

UNITED STATES
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: October 19, 2001
(Date of Earliest Event Reported: August 30, 2000)

Commission File Number 1-11680

EL PASO ENERGY PARTNERS, L.P.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State of Other Jurisdiction)
of Incorporation or Organization)

76-0396023
(I.R.S. Employer
Identification No.)

El Paso Building
1001 Louisiana Street
Houston, Texas 77002
(Address of Principal Executive Offices)
(Zip Code)

Registrant's Telephone Number, Including Area Code: (713) 420-2600

Item 5. OTHER EVENTS

We are providing the accompanying unaudited pro forma condensed consolidated and combined financial statements to reflect the following transactions as if we completed them as of January 1, 2000:

- o our acquisition of the remaining 50% interest in Deepwater Holdings, L.L.C., and our acquisition of the Chaco cryogenic natural gas processing plant;
- o our acquisition of the Crystal natural gas storage business and the natural gas liquids transportation and fractionation assets;
- o our sale of several Gulf of Mexico assets; and
- o our issuance of 5,627,070 common units, which includes 1,477,070 common units to be purchased by our general partner.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(b) Pro forma financial statements

The following unaudited pro forma condensed consolidated and combined financial statements as of and for the six months ended June 30, 2001, and for the year ended December 31, 2000, have been prepared based on the historical consolidated balance sheet and the historical consolidated statements of operations of El Paso Energy Partners, L.P. and subsidiaries. The Unaudited Pro Forma Condensed Consolidated and Combined Statements of Operations give effect to the transactions identified below as if they had occurred on January 1, 2000. The Unaudited Pro Forma Condensed Consolidated and Combined Balance Sheet gives effect to the transactions as if they occurred on June 30, 2001.

The unaudited pro forma condensed consolidated and combined financial statements are not necessarily indicative of our consolidated financial position or results of operations that might have occurred had the transactions been completed at the beginning of the earliest period presented, nor do they necessarily indicate our consolidated operating results and financial position for any future period.

The accompanying Notes to the Unaudited Pro Forma Condensed Consolidated and Combined Financial Statements explain the assumptions used in preparing the financial information. Accounting policy differences were not material and, accordingly, adjustments have not been included in these statements.

The unaudited pro forma financial information gives effect to the following transactions:

(1) The acquisition in October 2001 of the remaining 50% equity interest that we did not already own in Deepwater Holdings. High Island Offshore System and the East Breaks natural gas gathering system became indirect wholly-owned assets through this transaction. The total purchase price was approximately \$85 million, consisting of \$30 million cash and \$55 million of assumed indebtedness.

(2) The acquisition in October 2001 of title to and other interests in the Chaco cryogenic natural gas processing plant for approximately \$198.5 million. The total purchase price was composed of:

- o A payment of \$77.0 million to acquire the Chaco plant from the bank group that provided the financing for the construction of the facility; and
- o A payment of \$121.5 million to El Paso Field Services, L.P., an El Paso Corporation affiliate, in connection with the execution of a 20-year agreement relating to the processing capacity of the Chaco plant and dedication of natural gas gathered by El Paso Field Services.

(3) The acquisition in August 2000 of the salt dome natural gas storage business of Crystal Gas Storage, Inc., from a subsidiary of El Paso Corporation, in exchange for \$170 million of Series B 10% Cumulative Redeemable Preference Units. Our historical consolidated financial statements include the accounts and results of operations of Crystal from the purchase date.

(4) The \$133 million acquisition in February 2001 of the South Texas natural gas liquids transportation and fractionation (T&F) assets from a subsidiary of El Paso Corporation. Our historical consolidated financial statements include the accounts and results of operations of the T&F assets from the purchase date.

(5) The exclusion of the (i) results of operations of, and losses on the

disposition of Deepwater Holdings' interests in the Stingray and UTOS systems, and the West Cameron Dehydration facility, (ii) results of operations and losses on disposition of our interests in Nautilus, Manta Ray Offshore, Nemo, Green Canyon and Tarpon as well as interest in two offshore platforms, and (iii) income we recognized from the payments from El Paso Corporation.

(6) The issuance of 4,150,000 common units, which will be sold on a firm commitment basis, in October 2001. In connection with this offering of common units, our General Partner has elected to exercise its antidilution right under our partnership agreement and will purchase an additional 1,477,070 common units. We will use the net cash proceeds of approximately \$226 million, which included a contribution from our general partner of \$2.2 million to maintain its one percent contribution requirement, to redeem a portion of our Series B preference units and to reduce indebtedness under our revolving credit facility. For purposes of this proforma presentation, we have assumed that any underwriters' over-allotment is not exercised.

EL PASO ENERGY PARTNERS, L.P.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED BALANCE SHEET
AS OF JUNE 30, 2001
(IN THOUSANDS)

| | |
|--|--|
| Pro Forma Acquisition Adjustments El Paso Energy Deepwater --- ----- ----- Pro Forma Partners, L.P. Holdings, L.L.C. Deepwater Chaco Financing Combined Historical Historical(A) Holdings, L.L.C. Plant Adjustments(G) Pro Forma --- ----- ----- ----- ----- ----- ----- ----- ----- ----- | |
| - ASSETS | |
| Current assets Cash and cash equivalents \$ 32,385 \$ 749 \$ 30,000 (B) \$ 77,000 (E) \$ 225,666 \$ 33,134 (30,000)(B) (77,000)(E) (225,666) 110,000 (C) 121,500 (F) (110,000)(C) (121,500)(F) Accounts receivable, net 30,526 8,204 38,730 Other current assets 10,752 2 10,754 ---- ----- ----- ----- ----- ----- | |
| ----- Total current assets 73,663 8,955 - - - - | |
| - 82,618 Property, plant and equipment, net 798,026 156,969 14,739(D) 77,000(E) 1,046,734 Intangible assets 121,500(F) | |

121,500
Investments
in
unconsolidated
affiliates
73,796 30,000
(B) 37,536
(66,260)(D)
Other
noncurrent
assets 32,699
2,388 35,087

Total assets
\$ 978,184 \$
168,312 \$
(21,521)
\$198,500 \$ --
\$1,323,475

=====
=====
=====

=====
=====
=====

LIABILITIES
AND PARTNERS'

CAPITAL
Current

liabilities
Accounts
payable \$
10,590 \$
6,791 \$ -- \$
-- \$ -- \$
17,381 Other
current
liabilities
11,206 --
11,206 -----

---- Total
current
liabilities
21,796 6,791
-- -- --

28,587
Revolving
credit
facility
60,000
110,000

30,000 (B)
77,000(E)
(175,666)
222,834
110,000 (C)
121,500(F)
(110,000)(C)

Project
financing
95,000 95,000
Long-term
debt 425,000
425,000 Other
noncurrent
liabilities
12,121 12,121

Total
liabilities
613,917
116,791
30,000
198,500
(175,666)
783,542 -----

Partners'
capital
364,267
51,521
(51,521)(D)
223,432
539,933 2,234
(50,000) -----

----- Total
liabilities
and partners'
capital \$
978,184 \$
168,312 \$
(21,521)
\$198,500 \$ --
\$1,323,475
=====
=====
=====

EL PASO ENERGY PARTNERS, L.P.
 UNAUDITED PRO FORMA CONDENSED AND COMBINED STATEMENT OF OPERATIONS
 FOR THE SIX MONTHS ENDED JUNE 30, 2001
 (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

| | |
|----------------|--|
| Pro Forma | |
| Acquisition | |
| Deepwater | |
| Adjustments | |
| El Paso | |
| Energy | |
| Deepwater | |
| Holdings, | |
| L.L.C. ----- | |
| ----- | |
| -- Partners, | |
| L.P. | |
| Holdings, | |
| L.L.C. | |
| Divestitures | |
| Deepwater | |
| Historical | |
| Historical(A) | |
| Adjustments | |
| Holdings, | |
| L.L.C. ----- | |
| ----- | |
| ----- | |
| ----- | |
| ----- | |
| Operating | |
| revenues \$ | |
| 99,489 \$ | |
| 28,040 \$ | |
| (2,726)(H) \$ | |
| ----- | |
| ----- | |
| ----- | |
| ----- | |
| Operating | |
| expenses | |
| Purchased | |
| natural gas | |
| costs 33,764 | |
| Operations | |
| and | |
| maintenance, | |
| net 15,509 | |
| 8,640 (658) | |
| (H) | |
| Depreciation, | |
| depletion and | |
| amortization | |
| 20,295 5,632 | |
| (323)(H) | |
| 246(J) ----- | |
| ----- | |
| ----- | |
| ----- | |
| - 69,568 | |
| 14,272 (981) | |
| 246 ----- | |
| ----- | |
| ----- | |
| ----- | |
| Operating | |
| income (loss) | |
| 29,921 13,768 | |
| (1,745) (246) | |
| Other income | |
| (344) | |
| 9,933(K) | |
| Earnings | |
| (loss) from | |
| unconsolidated | |

affiliates
(11,251)
(21,044)
21,044(H) Net
loss on sale
of assets
26,357 28
Other income
(loss) -----

- 14,762
(21,016)
21,044 9,933

Income before
interest,
taxes and
other charges
44,683
(7,248)
19,299 9,687

Interest and
debt expense
19,766 4,807
3,962 (L)
(4,807)(C)
Income tax
expense
(benefit)
Minority
interest 100

19,866 4,807
-- (845) ----

--- Net
income (loss)
24,817
(12,055)
19,299 10,532

----- Net
income (loss)
allocated to
General
Partner
10,599 Net
income (loss)
allocated to
Series B
unitholders
8,786 -----

Net income
(loss)
allocated to

limited
partners \$
5,432 \$
(12,055) \$
19,299 \$
10,532

=====
=====
=====
=====

Basic and
diluted net
income per
unit \$ 0.16

=====
Weighted
average
number of
units
outstanding
33,270

=====
Pro Forma
Acquisition
Other Gulf
Adjustments
of Mexico ---
----- Pro
Forma Asset
Pro Forma
Chaco T&F
Asset
Divestiture
Financing
Combined
Plant
Adjustments
Adjustments
Adjustments
Pro Forma ---

Operating
revenues \$
17,785(M) \$
5,042(S) \$ --
\$ 147,630 ---

Operating
expenses
Purchased
natural gas
costs 33,764
Operations
and
maintenance,
net 3,650(M)
1,368(S)
28,509
Depreciation,
depletion and
amortization
4,963(M)
750(S) 31,563

- 8,613 2,118
-- 93,836 ---

Operating

income (loss)
9,172 2,924
53,794 Other
income 9,589
Earnings
(loss) from
unconsolidated
affiliates --
Net loss on
sale of
assets 11,251
(U) 881 Other
income (loss)
(25,504)(U) -

- - - - -
(14,253) --
10,470 -----

Income before
interest,
taxes and
other charges
9,172 2,924
(14,253) --
64,264 -----

Interest and
debt expense
5,618(N)
1,702(T)
(4,981)(W)
26,067 Income
tax expense
(benefit) --
Minority
interest 100

- 5,618 1,702
(4,981)
26,167 -----

----- Net
income (loss)
3,554 1,222
(14,253)
4,981 38,097

- Net income
(loss)
allocated to
General
Partner 2,154
(X) 12,753
Net income
(loss)
allocated to
Series B
unitholders
(2,171)(Y)
6,615 -----

----- Net
income (loss)
allocated to
limited
partners \$
3,554 \$ 1,222
(14,253) \$
4,998 \$
18,729

=====
=====
=====
=====
=====

Basic and
diluted net
income per
unit \$ 0.48

=====
Weighted
average
number of
units

outstanding
5,627 38,897

=====
=====

EL PASO ENERGY PARTNERS, L.P.
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

Pro Forma
 Acquisition
 Deepwater
 Adjustments
 El Paso
 Energy
 Deepwater
 Holdings,
 L.L.C. -----

 - Partners,
 L.P.
 Holdings,
 L.L.C.
 Divestitures
 Deepwater
 Chaco
 Historical
 Historical(A)
 Adjustments
 Holdings,
 L.L.C. Plant

 - Operating
 revenues \$
 112,415 \$
 67,122 \$
 (27,252)(H) \$
 -- \$
 35,569(M) ---

 Operating
 expenses
 Purchased
 natural gas
 costs 28,842
 Operations
 and
 maintenance,
 net 13,779
 25,279
 (7,774)(H)
 7,300(M)
 Depreciation,
 depletion and
 amortization
 27,743 18,138
 (9,312)(H)
 491 (J)
 9,925(M) -----

 ----- 70,364
 43,417
 (17,086) 491
 17,225 -----

Operating
expenses
Purchased
natural gas
costs 28,842
Operations
and
maintenance,
net 4,754 (0)
8,007(S)
(1,552)(U)
49,793

Depreciation,
depletion and
amortization
2,683 (0)
3,465(S)
(7,585)(U)
46,461 913
(P) -----

8,350 11,472
(9,137) --
125,096 -----

--- Operating
income (loss)
2,178 22,078
6,183 --
103,882 -----

--- Other
income
Earnings
(loss) from
unconsolidated
affiliates
(2,922)(U)
12,739 Other
income (loss)
151 (0) (200)
(U) 2,714 ---

----- 151 --
(3,122) --
15,453 -----

--- Income
before
interest,
income taxes
and other
charges 2,329
22,078 3,061
-- 119,335 --

Interest and
debt expense
636 (O)
10,214(T)
(2,890)(U)
(9,962)(W)
56,735 (494)
(Q) (8,310)
(V) Income
tax benefit
305 (U) --
Minority
interest 2
(U) 97 -----

--- 142
10,214
(10,893)
(9,962)
56,832 -----

--- Net
income (loss)
2,187 11,864
13,954 9,962
62,503 -----

--- Net
income (loss)
allocated to
General
Partner 5,625
(X) 21,203
Net income
(loss)
allocated to
Series B
unitholders
11,332 (R)
(4,700)(Y)
12,300 -----

--- Net
income (loss)
allocated to
limited
partners \$
(9,145) \$
11,864 \$
13,954 \$
9,037 \$
29,000
=====

=====

| | |
|--|------|
| Basic and diluted net income (loss) per unit \$ | 0.84 |
|--|------|

=====
Weighted
average
number of
units
outstanding
5,627 34,704
=====
=====

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

- A This column represents the historical Deepwater Holdings, L.L.C. consolidated balance sheet and statements of operations.
- B To record the borrowings under our credit facility and our acquisition of the additional interest in Deepwater Holdings.
- C To record (i) the repayment of Deepwater Holdings' credit facility funded by borrowings under our revolving credit facility (ii) the elimination of the historical interest expense for the 6 months ended June 30, 2001 related to Deepwater Holdings' credit facility and (iii) the reduction of interest expense for the year ended December 31, 2000 based on the credit facility's interest rate at June 30, 2001, which was approximately 5.39%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.1 million.
- D To record the eliminating and consolidating entries related to our investment in Deepwater Holdings, as follows:

(In thousands)

| | |
|---|-----------|
| Our investment in Deepwater Holdings at June 30, 2001 | \$ 36,260 |
| Cash portion of the acquisition of the additional Deepwater Holdings' interest | 30,000 |
| ----- Our total investment balance in Deepwater Holdings eliminated as a result of this acquisition | 66,260 |
| Elimination of Deepwater Holdings' equity balance | (51,521) |
| ----- Excess purchase price assigned to property, plant and equipment | \$ 14,739 |
| ===== | |

- E To record the acquisition of the Chaco plant for approximately \$77 million funded by borrowings under our revolving credit facility.
- F To record the payment of \$121.5 million in connection with the execution of a twenty year agreement with El Paso Field Services, L.P., relating to processing capacity of the Chaco plant and dedication of natural gas gathered by El Paso Field Services.
- G This column records the effect of (i) the sale of 5,627,070 common units (including the sale of 1,477,070 common units to our general partner) at \$41.50 per unit based on the closing price on October 16, 2001, (ii) the contribution from our general partner to maintain its 1% interest and (iii)

the application of such proceeds to pay fees and expenses related to the offering, redeem \$50 million of our Series B preference units and temporarily reduce borrowings under our revolving credit facility, as follows:

(In
thousands)
Proceeds from
unit offering
\$ 233,523
Fees and
expenses
related to
sale of units
(10,091) ----

Net proceeds
from unit
offering
223,432
General
partner's
contribution
2,234 -----
----- Net
proceeds \$
225,666
=====

Use of
proceeds
Redemption of
Series B
preference
units \$
50,000
Reduction of
credit
facility
175,666 -----
----- Net
proceeds \$
225,666
=====

- H To eliminate the results of operations of Stingray, UTOS, and West Cameron Dehydration facility, our associated equity earnings from these assets, and the effect of the non-recurring loss related to the sales of these assets. These assets were sold pursuant to a Federal Trade Commission order related to El Paso Corporation.
- I To record the reduction in interest expense as a result of applying net proceeds of \$54 million from the sale of Stingray, UTOS, and West Cameron Dehydration to pay down Deepwater Holdings' credit facility. This amount was calculated based on the interest rate on Deepwater Holdings' credit facility at March 31, 2001, which was approximately 6.43%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.1 million.
- J To record depreciation expense associated with the allocation of the excess purchase price assigned to Deepwater Holdings' property, plant and equipment relating to our acquisition of the additional interest in Deepwater Holdings. Such property, plant and equipment will be depreciated on a straight line basis over the remaining useful lives of the assets which approximates 30 years.
- K To eliminate our remaining equity earnings in Deepwater Holdings.
- L To record the increase in interest expense due to additional borrowings of \$140.0 million under our revolving credit facility to fund the acquisition of El Paso Corporation's 50% interest in Deepwater Holdings and to reduce Deepwater Holdings' credit facility. The amount was calculated based on the interest rate on our revolving credit facility at June 30, 2001, which was approximately 5.66%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.2 million.
- M To record the results of operations of the Chaco plant. In connection with the acquisition of this asset, we secured a fixed rate processing agreement from El Paso Field Services, an affiliate of our General Partner, to process natural gas for the next twenty years. Our pro forma processing revenues are based on the contract price assuming average historical daily volumes. We have also entered into a lease agreement with El Paso Field Services, under

which we will receive annual lease payments of \$5 million. Also, we estimate that we will incur operating expenses related to the Chaco plant of approximately \$7.3 million per year. Our depreciation and amortization estimate is based on the total cost of the plant and processing agreement of \$198.5 million assuming a remaining 20 year life.

- N To record the increase in interest expense due to additional borrowings under our revolving credit facility to fund the acquisition of the Chaco plant for \$198.5 million. The amount was calculated based on the interest rate on our revolving credit facility at June 30, 2001, which was approximately 5.66%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.3 million.
- O To record the results of operations of the Crystal assets acquired.
- P To record the additional depreciation expense associated with the allocation of the purchase price to Crystal's natural gas storage facilities. These facilities will be depreciated on a straight-line basis over their remaining useful lives which approximates 30 years.
- Q To record the reduction in interest expense due to the redemption of Crystal's 8.12% secured guaranteed notes that were not assumed by us.
- R To record the income allocated to the Series B unitholders.
- S To record the results of operations of the transportation and fractionation assets acquired.
- T To record the increase in interest expense related to our additional borrowings under our revolving credit facility to fund the acquisition of the NGL transportation and fractionation assets for \$133 million. This amount was calculated based on the interest rate on our revolving credit facility at March 31, 2001, which was approximately 7.68%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.2 million.
- U To eliminate the results of operations of Nautilus, Manta Ray Offshore, NEMO, Green Canyon and Tarpon and the effect of the non-recurring items, related to the losses on the sales of these assets and the \$25.5 million additional consideration received from El Paso Corporation. These assets were sold pursuant to a Federal Trade Commission order related to El Paso Corporation.
- V To record the reduction in interest expense as a result of applying the net proceeds of approximately \$108.2 million from the Gulf of Mexico assets sold to pay down our revolving credit facility. The amount was calculated based on the interest rate on our credit facility at March 31, 2001, which was approximately 7.68%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.1 million.
- W To record the reduction in interest expense as a result of applying the net proceeds from the unit offering of approximately \$176 million, to reduce our borrowings under our revolving credit facility. This amount was calculated based on the interest rate on our credit facility at June 30, 2001, which was approximately 5.66%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.2 million.
- X To adjust the income allocated to our General Partner as a result of the issuance of common units described above. The General Partner's income allocation is a function of total distributions to the common unit holders. As the number of common units increase, total distributions to common unit holders increase, and; therefore, the General Partner's income allocation increases. This allocation increase assumes the newly issued shares were outstanding for all periods presented.
- Y To reflect the reduction in the allocation of income to Series B unitholders due to the redemption of approximately \$50 million of the Series B preference units.

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.

EL PASO ENERGY PARTNERS, L.P.,

/s/ D. MARK LELAND

D. Mark Leland
Senior Vice President and Controller

Date: October 19, 2001