. of Form 8-K, the information presented herein under Item 9 or Item 12, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Disclosure of Fourth Quarter 2003 Forecasts; Update of Year 2003 Guidance

The following table reflects our reported results for the first nine months of 2003 and management’s current range of guidance for operating and financial results for the fourth quarter and full year 2003. Management’s guidance is based on assumptions and estimates that management believes are reasonable based on its assessment of historical trends and business cycles and currently available information; however, management’s assumptions and our future performance are both subject to a wide range of business risks and uncertainties, so we cannot assure you that actual performance can or will fall within these guidance ranges. Please refer to the information under the caption “Forward-Looking Statements and Associated Risks” below. These risks and uncertainties could cause our actual results to differ materially from those in the following table. The operating and financial guidance provided below is given as of the date hereof, based on information known to us as of October 27, 2003. EBIT and EBITDA are non-GAAP financial measures, and are reconciled in the table below to Net Income. EBIT and EBITDA are impractical to reconcile to cash flows from operating activities for forecasted periods, but are reconciled for historical periods in the accompanying footnotes. Net income and cash flows from operating activities are the most directly comparable GAAP measures for EBIT and EBITDA. The Partnership encourages you to visit Plains All American’s website at www.paalp.com, in particular the section entitled “Non-GAAP Reconciliation” that presents a historical reconciliation of certain non-GAAP financial measures that are commonly used, such as EBIT and EBITDA. EBIT and EBITDA are presented because management believes they provide additional information with respect to both the performance of our fundamental business activities, as well as our ability to meet our future debt service, capital expenditures, and working capital requirements. Management also believes that debt holders commonly use EBITDA to analyze partnership performance.

Operating and Financial Guidance
(in thousands, except per unit data)

	Nine Months Ended September 30, 2003	Quarter Ended December 31, 2003		Year Ended December 31, 2003	
	ACTUAL	Low	High	Low	High
Pipeline Operations	\$ 83,956	\$ 25,700	\$ 27,700	\$ 109,656	\$ 111,656
Gathering, Marketing, Terminalling & Storage	80,951	27,700	29,300	108,651	110,251
Sub-Total	164,907	53,400	57,000	218,307	221,907
LTIP Accrual—Operations (Probable)	1,390	153	153	1,543	1,543
LTIP Accrual—Operations (Potential)	—	3,702	3,702	3,702	3,702
Total Gross Margin (excl deprec.)	\$ 163,517	\$ 49,545	\$ 53,145	\$ 213,062	\$ 216,662
G&A & Other Income/Expense (Net)	37,047	12,400	12,000	49,447	49,047
Loss on Early Extinguishment of Debt	200	3,300	3,300	3,500	3,500
LTIP Accrual—G&A (Probable)	6,006	868	868	6,874	6,874
LTIP Accrual—G&A (Potential)	—	13,101	13,101	13,101	13,101
EBITDA	\$ 120,264	\$ 19,876	\$ 23,876	\$ 140,140	\$ 144,140
Depreciation & Amort.—Oper.	29,491	10,600	10,500	40,091	39,991
Depreciation & Amort.—G & A	4,673	1,700	1,600	6,373	6,273
EBIT	\$ 86,100	\$ 7,576	\$ 11,776	\$ 93,676	\$ 97,876
Interest Expense	26,480	8,100	7,900	34,580	34,380
Net Income/(Loss)	\$ 59,620	\$ (524)	\$ 3,876	\$ 59,096	\$ 63,496
Net Income/(Loss) to Limited Partners	\$ 54,959	\$ (1,804)	\$ 2,508	\$ 53,155	\$ 57,467
Basic Weighted Avg Units Outstanding	51,735	55,484	55,484	52,680	52,680
Basic Net Income/(Loss) Per Limited Partner Unit	\$ 1.06	\$ (0.03)	\$ 0.05	\$ 1.01	\$ 1.09
Diluted Weighted Avg Units Outstanding	52,407	56,134	56,134	53,352	53,352
Diluted Net Income/(Loss) per Limited Partner Unit	\$ 1.05	\$ (0.03)	\$ 0.04	\$ 1.00	\$ 1.08

Items Impacting Comparability (\$ thousands)

LTIP Accrual	\$ 7,396	\$ 17,824	\$ 17,824	\$ 25,220	\$ 25,220
Loss on early extinguishment of debt	200	3,300	3,300	3,500	3,500
SFAS 133 (Gain)/Loss	1,731	—	—	1,731	1,731
	\$ 9,327	\$ 21,124	\$ 21,124	\$ 30,451	\$ 30,451

Excluding Items Impacting Comparability (\$ thousands)

EBITDA	\$ 129,591	\$ 41,000	\$ 45,000	\$ 170,591	\$ 174,591
Net Income	\$ 68,947	\$ 20,600	\$ 25,000	\$ 89,547	\$ 93,947
Net Income per Limited Partner Unit	\$ 1.33	\$ 0.37	\$ 0.45	\$ 1.70	\$ 1.78
Diluted Net Income per Limited Partner Unit	\$ 1.32	\$ 0.37	\$ 0.45	\$ 1.68	\$ 1.76

Notes and Significant Assumptions:

1. *EBITDA* means Earnings Before Interest, Taxes, Depreciation, and Amortization. EBIT means EBITDA less Depreciation and Amortization. Gross margin excludes depreciation.
2. *Statement of Financial Accounting Standards No. 133 “Accounting for Derivative Instruments and Hedging Activities” (SFAS 133)*. The forecast presented above does not include assumptions or projections with respect to potential gains or losses related to SFAS 133, as there is no accurate way to forecast these potential gains or losses. The potential gains or losses related to SFAS 133 could materially change reported net income (related primarily to non-cash, mark-to-market gains or losses). The net gain/loss due to SFAS 133 was a \$2.9 million loss for the third quarter and a \$1.7 million loss for the nine months ending September 30, 2003. Given this, our full year 2003 projection includes the same \$1.7 million loss.
3. *Reconciliation of EBIT and EBITDA to net income and cash flows from operating activities*. The following table reconciles historical EBIT and EBITDA to historical net income and cash flows from operating activities as of September 30, 2003:

Net Income and Cash Flow from Operations to EBITDA Reconciliation

(Historical)

Nine
Months
Ended
9/30/03

	Nine Months Ended 9/30/03
Earnings before interest, taxes, depreciation and amortization (“EBITDA”)	
Net income reconciliation	
Net Income*	\$ 59,620
Interest expense	26,480
	<hr/>
Earnings before interest and taxes (“EBIT”)	86,100
Depreciation and amortization-operations	29,491
Depreciation and amortization-general and administrative	4,673
	<hr/>
EBITDA*	\$120,264
	<hr/>
Cash flow from operating activities reconciliation	
Net cash provided by (used in) operating activities	\$195,651
Net change in assets and liabilities, net of acquisitions	(96,136)
Other items not affecting cash flows from operating activities:	
Allowance for doubtful accounts	(100)
Change in derivative fair value	(1,731)
Loss on early extinguishment of debt	(200)
Non-cash portion of LTIP accrual	(3,700)
Interest expense	26,480
	<hr/>
EBITDA*	120,264
Depreciation and amortization-operations	(29,491)
Depreciation and amortization-general and administrative	(4,673)
	<hr/>
EBIT	\$ 86,100
	<hr/>

* The effect of approximately \$9.3 million of items impacting comparability is shown at the end of the “Operating and Financial Guidance” table, above.

4. *Pipeline Gross Margin.* Pipeline volume and tariff estimates are based on historical operating performance and our outlook for future performance. Actual results could vary materially depending on volumes that are shipped. Average pipeline volumes are estimated to be approximately 925,000 barrels per day for the fourth quarter of 2003 (compared to average 3Q03 volumes of 975,000). The anticipated decrease in pipeline volumes is primarily associated with anticipated reductions from Basin pipeline and several smaller pipelines, which experienced significant increases in third quarter volumes due to positive market activity not anticipated for the fourth quarter. Volumes on Basin Pipeline for the fourth quarter are forecast at approximately 250,000 barrels per day (compared to average 3Q03 volumes of approximately 300,000 barrels per day). Outer Continental Shelf (OCS) volumes (our highest per barrel tariff volumes) are estimated to make up approximately 6% of total daily volumes, or approximately 58,000 barrels per day (compared to average 3Q03 volumes of 59,000 barrels per day). Revenues are forecast using these volume assumptions, current tariffs and estimates of operating expenses, each of which management believes are reasonable. A 5,000 barrel per day variance in OCS volumes would have an approximate \$0.8 million effect on gross margin for each quarter and an approximate \$3.1 million effect on an annualized basis. An average 10,000-barrel per day variance in the Basin Pipeline System, which is equivalent to an estimated 4% volume variance on that pipeline system, would have an approximate \$0.2 million effect on gross margin for each quarter and an approximate \$0.8 million effect on an annualized basis.
5. *Gathering, Marketing, Terminalling and Storage Gross Margin.* Market conditions for Gathering & Marketing are expected to be weaker in the fourth quarter than conditions experienced in the first nine months of 2003. Forecast crude volumes for Gathering & Marketing are approximately 535,000 barrels per day (approximately 455,000 barrels per day of lease gathered barrels and 80,000 barrels per day of bulk purchases) for the fourth quarter of 2003 (compared to average 3Q03 volumes of 525,000 barrels per day including 429,000 barrels per day of lease gathered barrels and 96,000 barrels per day of bulk purchases). The increase in volume anticipated is due, in part, to the acquisition of the ArkLaTex gathering system at the beginning of the fourth quarter. Due to inefficiencies associated with transition costs for the first quarter of operations and, to a lesser extent, weak market conditions, these incremental volumes will not add proportionately to net income and cash flow for the quarter. Gross margin excluding depreciation is forecast using these volume assumptions and estimates of unit margins and operating expenses, each of which management believes are reasonable, based on current and anticipated market conditions. Realized unit margins for any given lease gathered barrel can vary significantly based on a variety of factors including location, quality and contract structure. However, based on our projected average margin for the fourth quarter of 2003, a 5,000 barrel per day variance in lease gathering volumes would have an approximate \$0.2 million effect on gross margin for each quarter and an approximate \$0.9 million effect on an annualized basis. A variance in bulk purchases would have a substantially lower effect on gross margin as these volumes carry lower margins than our lease gathering business.
6. *General and Administrative Expense.* G&A expense is forecast to be between \$12.0 million and \$12.4 million for the fourth quarter of 2003. This is based on current and forecast staffing levels and administrative requirements.

7. *Interest Expense.* Fourth quarter interest expense is forecast to be between \$7.9 million and \$8.1 million assuming an average debt balance of approximately \$495 million and the current outlook for interest rate indices, which translates into an average interest rate for the partnership of approximately 6.4%, including our fixed rate debt, current interest rate hedges on floating rate debt and commitment fees. These rates include the anticipated benefits of the negotiation of a new credit facility, which is expected to close in the second half of November. The forecast is based on estimated cash flow, current distribution rates, planned acquisitions, capital projects and line-fill purchases, planned sales of surplus equipment, forecast timing of collections and payments, and forecast levels of inventory and other working capital sources and uses, each of which management believes is reasonable. Approximately 40% of our expected average debt balance is subject to floating interest rates and, for the most part, are based on LIBOR. Accordingly, an increase in LIBOR will have a negative impact on the Partnership. LIBOR rates are currently at or near a historical low level.
8. *Depreciation & Amortization.* Depreciation and amortization is forecast based on our existing depreciable assets and forecast capital expenditures. Depreciation is computed using the straight-line method over estimated useful lives, which range from 5 years for office property and equipment to 40 years for certain crude oil terminals and facilities. Crude oil pipelines are depreciated over 30 years. Amortization has been adjusted to reflect expected changes resulting from the new credit facility agreement as is discussed in the following paragraph.
9. *Loss on Early Extinguishment of Debt.* The forecast includes an estimated noncash charge of approximately \$3.3 million attributable to a loss on the early extinguishment of debt which consists of unamortized debt issue costs expected to be written off as the result of the expected completion of a new credit facility agreement. The actual charge will depend on the final provisions of the new facility. This new credit facility would extend the maturity and increase the amount and flexibility of our bank credit while taking advantage of Plains' improved credit quality through decreased interest costs.
10. *Units Outstanding.* Basic weighted average units outstanding are based on the 55,472,748 units currently outstanding plus the effect of the probable issuance of approximately 18,000 common units in satisfaction of the vesting of restricted units under our LTIP in the fourth quarter of 2003. See Note 15. Diluted weighted average units outstanding include the effect of the potential issuance of units in payment of the deferred purchase price for the Canpet acquisition. See Note 12.
11. *Net Income per Unit.* Basic net income per limited partner unit is calculated by dividing the net income allocated to limited partners by the basic weighted average units outstanding during the period. Diluted net income per limited partner unit is calculated by dividing the net income allocated to limited partners by the diluted weighted average units outstanding during the period. As noted below, the net income allocated to limited partners is impacted by the income allocated to the general partner and the amount of the incentive distribution paid to the general partner. Based on the forecasted number of units outstanding during the projection period, for each \$0.05 per unit annual increase in the distribution rate, net income available for limited partners will be decreased by approximately \$0.9 million (\$0.02 per unit) on an annualized basis.
12. *Potential Effect of Changes in Capital Structure.* Interest expense, net income and net income per unit estimates are based on our capital structure as of October 27, 2003 and the anticipated changes attributable to the new credit facility expected to close in the second half of November. In keeping with our established financial growth strategy of financing acquisitions using a balance of equity and debt, we anticipate that we will issue equity in

order to reduce a portion of any debt associated with any future acquisitions not included in the current forecast. Depending on the terms, any such equity issuance may dilute the net income per unit forecasts included in the foregoing table. In addition to the 18,000 units included in basic weighted average units outstanding, we expect to issue approximately 100,000 common units in the first quarter of 2004 in connection with the probable vesting of restricted units under our LTIP. A potential incremental issuance of approximately 239,000 units may occur if additional vesting criteria are met. See Note 15. In addition, we intend to monitor debt capital market conditions and may in the future issue additional senior unsecured notes, which may bear interest costs greater than the amount included in the foregoing guidance. Accordingly, the foregoing financial results and per unit estimates will change, depending on the timing and the terms of any debt or equity we actually issue. Additionally, financing transactions may result in our retiring some of our existing debt instruments, which could result in a charge to earnings of any unamortized debt issuance costs. As previously mentioned, we have included an estimated charge to earnings of approximately \$3.3 million for the loss on early extinguishment of debt attributable to unamortized debt issuance costs (see Note 9), based on our current intent to establish a new unsecured credit facility during the period covered by this forecast.

In connection with the CANPET acquisition in July 2001, approximately \$26.5 million Canadian dollars of the purchase price, payable in common units, was deferred subject to various performance objectives being met. If these objectives are met as of December 31, 2003, the deferred amount is payable on April 30, 2004. The number of common units issued in satisfaction of the deferred payment will depend upon the average trading price of our common units for a ten-day trading period prior to the payment date and the Canadian and U.S. dollar exchange rate on the payment date. In addition, an amount will be paid equivalent to the distributions that would have been paid on the common units had they been outstanding since the acquisition was consummated. At our option, the deferred payment may be paid in cash rather than the issuance of units. We believe that it is probable that the objectives will be met and the deferred amount will be paid in April 2004, however, it is not determinable beyond a reasonable doubt. Assuming the tests are met as of December 31, 2003, and the entire obligation is satisfied with common units, based on the foreign exchange rate and the ten-day average unit price in effect at September 30, 2003, (1.35 Canadian to U.S. dollar exchange rate and \$30.36 per unit price) approximately 650,000 units would be issued.

13. *Net Income to Limited Partners.* The amount of income allocated to our limited partnership interests is 98% of the total partnership income after deducting the amount of the general partner's incentive distribution. Based on a \$2.20 annual distribution level and the current units outstanding, our general partner's distribution is forecast to be approximately \$7.9 million annually, of which \$5.4 million is attributed to the incentive distribution rights. The amount of the incentive distribution changes based on the number of units outstanding and the level of the distribution on the units.
14. *Capital Expenditures.* Expansion capital expenditures are forecast to be approximately \$64 million for the fourth quarter of 2003. This assumes the completion of an acquisition currently anticipated in the fourth quarter for approximately \$50 million. Maintenance capital expenditures are forecast to be approximately \$1.4 million for the remainder of 2003.

15. *Probable and Potential Vesting under Long-Term Incentive Plan.* As of September 30, 2003, there were grants covering approximately one million restricted units outstanding under our Long-Term Incentive Plan (“LTIP”). Restricted unit grants become eligible to vest in the same proportion as the conversion of our outstanding subordinated units into common units, subject to any additional vesting requirements.

The subordination period (as defined in the partnership agreement) for the 10,029,619 outstanding subordinated units will end if certain financial tests are met for three consecutive, non-overlapping four-quarter periods (the “testing period”). During the first quarter after the end of the subordination period, all of the subordinated units will convert into common units, and will participate pro rata with all other common units in future distributions. Early conversion of a portion of the subordinated units may occur if the testing period is satisfied before December 31, 2003. We are now in the testing period and, in connection with the payment of the quarterly distribution in November, 2003, 25% of the outstanding subordinated units will convert into common units. In conjunction with this conversion, approximately 35,000 restricted units vest substantially contemporaneously, and a 90-day period commences for approximately an additional 220,000 restricted units that do not have any remaining vesting requirements except for continued employment through the period.

Probable Vesting. Under generally accepted accounting principles, we are required to recognize an expense when the financial tests for conversion of subordinated units and required distribution levels are met and it is considered probable that restricted unit grants will vest. At September 30, 2003 we concluded that the vesting of approximately 255,000 restricted units was probable and thus accrued approximately \$7.4 million of compensation expense based upon an estimated market price of \$30.05 per unit, (the unit price as of September 30, 2003) our share of employment taxes and other related costs. Under the LTIP, we may satisfy our obligations using a combination of cash, the issuance of new units and delivery of units purchased in the open market. We anticipate that in November, to satisfy the vesting of those restricted units that vest substantially contemporaneously with the conversion of subordinated units, we will issue approximately 18,000 common units after netting for taxes and paying cash in lieu of a portion of the vested units. For those restricted units that require passage of time to vest, the 90-day period will expire and final vesting will occur in February 2004. We estimate we will issue approximately 100,000 common units in the first quarter of 2004 in connection with this probable vesting.

Potential Vesting. At the current distribution level of \$2.20 per unit, assuming the additional subordination conversion tests are met as of December 31, 2003, approximately 580,000 additional units will vest in connection with the payment of the quarterly distribution in February. The costs associated with the vesting of these additional units will be estimated and accrued in the fourth quarter of 2003. At a distribution level of \$2.30 to \$2.49, the number of additional units would increase by approximately 87,000. At a distribution level at or above \$2.50, the number of units would increase by approximately an additional 87,000-unit increment.

Subject to providing the option to receive cash instead of units to certain employees (e.g. those who hold a number of LTIP grants below a certain threshold), we are currently planning to issue units to satisfy the majority of restricted unit obligations that vest in connection with the conversion of subordinated units. If all conditions to vesting are met, we currently project the issuance of units (approximately 100,000 common units in connection with the probable vesting and approximately 239,000 common units in connection with the potential vesting) in the first half of 2004 to satisfy such obligations. Obligations satisfied by the issuance of units will result in a non-cash compensation expense. Purchase of units would result in a cash charge to compensation expense. In addition, the “company match” portion of payroll taxes, plus the value of any units withheld for taxes, would result in a cash charge. The aggregate amount of the charge to expense will be determined by the unit price on the date vesting occurs multiplied by the number of units, plus our share of associated employment taxes. The amount of the charge is subject to various factors, including the unit price on the date vesting occurs, and thus is not known at this time. As mentioned above, we have accrued approximately \$7.4 million as of September 30, 2003 in connection with the probable vesting. At the current distribution level and based on an assumed market price of \$30.05 per unit (the unit price as of September 30, 2003), the aggregate additional charge that would be triggered by the potential vesting (that is, if we meet the additional subordination conversion tests) would be approximately \$21 million, of which approximately \$17 million would be accrued as of December 31, 2003 (although payment and issuance of units would not occur until the first and second quarters of 2004).

16. Although acquisitions comprise a key element of our growth strategy, these results and estimates include only those acquisitions made or anticipated during the fourth quarter of 2003 (ArkLaTex and an acquisition not yet completed). No assumptions or forecasts for any material acquisitions have been made for any subsequent period.

Preliminary Guidance for Year 2004

On July 29, 2003, we provided preliminary guidance for 2004 for EBITDA of \$171 to \$178 million and EBIT of \$123 to \$130 million. We are currently in the planning process for 2004 and intend to provide more detailed guidance in February 2004. The following information updates our estimate of 2004 EBITDA which incorporates the ArkLaTex acquisition and the pending acquisition that is currently subject to a letter of intent as well as changes in our capital structure resulting from an equity offering completed in the third quarter of 2003 and a new credit facility expected to be completed during the fourth quarter.

Operating and Financial Guidance
(in thousands except per unit data)

	Year Ended December 31, 2004	
	Low	High
EBITDA (Before Potential LTIP Vesting)	\$ 180,000	\$ 185,000
Probable LTIP Vesting Expense	360	360
Potential LTIP Vesting Expense	3,940	3,940
Depreciation & Amortization	49,800	49,400
EBIT	\$ 125,900	\$ 131,300
Interest Expense	35,200	34,800
Net Income	\$ 90,700	\$ 96,500
Net Income to Limited Partners	83,655	89,339
Weighted Average Units Outstanding	56,188	56,188
Net Income Per Unit	\$ 1.49	1.59

The table above reflects the estimated EBITDA range as well as estimated depreciation, amortization and interest expense for the full year 2004. Weighted average units outstanding are projected based on our currently outstanding 55,472,748 units plus the effect of the potential issuance of (i) an aggregate of approximately 357,000 units in the fourth quarter of 2003 and the first half of 2004 in connection with potential vesting of restricted units under our LTIP and (ii) approximately 650,000 units in the second quarter of 2004 in connection with the payment of the deferred purchase price for the CanPet acquisition. Net income per unit is calculated assuming our current distribution level (\$2.20 per unit), as of October 27, 2003. Based on the forecasted number of units outstanding during the projection period, for each \$0.05 per unit annual increase in the distribution rate, net income available for limited partners will be decreased by approximately \$0.9 million (\$0.02 per unit) on an annualized basis.

As noted in Note 12 above, our current capital structure may change as a result of issuing equity and from the possible issuance of senior unsecured notes. These financing transactions would affect net income. Additionally, any contemplated financing transactions may result in our retiring some of our outstanding debt, which could result in a loss on early extinguishments of debt. We have not included any such potential loss in our forecast. The forecast does not include assumptions or projections with respect to potential gains or losses related to SFAS 133, as there is no accurate way to forecast these potential gains or losses.

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 with respect to future events, based on what we believe are reasonable assumptions. Certain factors could cause actual results to differ materially from results anticipated in the forward-looking statements. These factors include, but are not limited to:

- abrupt or severe production declines or production interruptions in outer continental shelf crude oil production located offshore California and transported on the All American Pipeline;
- declines in volumes shipped on the Basin Pipeline and our other pipelines by third party shippers;
- the availability of adequate supplies of and demand for crude oil in the areas in which we operate;
- the effects of competition;
- the success of our risk management activities;
- the impact of crude oil price fluctuations;
- the availability (or lack thereof) of acquisition or combination opportunities;
- successful integration and future performance of acquired assets;
- continued creditworthiness of, and performance by, our counterparties;
- conversion (or non-conversion) of our subordinated units into common units;
- completion of the refinancing of our credit facilities;
- our levels of indebtedness and our ability to receive credit on satisfactory terms;
- successful third-party drilling efforts in areas in which we operate pipelines or gather crude oil;
- shortages or cost increases of power supplies, materials or labor;
- weather interference with business operations or project construction;
- the impact of current and future laws and governmental regulations;
- the currency exchange rate of the Canadian dollar;
- environmental liabilities that are not covered by an indemnity or insurance;
- fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our LTIP; and
- general economic, market or business conditions.

We undertake no obligation to publicly update or revise any forward-looking statements. Further information on risks and uncertainties is available in our filings with the Securities and Exchange Commission, which information is incorporated by reference herein.

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 hereunto duly authorized.

PLAINS ALL AMERICAN PIPELINE, L.P.

By: Plains AAP, L. P., its general partner

By: /s/ Phil Kramer

Name: Phil Kramer
 Title: Executive Vice President and Chief
 Financial Officer

Date: October 28, 2003

EXHIBIT INDEX

Exhibit
Number

Description

99.1

Press Release dated October 28, 2003

Contacts: Phillip D. Kramer
Executive VP and CFO
713/646-4560 – 800/564-3036

A. Patrick Diamond
Manager, Special Projects
713/646-4487 – 800/564-3036

FOR IMMEDIATE RELEASE

**Plains All American Pipeline, L.P. Reports
Financial Results for Third Quarter 2003 –
Operating Results In Line with Expectations**

(Houston – October 28, 2003) Plains All American Pipeline, L.P. (NYSE: PAA) today reported operating and financial results for the third quarter of 2003, which were impacted by several items that affected the comparability of results between reporting periods. In accordance with generally accepted accounting principles (“GAAP”), the Partnership reported net income of \$11.9 million, or \$0.20 per basic limited partner unit (\$0.19 per diluted limited partner unit). Earnings before interest, taxes, depreciation and amortization (“EBITDA”), a non-GAAP financial measure, was \$32.7 million. The Partnership’s results for the third quarter of 2003 were impacted by three notable items, including:

- a compensation expense accrual of \$7.4 million, the vast majority of which is associated with management’s assessment of the probable vesting in 2004 of restricted unit grants pursuant to the Partnership’s long term incentive plan (“LTIP”). Approximately 50% is expected to be satisfied with the issuance of common units and the remaining 50% is expected to be paid in cash;
- a noncash loss on early extinguishment of debt of \$200,000 due to the prepayment of a portion of our term debt; and
- a noncash, mark-to-market loss of \$2.9 million due to the impact of Statement of Financial Accounting Standards (“SFAS”) No. 133 “Accounting for Derivative Instruments and Hedging Activities”.

Collectively, these items affecting comparability reduced EBITDA and net income and net income per basic and diluted limited partner unit by \$10.5 million, \$0.20 and \$0.19, respectively. By comparison, for the third quarter of 2002 the Partnership reported net income of \$16.3 million, or \$0.33 per basic limited partner unit (\$0.33 per diluted limited partner unit), and EBITDA of \$32.7 million. Net income and EBITDA for the third quarter of 2002 included a noncash, mark-to-market loss of \$0.4 million due to the impact of SFAS 133.

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“From a fundamental perspective, the Partnership generated strong operating results solidly ahead of the mid-point of our published guidance,” said Greg L. Armstrong, Chairman and CEO of Plains All American. “The compensation expense that was accrued in the third quarter has been the subject of significant discussion and disclosure for some time now, including the difficulty of forecasting the exact timing of the charge. This difficulty relates to the process by which management must subjectively assess the probability that the Partnership will achieve certain performance criteria that trigger the conversion of subordinated units into common units, which is the threshold requirement for the vesting of restricted units under the LTIP. Such assessment can only be determined by reviewing all the facts and circumstances that exist as of the end of each accounting period.”

Armstrong noted that based upon the Partnership’s financial performance during the third quarter, management anticipates meeting the financial tests required by Plains All American’s partnership agreement for the one-for-one conversion of 2,507,405 subordinated units, or 25% of the Partnership’s outstanding subordinated units, into common units. The final requirement for such conversion to occur relates to the payment of the third quarter 2003 distribution to unitholders, which has been declared payable on November 14, 2003. Armstrong also noted that, when the performance and probability assessment is performed as of December 31, 2003, the potential exists for an accrual in the fourth quarter relating to the conversion of the remaining 75% of the subordinated units and associated LTIP vesting.

“The third quarter represents a milestone as it has been slightly over one year since we completed the second largest acquisition in the Partnership’s or its predecessor’s history,” said Armstrong. “Our solid operating results demonstrate that our acquisitions are successfully and timely being integrated, and that our business is performing consistently with our business model.”

“On a comparable basis, excluding the LTIP accrual, we are on track to increase our EBITDA by almost 30% over 2002 levels, despite absorbing incremental regulatory, public company and industry specific costs not previously foreseen,” continued Armstrong. “We have also demonstrated our commitment to financial discipline. As a result, despite spending almost \$550 million on acquisitions and expansion projects over the last 21 months, we ended the quarter with a stronger balance sheet and credit profile and significant liquidity. Accordingly, we are well positioned and expect to continue to profitably expand our business.”

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The following table summarizes certain items that the Partnership believes affect the comparability of financial results between third quarter reporting periods:

	For the Three Months Ended	
	September 30,	
	2003	2002
	(Dollars in millions)	
SFAS 133 noncash mark-to-market adjustments	\$ (2.9)	\$ (0.4)
LTIP accrual	(7.4)	—
Loss on early extinguishment of debt	(0.2)	—
Total	\$ (10.5)	\$ (0.4)
<i>Per Basic Limited Partner Unit</i>	<i>\$ (0.20)</i>	<i>\$ (0.01)</i>
<i>Per Diluted Limited Partner Unit</i>	<i>\$ (0.19)</i>	<i>\$ (0.01)</i>

The following table presents certain selected financial information by segment for the third quarter reporting periods:

	Pipeline Operations	Gathering, Marketing, Terminalling & Storage Operations
	(Dollars in millions)	
Three Months Ended September 30, 2003 (1)		
Revenues	\$ 164.4	\$ 2,905.5
Cost of sales and operations (excluding depreciation and LTIP accrual)	133.9	2,883.9
LTIP accrual—operations	0.4	1.0
Gross margin (excluding depreciation)	30.1	20.6
General and administrative expenses (excluding LTIP accrual) (2)	4.6	7.6
LTIP accrual—general and administrative	2.6	3.4
Gross profit (excluding depreciation)	\$ 22.9	\$ 9.6
Noncash SFAS 133 impact (3)	\$ —	\$ (2.9)
Maintenance capital (4)	\$ 1.0	\$ 0.3
Three Months Ended September 30, 2002 (1)		
Revenues	\$ 130.4	\$ 2,220.7
Cost of sales and operations (excluding depreciation and LTIP accrual)	107.4	2,199.4
LTIP accrual—operations	—	—
Gross margin (excluding depreciation)	23.0	21.3
General and administrative expenses (excluding LTIP accrual) (2)	3.3	8.2
LTIP accrual—general and administrative	—	—
Gross profit (excluding depreciation)	\$ 19.7	\$ 13.1
Noncash SFAS 133 impact (3)	\$ —	\$ (0.4)
Maintenance capital (4)	\$ 0.5	\$ 0.7

(1) Revenues and costs of sales and operations include inter-segment amounts.

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- (2) General and administrative (G&A) expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments based on the business activities that existed at that time. The proportional allocations by segment require judgment by management and will continue to be based on the business activities that exist during each period.
- (3) Amounts related to SFAS 133 are included in revenues, gross margin (excluding depreciation) and gross profit (excluding depreciation).
- (4) Maintenance capital consists of expenditures required to maintain the existing operating capacity of partially or fully depreciated assets or extend their useful lives.

Excluding the LTIP accrual, gross profit (excluding depreciation) in the pipeline segment was up 31% in the third quarter of 2003, when compared to the third quarter of 2002, while the gathering, marketing, terminalling and storage segment, including the impact of SFAS 133 in both periods, was relatively flat. However, also excluding the impact of SFAS 133 in both periods, the gathering, marketing, terminalling and storage segment was up 25% in the third quarter of 2003, when compared to the third quarter of 2002. The relative increases resulted from the completion of several smaller acquisitions since the end of the third quarter of 2002 and the inclusion of only two months' contribution from the Shell assets in the third quarter of 2002. In addition, increased pipeline volumes across many of the Partnership's pipeline systems, realization of post-acquisition synergies and the completion of Phase II and Phase III expansions at the Partnership's Cushing Terminal also contributed to the overall improvement in financial results.

For the nine-month period ended September 30, 2003, the Partnership reported net income of \$59.6 million, or \$1.06 per basic limited partner unit (\$1.05 per diluted limited partner unit), and EBITDA of \$120.3 million. Items affecting comparability reduced EBITDA and net income and net income per basic and diluted limited partner unit by \$9.3 million, \$0.18 and \$0.17 per unit, respectively. By comparison, for the first nine months of 2002 the Partnership reported net income of \$47.5 million, or \$1.01 per basic limited partner unit (\$1.01 per diluted limited partner unit), and EBITDA of \$90.8 million. Net income and EBITDA for the first nine months of 2002 include a noncash, mark-to-market loss of \$2.1 million due to the impact of SFAS 133.

The following table details certain items that the Partnership believes affect the comparability of financial results between first nine-month reporting periods:

	For the Nine Months Ended	
	September 30,	
	2003	2002
	<i>(Dollars in millions)</i>	
SFAS 133 noncash mark-to-market adjustments	\$ (1.7)	\$ (2.1)
LTIP accrual	(7.4)	—
Loss on early extinguishment of debt	(0.2)	—
Total	\$ (9.3)	\$ (2.1)
<i>Per Basic Limited Partner Unit</i>	<i>\$ (0.18)</i>	<i>\$ (0.05)</i>
<i>Per Diluted Limited Partner Unit</i>	<i>\$ (0.17)</i>	<i>\$ (0.05)</i>

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The following table presents certain selected financial information by segment for the first nine-month reporting periods:

	Pipeline Operations	Gathering, Marketing, Terminalling & Storage Operations
<i>(Dollars in millions)</i>		
Nine Months Ended September 30, 2003 (1)		
Revenues	\$ 489.1	\$ 8,594.8
Cost of sales and operations (excluding depreciation and LTIP accrual)	405.2	8,513.8
LTIP accrual—operations	0.4	1.0
Gross margin (excluding depreciation)	83.5	80.0
General and administrative expenses (excluding LTIP accrual) (2)	13.7	23.7
LTIP accrual—general and administrative	2.6	3.4
Gross profit (excluding depreciation)	\$ 67.2	\$ 52.9
Noncash SFAS 133 impact (3)	\$ —	\$ (1.7)
Maintenance capital (4)	\$ 4.8	\$ 0.7
Nine Months Ended September 30, 2002 (1)		
Revenues	\$ 334.1	\$ 5,554.6
Cost of sales and operations (excluding depreciation and LTIP accrual)	273.8	5,490.5
LTIP accrual—operations	—	—
Gross margin (excluding depreciation)	60.3	64.1
General and administrative expenses (excluding LTIP accrual) (2)	9.9	23.5
LTIP accrual—general and administrative	—	—
Gross profit (excluding depreciation)	\$ 50.4	\$ 40.6
Noncash SFAS 133 impact (3)	\$ —	\$ (2.1)
Maintenance capital (4)	\$ 2.7	\$ 1.3

- (1) Revenues and costs of sales and operations include inter-segment amounts.
- (2) General and administrative (G&A) expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments based on the business activities that existed at that time. The proportional allocations by segment require judgment by management and will continue to be based on the business activities that exist during each period.
- (3) Amounts related to SFAS 133 are included in revenues, gross margin (excluding depreciation) and gross profit (excluding depreciation).
- (4) Maintenance capital consists of expenditures required to maintain the existing operating capacity of partially or fully depreciated assets or extend their useful lives.

The Partnership's basic weighted average units outstanding for the third quarter of 2003 totaled 52.8 million (53.4 million on a diluted basis) as compared to 46.0 million (46.0 million on a diluted basis) in last year's third quarter. The Partnership's basic weighted average units outstanding for the first nine months of 2003 totaled 51.7 million (52.4 million on a diluted basis) as compared to 44.2 million (44.2 million on a diluted basis) in last year's first nine months. At September 30, 2003, the Partnership had 55.5 million units outstanding.

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The Partnership's long-term debt at September 30, 2003, totaled \$453.7 million as compared to \$526.5 million at June 30, 2003, a decrease of approximately 14%. At September 30, 2003, the Partnership's long-term debt-to-total capitalization ratio was approximately 39%. On October 27, 2003, the Partnership announced it was in the process of replacing its existing secured credit facilities with unsecured credit facilities. While there can be no assurance that the Partnership will be successful in this endeavor, management expects to complete this refinancing transaction in the fourth quarter of 2003.

On October 23, 2003, the Partnership declared a cash distribution of \$0.55 per unit on its outstanding Common Units, Class B Common Units and Subordinated Units. The distribution will be payable on November 14, 2003, to holders of record of such units at the close of business on November 4, 2003.

The Partnership today furnished a current report on Form 8-K, which included material in this press release as well as financial and operational guidance for the fourth quarter and full year of 2003 and preliminary guidance for 2004. A copy of the Form 8-K is available on the Partnership's website at www.paalp.com.

In this release, our EBITDA disclosure is not presented in accordance with generally accepted accounting principles and is not intended to be used in lieu of GAAP presentations of results of operations or cash provided by operating activities. EBITDA is presented because management believes it provides additional information with respect to both the performance of our fundamental business activities as well as our ability to meet our future debt service, capital expenditures and working capital requirements. Management also believes that debt holders commonly use EBITDA to analyze partnership performance. A reconciliation of EBITDA to net income and cash flow from operating activities for the periods presented is included in the tables attached to this release. In addition, the Partnership maintains on its website (www.paalp.com) a reconciliation of all non-GAAP financial information, such as EBITDA, that it discloses to the most comparable GAAP measures. To access the information, investors should click on the "Non-GAAP Reconciliations" link on the Partnership's home page.

Conference Call:

The Partnership will host a conference call to discuss the results and other forward-looking items on Tuesday, October 28, 2003. Specific items to be addressed in this call include:

1. A brief review of the Partnership's third quarter results;
2. Third quarter crude oil market conditions, acquisition integration activities and activity update;
3. Capitalization and liquidity update and an update and review of financial and operating guidance for the fourth quarter and full year of 2003 and preliminary guidance for 2004; and
4. Comments on the Partnership's outlook.

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The call will begin at 10:00 AM (Central). To participate in the call, please call 877-825-5811, or, for international callers, 973-582-2767 at approximately 9:55 AM (Central). No password or reservation number is required.

Webcast Instructions:

To access the Internet webcast, please go to the Partnership's website at www.paalp.com, choose "investor relations", and then choose "conference calls". Following the live webcast, the call will be archived for a period of sixty (60) days on the Partnership's website.

Telephonic Replay Instructions:

Call 877-519-4471 or international call 973-341-3080 and enter PIN # 4233419

The replay will be available beginning Tuesday, October 28, 2003, at approximately 1:00 PM (Central) and continue until midnight Monday, November 3, 2003.

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties. These risks and uncertainties include, among other things, abrupt or severe production declines or production interruptions in outer continental shelf production located offshore California and transported on the All American Pipeline, declines in volumes shipped on the Basin Pipeline and our other pipelines by third party shippers, the availability of adequate supplies of and demand for crude oil in the areas in which we operate, the effects of competition, the success of our risk management activities, the impact of crude oil price fluctuations, the availability (or lack thereof) of acquisition opportunities on terms favorable to the Partnership, successful integration and future performance of assets acquired, continued credit worthiness of, and performance by, our counterparties, conversion (or nonconversion) of our subordinated units into common units, completion of the refinancing of our credit facilities, levels of indebtedness and ability to receive credit on satisfactory terms, successful third party drilling efforts in areas in which we operate pipelines or gather crude oil, regulatory changes, unanticipated shortages or cost increases in power supplies, materials and skilled labor, weather interference with business operations or project construction, the currency exchange rate of the Canadian dollar, environmental liabilities that are not covered by an indemnity or insurance, fluctuation in the debt and equity capital markets (including the price of our units at the time of vesting under our LTIP), and other factors and uncertainties inherent in the marketing, transportation, terminalling, gathering and storage of crude oil and liquefied petroleum gas ("LPG") discussed in the Partnership's filings with the Securities and Exchange Commission.

Plains All American Pipeline, L.P. is engaged in interstate and intrastate crude oil transportation, terminalling and storage, as well as crude oil and LPG gathering and marketing activities, primarily in Texas, California, Oklahoma and Louisiana and the Canadian Provinces of Alberta and Saskatchewan. The Partnership's common units are traded on the New York Stock Exchange under the symbol "PAA." The Partnership is headquartered in Houston, Texas.

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per unit data) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
REVENUES	\$ 3,053,677	\$ 2,344,089	\$ 9,044,774	\$ 5,874,759
COST OF SALES AND OPERATIONS				
(Excluding depreciation and LTIP accrual)	3,001,627	2,299,823	8,879,867	5,750,398
LTIP Accrual—operations	1,390	—	1,390	—
Gross Margin (excluding depreciation)	50,660	44,266	163,517	124,361
EXPENSES				
General and administrative (excluding LTIP accrual)	12,198	11,512	37,431	33,389
LTIP Accrual—general & administrative	6,006	—	6,006	—
Depreciation and amortization—operations	10,510	7,730	29,491	19,713
Depreciation and amortization—general & administrative	1,478	1,251	4,673	3,412
Total expenses	30,192	20,493	77,601	56,514
OPERATING INCOME	20,468	23,773	85,916	67,847
Interest expense	(8,794)	(7,368)	(26,480)	(20,175)
Interest and other income (expense)	197	(88)	184	(123)
NET INCOME	\$ 11,871	\$ 16,317	\$ 59,620	\$ 47,549
BASIC NET INCOME PER LIMITED PARTNER UNIT	\$ 0.20	\$ 0.33	\$ 1.06	\$ 1.01
DILUTED NET INCOME PER LIMITED PARTNER UNIT	\$ 0.19	\$ 0.33	\$ 1.05	\$ 1.01
BASIC WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	52,788	46,027	51,735	44,188
DILUTED WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	53,435	46,027	52,407	44,188
OPERATING DATA (in thousands) (1) (2)				
Average Daily Volumes (barrels)				
Pipeline activities:				
Tariff activities				
All American	59	68	60	65
Basin	301	157	264	53
Other domestic	328	260	283	189
Canada	210	201	191	186
Margin activities	77	71	80	72
Total	975	757	878	565
Crude oil lease gathering	429	408	430	406
Crude oil bulk purchases	96	72	84	69
Total crude oil	525	480	514	475
LPG sales volumes	37	32	43	40
Cushing terminal throughput	214	118	196	87

(1) Volumes associated with acquisitions represent weighted average daily amounts for the number of days we actually owned the assets over the total days in the period.

(2) 2002 volume information has been adjusted for consistency of comparison with 2003 presentation.

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
FINANCIAL SUMMARY (continued)

FINANCIAL DATA RECONCILIATIONS

(in thousands) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Earnings before interest, taxes, depreciation and amortization ("EBITDA")				
Net income reconciliation				
Net Income	\$ 11,871	\$ 16,317	\$ 59,620	\$ 47,549
Interest expense	8,794	7,368	26,480	20,175
Earnings before interest and taxes ("EBIT")	20,665	23,685	86,100	67,724
Depreciation and amortization-operations	10,510	7,730	29,491	19,713
Depreciation and amortization-general and administrative	1,478	1,251	4,673	3,412
EBITDA	\$ 32,653	\$ 32,666	\$ 120,264	\$ 90,849
Cash flow from operating activities reconciliation				
Net cash provided by (used in) operating activities	\$ 19,563	\$ 9,529	\$ 195,651	\$ 127,387
Net change in assets and liabilities, net of acquisitions	11,082	16,181	(96,136)	(54,583)
Other items not affecting cash flows from operating activities:				
Allowance for doubtful accounts	—	—	(100)	—
Change in derivative fair value	(2,886)	(412)	(1,731)	(2,130)
Loss on early extinguishment of debt	(200)	—	(200)	—
Non-cash portion of LTIP accrual	(3,700)	—	(3,700)	—
Interest expense	8,794	7,368	26,480	20,175
EBITDA	32,653	32,666	120,264	90,849
Depreciation and amortization-operations	(10,510)	(7,730)	(29,491)	(19,713)
Depreciation and amortization-general and administrative	(1,478)	(1,251)	(4,673)	(3,412)
EBIT	\$ 20,665	\$ 23,685	\$ 86,100	\$ 67,724
Funds flow from operations (FFO)				
Net Income	\$ 11,871	\$ 16,317	\$ 59,620	\$ 47,549
Depreciation and amortization-operations	10,510	7,730	29,491	19,713
Depreciation and amortization-general and administrative	1,478	1,251	4,673	3,412
FFO	23,859	25,298	93,784	70,674
Maintenance capital expenditures	(1,261)	(1,212)	(5,452)	(4,047)
FFO after maintenance capital expenditures	\$ 22,598	\$ 24,086	\$ 88,332	\$ 66,627
Items impacting comparability				
SFAS 133 noncash mark-to-market adjustment	\$ 2,886	\$ 412	\$ 1,731	\$ 2,130
LTIP accrual	7,396	—	7,396	—
Loss on early extinguishment of debt	200	—	200	—
Items impacting comparability	\$ 10,482	\$ 412	\$ 9,327	\$ 2,130

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
FINANCIAL SUMMARY (continued)

CONDENSED CONSOLIDATED BALANCE SHEET DATA

(in thousands)

	September 30, 2003	December 31, 2002
ASSETS		
Current assets	\$ 564,228	\$ 602,935
Property and equipment, net	1,072,071	952,753
Pipeline linefill	109,481	62,558
Other long-term assets, net	64,362	48,329
	<u>\$1,810,142</u>	<u>\$1,666,575</u>
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities	\$ 629,531	\$ 637,249
Long-term debt under credit facilities	254,100	310,126
Senior notes, net of unamortized discount	199,640	199,610
Other long-term liabilities and deferred credits	21,483	7,980
	<u>1,104,754</u>	<u>1,154,965</u>
Partners' capital	705,388	511,610
	<u>\$1,810,142</u>	<u>\$1,666,575</u>

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