

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: AUGUST 12, 2002
(DATE OF EARLIEST EVENT REPORTED: JULY 16, 2002)

COMMISSION FILE NUMBER 1-11680

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

DELAWARE
(State or Other Jurisdiction
of Incorporation or Organization)

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

EL PASO BUILDING
1001 LOUISIANA STREET
HOUSTON, TEXAS
(Address of Principal Executive Offices)

77002
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(713) 420-2600

ITEM 5. ACQUISITION OR DISPOSITION OF ASSETS

On July 16, 2002, we entered into a letter of intent with El Paso Corporation, the indirect parent of our general partner, regarding our proposed acquisition of a package of midstream assets, referred to as the San Juan assets. The purchase price is \$782 million, subject to adjustments primarily for working capital and capital expenditures. The San Juan assets include gathering, compression and treating assets located in the San Juan Basin of New Mexico, offshore oil and natural gas pipelines located in the Gulf of Mexico and NGL assets located in Texas. The following is a description of the San Juan assets.

The assets located in the San Juan Basin include:

- approximately 5,300 miles of natural gas gathering pipelines, known as the San Juan gathering system, with capacity of over 1.1 Bcf/d, connected to approximately 9,500 wells producing natural gas from the San Juan Basin located in northwest New Mexico and southwest Colorado;
- approximately 250,000 horsepower of compression;
- the 58 MMcf/d Rattlesnake CO(2) treating facility;
- a 50% interest in Coyote Gas Treating, L.L.C., the owner of a 250 MMcf/d treating facility; and
- the remaining interests in the Chaco cryogenic natural gas processing plant we do not already own and the price risk management positions related to this facility's operations.

The offshore assets include:

- The Typhoon gas pipeline, a 35-mile, 20-inch natural gas pipeline originating on the Chevron/BHP "Typhoon" platform in the Green Canyon area of the Gulf of Mexico and extending to the ANR Patterson System in Eugene Island Block 371; and
- The Typhoon oil pipeline, a 16-mile, 12-inch oil pipeline originating on the Chevron/BHP "Typhoon" platform and extending to a platform in Green Canyon Block 19 with onshore access through various oil pipelines.

The Texas NGL assets include:

- a 230-mile, 8-inch pipeline with capacity of approximately 35 MBbls/d extending from Corpus Christi to Pasadena, which is currently out of service;
- a 162-mile, 4-inch to 6-inch propane pipeline extending from Corpus Christi to McAllen and the Hidalgo truck terminal facilities;
- the Markham butane shuttle, a 138-mile, 8-inch pipeline with capacity of approximately 20 MBbls/d running between Corpus Christi and leased storage facilities at Markham with a capacity of approximately 3.8 MMBbls;
- a 49-mile, 6-inch pipeline with capacity of approximately 15 MBbls/d extending from Almeda to Texas City and the Texas City terminal; and
- the Almeda fractionator, a 24 MBbls/d fractionator consisting of two trains and related leased storage facilities of approximately 9.8 MMBbls.

The parties' obligations under the letter of intent are subject to the satisfaction of specified conditions, including negotiating and executing definitive agreements, obtaining Hart-Scott-Rodino and other third-party approvals and consents, obtaining satisfactory results from ongoing due diligence and financing satisfactory to us. We expect to finance our acquisition of the San Juan assets through long-term debt and equity financing.

In addition, we entered into the letter of intent for this acquisition transaction only after completing a thorough evaluation, including using evaluation procedures that we specifically implemented to analyze transactions with related parties. Our Special Conflicts Committee, which is comprised solely of independent directors, evaluated the transaction. Among other things, it engaged and consulted with independent legal and financial advisors. After determining that the transaction was fair and in our best interest, the members of the Special Conflicts Committee unanimously approved the transaction and recommended that the full board of directors of our general partner approve the transaction. The members of the full board of directors reviewed the transaction, determined it was fair and in our best interest and unanimously

approved it.

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As generally used in the energy industry and in this document, the following terms have the following meanings:

/d = per day
Bbl = barrel
BBtu = billion British thermal units
Bcf = billion cubic feet
Dth = dekatherm
MBbls = thousand barrels
Mcf = thousand cubic feet
MDth = thousand dekatherms
MMBbls = million barrels
MMBtu = million British thermal units
MMcf = million cubic feet
MMDth = million dekatherms

When we refer to natural gas and oil in "equivalents," we are doing so to compare quantities of oil with quantities of natural gas or to express these different commodities in a common unit. In calculating equivalents, we use a generally recognized standard in which one Bbl of oil is equal to six Mcf of natural gas. Also, when we refer to cubic feet measurements, all measurements are at 14.73 pounds per square inch.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of the businesses acquired.

The audited combined financial statements of El Paso Field Services San Juan Gathering and Processing Businesses, Typhoon Gas Pipeline, Typhoon Oil Pipeline, and Coastal Liquids Partners NGL Business for the years ended December 31, 2001, 2000 and 1999 are included below. Also included are the unaudited combined financial statements for these businesses for the three months ended March 31, 2002 and 2001. These financial statements include all the assets expected to be acquired in the San Juan acquisition for all periods presented, except as discussed below.

Development and construction of the Typhoon Gas Pipeline began in February 2000, and was completed in August 2001. Development and construction of the Typhoon Oil Pipeline began in March 2000, and was completed in July 2001. Neither pipeline was operated prior to its being placed in service in 2001 and costs incurred in connection with their construction were capitalized.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

COMBINED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
AND
UNAUDITED COMBINED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

COMBINED BALANCE SHEETS
(IN THOUSANDS)

DECEMBER 31, 2000	MARCH 31, 2001	-----	2002	2001
(UNAUDITED) ASSETS				
Current assets				
Accounts receivable, net of allowance of \$2,415, \$2,298 and \$1,692...	\$ 55,458	\$	35,789	\$ 40,625
Affiliates.....	6,387	2,742	4,061	Natural gas imbalance receivable..... 2,089 9,395 5,055
				Other current assets..... 878 2,687
				----- Total current assets..... 64,812 50,613
Property, plant and equipment, net.....	413,024	410,770	355,619	
Investment in unconsolidated affiliate.....	2,947	3,017	3,340	
Investment in transportation agreements.....	16,825	17,121	2,000	--
				----- Total assets..... \$497,608
	\$481,521	\$410,700	=====	=====
LIABILITIES AND OWNERS' NET INVESTMENT				
Current liabilities				
Accounts payable				
Trade.....	\$ 22,584	\$ 20,283	\$ 5,227	
Affiliates.....	7,832	8,968	12,330	Natural gas imbalance payable..... 4,058 15,268
				23,723 Other current liabilities..... 9,936
	8,996	852		----- Total current liabilities..... 44,410 53,515
Deferred revenue from processing agreement.....	118,910	120,406	--	Other noncurrent liabilities.....
	7,788	9,149	8,668	----- Total liabilities..... 171,108
Commitments and contingencies	183,070	50,800		
Accumulated other comprehensive income.....	(1,142)	2,355	--	Owners' investment.....
	327,642	296,096	359,900	
Total owners' net investment.....	326,500	298,451	359,900	
Total liabilities and owners' net investment.....	\$497,608	\$481,521	\$410,700	=====

See accompanying notes.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

COMBINED STATEMENTS OF INCOME
(IN THOUSANDS)

THREE MONTHS ENDED MARCH 31, YEAR ENDED					
DECEMBER 31, -----					
-----	2002	2001	2001		
2000 1999 -----					
	----- (UNAUDITED) Operating				
	revenues Gathering and				
	processing..... \$94,683				
	\$77,045	\$308,666	\$202,048	\$146,088	
	Liquid transportation and				
	fractionation.....				
	2,259	3,236	16,330	13,784	14,021 -----

	96,942	80,281	324,996	215,832	160,109 -

	-- Operating expenses Cost of natural				
	gas and oil..... 68,039 18,708				
	140,924	51,472	26,271	Operation and	
	maintenance..... 13,226				
	12,547	57,687	57,575	57,477	
	Depreciation and				
	amortization..... 6,035 5,221				
	22,651	24,825	18,376	Taxes other than	
	income..... 839 840 3,485				
	3,587	3,133	-----		

	137,459	105,257	-----		

	Operating				
	income..... 8,803				
	42,965	100,249	78,373	54,852	Earnings
	(loss)from unconsolidated				
	affiliate.....				
	(70)	267	2,177	1,475	700 Net gain on
	sale of assets..... -- -- --				
	759	352	-----		

	-- Earnings before income				
	taxes..... 8,733 43,232				
	102,426	80,607	Income tax		
	expense..... 92 --				
	23	-- 21,660 -----			

	Net				
	income.....				
	\$ 8,641	\$43,232	\$102,403	\$ 80,607	\$
	34,244	=====	=====	=====	
		=====	=====		

See accompanying notes.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

COMBINED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

THREE MONTHS ENDED MARCH 31, DECEMBER
31, -----
----- 2002 2001 2001 2000
1999 -----

--- (UNAUDITED) CASH FLOWS
FROM OPERATING ACTIVITIES Net

income.....
\$ 8,641 \$ 43,232 \$ 102,403 \$ 80,607 \$
34,244 Adjustments to reconcile net
income to cash provided by operating
activities Depreciation and
amortization..... 6,035 5,221
22,651 24,825 18,376 Net gain on sale
of assets..... -- -- -- (759)
(352) Deferred income tax (benefit)
expense.....
(114) -- (114) -- 5,937 Distributed
earnings of unconsolidated affiliate
(Earnings) loss from unconsolidated
affiliate.....
70 (267) (2,177) (1,475) (700)
Distributions from unconsolidated
affiliate..... -
- -- 2,500 1,000 -- Working capital
changes: (Increase) decrease in
accounts
receivable.....
(23,314) (166) 6,155 (24,722) (3,215)
(Increase) decrease in natural gas
imbalance receivable.....
7,306 3,763 (4,340) (1,063) (3,056)
(Decrease) increase in accounts
payable and other current
liabilities..... 964
(7,698) 19,838 11,839 2,445 (Decrease)
increase in natural gas imbalance
payable..... (11,210)
(16,481) (8,455) 15,261 1,960 Increase
in other current assets... (433)
(541) (218) -- -- Non-working capital
changes: Net change in noncurrent
liabilities.....
(2,857) 764 120,887 (4,693) 8,630 ----

--- Net cash provided by (used in)
operating activities..... (14,912)
27,827 259,130 100,820 64,269 -----

CASH FLOWS FROM INVESTING ACTIVITIES
Capital

expenditures.....
(7,993) (12,992) (77,523) (54,456)
(26,694) Proceeds from the sale of
property, plant and
equipment..... --
-- -- 490 426 Investment in
transportation agreement... -- --
(15,400) (2,000) -- -----
----- Net cash
used in investing
activities..... (7,993)
(12,992) (92,923) (55,966) (26,268) --

----- CASH FLOWS FROM FINANCING
ACTIVITIES Net cash (distributions to)

contributions from
owners.....
22,905 (14,835) (166,207) (44,854)
(38,001) -----
----- Net cash provided by

(used in) financing

activities..... 22,905 (14,835)
(166,207) (44,854) (38,001) ----- -

Net change in cash and cash
equivalents.....
-- -- -- -- -- Cash and cash
equivalents Beginning of
period..... -- -- -- --

- ----- End of
period..... \$ --
\$ -- \$ -- \$ -- \$ -- =====
=====

See accompanying notes.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

COMBINED STATEMENTS OF OWNERS' NET INVESTMENT
(IN THOUSANDS)

YEAR ENDED DECEMBER 31, MARCH 31, -----	-----	2002	2001	2000
-----	-----	-----	-----	-----
1999 -----				
-- (UNAUDITED) Owners' investment Balance				
at beginning of period.....		\$296,096	\$ 359,900	\$263,834
\$296,096 \$ 359,900 \$263,834 \$267,591 Net				
income.....				
8,641 102,403 80,607 34,244 Net cash				
(distributions to) contributions from				
owners.....				
22,905 (166,207) (44,854) (38,001)				
Assumption of income tax				
obligations..... -- -- 60,313 -- ----				
----- Balance				
at end of period..... 327,642				
296,096 359,900 263,834 Accumulated other				
comprehensive income Balance at beginning				
of period..... 2,355 -- -- --				
Other comprehensive				
income..... (3,497) 2,355 -				

Balance at end of period.....				
(1,142) 2,355 -- -- -----				
----- Total owners' net				
investment..... \$326,500 \$				
298,451 \$359,900 \$263,834 =====				
=====				

See accompanying notes.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
AND CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME
(IN THOUSANDS)

COMPREHENSIVE INCOME

THREE MONTHS ENDED MARCH 31, YEAR ENDED DECEMBER 31, -----				

-----	2002	2001	2001	2000
1999 -----				
-----	(UNAUDITED) Net			
income.....	\$ 8,641	\$43,232	\$102,403	
\$80,607	\$34,244	Other		
comprehensive income (loss)...	(3,497)	--	2,355	--

- Total comprehensive				
income.....	\$ 5,144			
\$43,232	\$104,758	\$80,607		
\$34,244	=====	=====		
=====	=====	=====		

ACCUMULATED OTHER COMPREHENSIVE INCOME

THREE MONTHS ENDED MARCH 31, YEAR ENDED DECEMBER 31, -----				

-----	2002	2001	2001	2000
2000 1999 -----				

(UNAUDITED) Beginning				
balance.....	\$	2,355	\$ --	\$ --
Unrealized mark-to-market				
gains (losses) arising during				
the				
period.....	(9,360)	--	4,224	--
Reclassification adjustments				
for changes in initial value				
of derivative instruments to				
settlement				
date.....	5,863	--		
(1,869)	--	--		

Ending				
balance.....	\$ (1,142)	\$ --	\$ 2,355	\$ --
- =====	=====	=====		
=====	=====	=====		

See accompanying notes.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
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NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

ORGANIZATION

The El Paso Field Services San Juan Gathering and Processing Businesses, Typhoon Gas Pipeline, Typhoon Oil Pipeline and Coastal Liquids Partners NGL Business together own a package of midstream assets that include:

- A natural gas gathering system and the associated compression facilities, the Rattlesnake Treating Plant, a 50-percent interest in the Coyote Gas treating facility and interests in the Chaco processing facility, all of which are located in the San Juan Basin of northwest New Mexico and southwestern Colorado;
- The Typhoon Oil Pipeline located in the Deepwater Trend area of the Gulf of Mexico and placed in service in July 2001. Typhoon Oil provides transportation of oil produced from the ChevronTexaco and BHP-Billiton Typhoon discovery for delivery to a platform in Green Canyon Block 19 with onshore access through various oil pipelines;
- The Typhoon Gas Pipeline, also located in the Deepwater Trend area of the Gulf of Mexico, providing natural gas transportation services from the Typhoon Tension Leg Platform for delivery to the ANR Patterson System. Typhoon Gas was placed in service in August 2001.
- The Coastal Liquids Partners NGL Business, consisting of an integrated set of NGL assets that stretch from the Mexico border near McAllen, Texas, to Houston, Texas. This business includes a fractionation facility near Houston, Texas; a truck-loading terminal near McAllen, Texas, and leased underground NGL storage facilities.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared from El Paso Field Services' and El Paso CGP Company's (formerly The Coastal Corporation) historical accounting records and are presented on a carve-out basis to include the historical operations applicable to El Paso Field Services San Juan Gathering and Processing Business, the Typhoon Gas Pipeline, the Typhoon Oil Pipeline and the Coastal Liquids Partners NGL Business. In this context, no direct owner relationship existed among these businesses. Accordingly, the net investment in these businesses (owners' net investment) is shown in lieu of owners' equity in the financial statements.

In January 2001, El Paso CGP Company, the parent of Typhoon Oil Pipeline, Typhoon Gas Pipeline and Coastal Liquids Partners NGL Business, merged with El Paso Corporation, the indirect parent of our general partner, in a transaction accounted for as a pooling of interests. Under pooling accounting, the historical operations of El Paso CGP Company are included with those of El Paso Corporation as if they had always operated as a combined entity. As a result, the historical accounting records for Typhoon Oil Pipeline, Typhoon Gas Pipeline and Coastal Liquids Partners NGL Business are considered to have been under common control as of and for each of the periods presented.

Our combined financial statements include the accounts of all majority-owned, controlled subsidiaries after the elimination of all significant intercompany accounts and transactions. Our financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the

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NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

United States. All significant intercompany accounts and transactions within the companies have been eliminated.

Throughout the periods covered by the combined financial statements, both El Paso Field Services and El Paso CGP Company have provided cash management services to us through a centralized treasury system. As a result, all of our charges and cost allocations covered by the centralized treasury system were deemed to have been paid by us to El Paso Field Services or El Paso CGP Company, in cash, during the period in which the cost was recorded in the financial statements. In addition, all of our cash receipts were advanced to either El Paso Field Services or El Paso CGP Company as they were received. As a result of using these centralized treasury systems, the excess of cash receipts advanced over the charges and cash allocation is reflected as net cash distributions to our owners in the statements of owners' net investment and cash flows.

We have been allocated, as appropriate, expenses incurred by El Paso Field Services or El Paso CGP Company in order to present our financial statements on a stand-alone basis. All of the allocations and estimates in the financial statements are based on assumptions that management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted had we operated as a separate entity.

INVESTMENT IN UNCONSOLIDATED AFFILIATE

We account for investments in companies where we have the ability to exert significant influence over, but not control over operating and financial policies, using the equity method of accounting. We received cash distributions for the years ended December 31, 2001 and 2000 of \$2.5 million and \$1.0 million from our unconsolidated affiliate.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions that affect the amount we reported as assets, liabilities, revenues and expenses and disclosures in these financial statements. While we believe our estimates are appropriate, actual results can, and often do, differ from those estimates.

REVENUE RECOGNITION

Revenue from pipeline transportation of hydrocarbons is recognized upon receipt of the hydrocarbons into the pipeline systems. Revenue from processing services, treating services and fractionation services is recognized in the period services are provided. Other revenues generally are recorded when services have been provided or products have been delivered.

REVENUE AND COST OF NATURAL GAS AND OIL

As a convenience for our producers, we may purchase natural gas from them at the wellhead for an index price less an amount that compensates us for gathering services. We then sell the natural gas into the open market at index prices.

Typhoon Oil Pipeline's transportation agreement with BHP and ChevronTexaco provides that Typhoon Oil purchase the oil produced at the inlet of its pipeline for an index price less an amount that compensates Typhoon Oil for transportation services. At the outlet of its pipeline, Typhoon Oil resells this oil back to these producers at the same index price. Typhoon Oil reflects these sales in gathering and processing revenues and the related purchases as cost of natural gas and oil.

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NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

NATURAL GAS IMBALANCES

Natural gas imbalances result from differences in gas volumes received from and delivered to our customers and arise when a customer delivers more or less gas into our pipelines than they take out. These imbalances are settled in kind through a fuel gas and unaccounted for gas tracking mechanism, negotiated cash-outs between parties, or are subject to a cash-out procedure. Gas imbalances are reflected in imbalance receivable or imbalance payable, as appropriate, in our financial statements.

PROPERTY, PLANT AND EQUIPMENT

Our transmission and gathering pipelines and related facilities are recorded at historical cost. Provision for depreciation of property, plant and equipment is made primarily on a straight-line basis over the estimated useful lives of the depreciable facilities. Our range of useful lives is from 3 years for vehicles up to 33 years for natural gas pipelines. Retirements, sales and disposals of assets are recorded by eliminating the related costs and accumulated depreciation of the disposed assets with any resulting gains or losses reflected in income. Repair and maintenance costs are expensed as incurred, while additions, improvements and replacements are capitalized.

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TYPHOON OIL PIPELINE
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NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

We evaluate the impairment of assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of. If an adverse event or change in circumstances occurs, we make an estimate of our future cash flows from our assets, grouped together at the lowest level for which separate cash flows can be measured, to determine if the asset is impaired. If the total of the undiscounted future cash flows is less than the carrying amount for the assets, we calculate the fair value of the assets either through reference to similar asset sales, or by estimating the fair value using a discounted cash flow approach. These cash flow estimates require us to make estimates and assumptions for many years into the future for pricing, demand, competition, operating costs, legal, regulatory and other factors. On January 1, 2002, we adopted the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. A discussion of this pronouncement follows at the end of this note.

INTANGIBLE ASSETS

Intangible assets, presented on our balance sheet as "Investment in transportation agreements," consist of payments we made to secure our Typhoon oil and natural gas pipelines' lease dedication agreements. We are amortizing these payments based on a unit of production method. Through December 31, 2001, we evaluated impairment of intangible assets in accordance with Accounting Principles Board Opinion No. 17, Intangible Assets. Under this methodology, when an event occurs that suggests that an impairment may have occurred, we evaluate the undiscounted net cash flows of the asset or entity to which the intangible asset relates. If these cash flows are not sufficient to recover the value of the asset or entity plus its related intangible asset, these cash flows are discounted at a risk-adjusted rate with any difference recorded as a charge in our income statement. On January 1, 2002, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. This statement requires that intangible assets, other than goodwill, are to be amortized over their useful life and reviewed for impairment in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of. Our adoption of this standard did not have a material effect on our financial statements.

INCOME TAXES

The San Juan Gathering and Processing Businesses were taxable entities until December 31, 1999. During 2000, these businesses were contributed to El Paso Field Services, L.P., an organization not subject to federal or state income taxes. At the time of this contribution, the owners of the San Juan Gathering and Processing Businesses assumed all the related income tax obligations. The effect of this transaction on our financial statements was a reduction in other noncurrent liabilities and an increase in owners' net investment. The Coastal Liquids Partners NGL Business was organized as a limited partnership and is therefore not subject to taxation for federal or state tax purposes for all periods presented. Typhoon Oil, at its formation, elected to be a nontaxable entity. Although organized as a taxable entity, Typhoon Gas did not produce income subject to federal or state income tax for years before 2001.

The taxable entities acquired have been included in the consolidated federal income tax returns filed by El Paso Corporation for the years ended December 31, 2001, 2000 and 1999, except that prior to El Paso Corporation's ownership of El Paso CGP Company, the Coastal Liquids Partners NGL business was included in El Paso CGP Company's consolidated tax returns. For financial reporting purposes, income taxes are allocated to these entities on a modified separate return basis, to the extent that tax expense or benefit is realized by El Paso Corporation.

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TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
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NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

We account for income taxes under SFAS No. 109, Accounting for Income Taxes. In accordance with this statement, deferred income taxes are recorded using enacted tax laws and rates for the years in which the deferred tax liability or asset is expected to be settled or realized. Deferred income taxes are provided for amounts when there are temporary differences in recording such items for financial reporting and income tax reporting purposes.

The taxable income or loss resulting from the operations of our non-taxable entities will ultimately be included in the federal and state income tax returns of our owners. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements for these entities.

COMPREHENSIVE INCOME

Our comprehensive income is based on net income, adjusted for changes in accumulated other comprehensive income from our cash flow hedging activities.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As of March 31, 2002 and December 31, 2001 and 2000, our carrying amounts of trade receivables and trade payables approximate fair value because of the short-term nature of these instruments.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We have established an allowance for losses on accounts which may become uncollectible. Collectibility is reviewed regularly and the allowance is adjusted as necessary, primarily under the specific identification method.

ENVIRONMENTAL COSTS

We expense or capitalize expenditures for ongoing compliance with environmental regulations that relate to past or current operations as appropriate. We expense amounts for clean up of existing environmental contamination caused by past operations which do not benefit future periods by preventing or eliminating future contamination. We record liabilities when our environmental assessments indicate that remediation efforts are probable, and the costs can be reasonably estimated. Estimates of our liabilities are based on currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience and data released by the Environmental Protection Agency (EPA) or other organizations. These estimates are subject to revision in future periods based on actual costs or new circumstances and are included in our balance sheet in other noncurrent liabilities at their undiscounted amounts.

ACCOUNTING FOR PRICE RISK MANAGEMENT ACTIVITIES

We have adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities beginning January 1, 2001, which requires us to measure all derivative instruments at their fair value, and classify them as either assets or liabilities on our balance sheet, with the corresponding offset to income or other comprehensive income depending on their designation, their intended use, or their ability to qualify as hedges under the standard. Since we did not have any derivative instruments in place at December 31, 2000, we have determined that there is no impact on us upon adoption of this standard.

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TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

To qualify for hedge accounting prior to our adoption of SFAS No. 133, any hedge transactions must reduce the price risk of the underlying hedged item, be designated a hedge at inception, and result in cash flows and financial impacts which were inversely correlated to the position being hedged. If correlation ceased to exist, hedge accounting was terminated and mark-to-market accounting was applied. Gains and losses resulting from hedging activities and the termination of any hedging instruments were initially deferred and included as an increase or decrease to cost of natural gas and oil in the period in which the hedged transaction occurs.

Derivative instruments are recorded in our combined balance sheets at their fair value. Changes in the fair value of a derivative designated as a cash flow hedge are recorded in accumulated other comprehensive income for the portion of the change in value of the derivative that is effective. The ineffective portion of the derivative is recorded in earnings in the current period. Classification in the income statement of the ineffective portion is based on the income classification of the item being hedged.

During all periods presented, El Paso Field Services entered into swaps to hedge the effect of changing natural gas liquids prices. The impact of a portion of this hedge activity was allocated to us and is reflected as an increase or decrease in revenues, as appropriate.

RECENT ACCOUNTING PRONOUNCEMENTS

Business Combinations

In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations. This statement requires that all transactions that fit the definition of a business combination be accounted for using the purchase method and prohibits the use of the pooling of interests method for all business combinations initiated after June 30, 2001. This statement also established specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary item. The accounting for any business combination we undertake in the future will be impacted by this standard. Our adoption of SFAS No. 141 did not have a material effect on our financial statements.

Goodwill and Other Intangible Assets

In July 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. This statement requires that goodwill no longer be amortized but intermittently tested for impairment at least on an annual basis. Other intangible assets are to be amortized over their useful life and reviewed for impairment in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of. An intangible asset with an indefinite useful life can no longer be amortized until its useful life becomes determinable. This statement has various effective dates, the most significant of which is January 1, 2002. Our adoption of this statement did not have a material effect on our financial statements.

Accounting for the Impairment or Disposal of Long-Lived Assets

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement requires that long-lived assets that are being disposed of by sale be measured at the lower of book value or fair value less cost to sell. This standard also expanded the scope of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from ongoing operations of the entity in a disposal transaction.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

The provisions of this statement are effective for fiscal years beginning after December 15, 2001. Our adoption of the provisions of this pronouncement did not initially effect on our financial statements, but will impact any asset dispositions we make after January 1, 2002.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Accounting for Asset Retirement Obligations

In July 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement requires companies to record a liability relating to the retirement and removal of assets used in their business. The liability is discounted to its present value, and the related asset value is increased by the amount of the resulting liability. Over the life of the asset, the liability will be accreted to its future value and eventually extinguished when the asset is taken out of service. The provisions of this statement are effective for fiscal years beginning after June 15, 2002. We are currently evaluating the effects of this pronouncement.

Accounting for Costs Associated with Exit or Disposal Activities

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by this guidance include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. The provisions of this Statement are effective for fiscal years beginning after December 31, 2002. The provisions of this Statement will impact any exit or disposal activities that we initiate after January 1, 2003.

3. PROPERTY, PLANT AND EQUIPMENT

The following reflects the carrying value of property, plant and equipment as of March 31, 2002 and December 31, 2001 and 2000 (in thousands):

DECEMBER 31, MARCH 31, -----			
----- 2002 2001 2000 -----			
			(UNAUDITED)
			Transmission and gathering
			pipelines..... \$674,450
	\$671,024	\$577,711	Construction
			work in
			progress.....
	24,603	20,036	35,827 -----
			----- 699,053 691,060
			613,538 Less accumulated
			depreciation.....
	286,029	280,290	257,919 -----
			----- Total property,
			plant and equipment,
			net..... \$413,024 \$410,770
	\$355,619	=====	=====
			=====

4. INVESTMENT IN TRANSPORTATION AGREEMENTS

In connection with BHP and ChevronTexaco's Typhoon discovery, we paid \$17.4 million to BHP and ChevronTexaco for a lease dedication agreement. This amount is being amortized on a unit of production method over the life of the dedicated reserves. Under this agreement, we have the right to enter into buy-sell agreements with BHP and ChevronTexaco for all of the natural gas and oil produced from the Typhoon discovery and other leases in the area.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

5. DEFERRED REVENUE FROM PROCESSING AGREEMENT

In October 2001, we received \$121.5 million from El Paso Energy Partners, L.P. for a 20-year fee-based processing agreement. This amount is being amortized to income on a straight-line basis over the life of the agreement. Under the processing agreement, all uncommitted volumes on our San Juan Gathering System are dedicated to El Paso Energy Partners' Chaco cryogenic natural gas processing plant. As part of the agreement, gas we deliver to the Chaco plant has a processing priority over other natural gas delivered.

6. ACCOUNTING FOR HEDGING ACTIVITIES

The majority of our commodity sales and purchases are at spot market or forward market prices. We use derivative instruments to limit our exposure to fluctuations in the commodity markets and allow for a fixed cash flow stream. Beginning in 2001, as required by SFAS No. 133, we measure these derivative instruments at their fair value and classify them as either assets or liabilities on our balance sheet, with a corresponding offset to other comprehensive income. The value of cash flow hedges included in accumulated other comprehensive income was an unrealized loss of \$1.1 million as of March 31, 2002, and an unrealized gain of \$2.4 million as of December 31, 2001. The impact of our hedging activities reflected in revenues for the three months ended March 31, 2002 was \$2.4 million. There were no hedging activities during the three months ended March 31, 2001. For the years ended December 31, 2001, 2000 and 1999, our hedging activities impacted our revenues by \$4.3 million, \$(21.2) million and \$(7.4) million. For the quarter ended March 31, 2002, we reclassified a gain of \$5.9 million from accumulated other comprehensive income to earnings. For the year ended December 31, 2001, we reclassified a loss of \$1.9 million from accumulated other comprehensive income to earnings. We estimate that the amounts in accumulated other comprehensive income will be reclassified into income within the next 12 months. Reclassifications occur upon the physical sale of the hedged commodity and the corresponding expiration of the hedge. For 2002 and 2001, there was no ineffectiveness in our cash flow hedges. At March 31, 2002, our cash flow hedges extended through June 2002.

7. TRANSACTIONS WITH AFFILIATES

We enter into various types of transactions with affiliates in the normal course of business on market-related terms and conditions including selling natural gas and oil to and purchasing natural gas and oil from affiliates. In addition, our owners allocate to us general and administrative costs incurred on our behalf.

We had the following affiliated transactions for the three months ended March 31, 2002 and 2001 and for the years ended December 31, 2001, 2000 and 1999 (in thousands):

MARCH 31, DECEMBER 31,				

2002 2001 2001 2000				
1999 -----				

(UNAUDITED) Revenues				
with				
affiliates.....				
\$4,509 \$16,891 \$36,811				
\$41,177 \$16,057				
Expenses with				
affiliates.....				
\$3,532 \$ 3,827 \$28,377				
\$15,648 \$17,290				

We had the following receivable and payable balances with our affiliates at March 31, 2002 and at December 31, 2001 and 2000 (in thousands):

DECEMBER 31, MARCH 31, -----			
2001 2000 -----			

(UNAUDITED) Accounts			
receivable.....			
\$6,387 \$2,742 \$ 4,061			
Accounts			

payable.....
\$7,832 \$8,968 \$12,330

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

8. INCOME TAXES

The following table reflects the components of income tax expense for our taxable entities for the three months ended March 31, 2002 and 2001 and for the years ended December 31, 2001, 2000 and 1999 (in thousands):

MARCH 31, DECEMBER 31, -----	2002	2001	2001	2000	1999	----

						(UNAUDITED)
Current.....	\$ 206	\$--	\$ 137	\$--	\$15,723	
Deferred.....	(114)	--	(114)	--	5,937	
						----- Total income tax
expense.....	\$21,660	=====	===	=====	===	=====
						\$ 92 \$-- \$ 23 \$--

Total income tax expense approximates the amount computed by applying the statutory federal income tax rate (35 percent) to income before income taxes to our taxable entities plus applicable state taxes.

In December 2000, the San Juan Gathering and Processing Businesses were contributed to El Paso Field Services, L.P. At the time of this contribution, the owners of the San Juan Gathering and Processing Businesses assumed all the related income tax obligations. The effect of this transaction was a reduction in deferred tax liabilities with a corresponding adjustment to owners' net investment.

9. MAJOR CUSTOMERS

The percentage of our revenue from major customers was as follows:

YEAR ENDED DECEMBER 31, -----	2001	2000

1999 ----- Burlington Resources, Inc.	28.8%	47.9%
..... ChevronTexaco		
Corp.....	12.5%	--
..... BHP Billiton		
Plc.....	13.9%	--
..... Conoco,		
Inc.....	13.1%	13.5%
..... BP		
Plc.....	--	10.4%

10. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

As of March 31, 2002 and December 31, 2001 and 2000, we did not have any reserves related to legal matters. While we are a named defendant in lawsuits and a named party in governmental proceedings arising in the ordinary course of our business and while the outcome of the matters cannot be predicted with certainty, based on information known to date, we do not expect the ultimate resolution of these matters will have a material adverse effect on our financial position, operating results or cash flows.

We are also a named defendant in numerous lawsuits and a named party in governmental proceedings arising in the ordinary course of our business.

While the outcome of these matters cannot be predicted with certainty, based on information known to date, we do not expect the ultimate resolution of these matters will have a material adverse effect on our financial position, operating results or cash flows.

EL PASO FIELD SERVICES SAN JUAN GATHERING AND PROCESSING BUSINESSES
TYPHOON GAS PIPELINE
TYPHOON OIL PIPELINE
COASTAL LIQUIDS PARTNERS NGL BUSINESS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

ENVIRONMENTAL

We are subject to extensive federal, state, and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remedy the effect on the environment of the disposal or release of specified substances at current and former operating sites. We have approximately \$5.1 million, \$5.2 million and \$3.3 million recorded for environmental matters at March 31, 2002, December 31, 2001 and 2000.

It is possible that new information or future developments could require us to reassess our potential exposure related to environmental matters. We may incur significant costs and liabilities in order to comply with existing environmental laws and regulations. It is also possible that other developments, such as increasingly strict environmental laws, regulations and claims for damages to property, employees, other persons and the environment resulting from current or past operations, could result in substantial costs and liabilities in the future. As new information becomes available, or relevant developments occur, we will review our accruals and make any appropriate adjustments.

LEASE AGREEMENT

We have an operating lease for the Chaco natural gas processing facility that ends in October 2002. In accordance with the original construction financing agreements, we have the right to purchase the Chaco plant at the end of the lease term for approximately \$77 million. If we do not exercise this repurchase right, we will be required to pay a forfeiture penalty.

11. SUBSEQUENT EVENT

On July 16, 2002, a letter of intent was entered into regarding the proposed sale of us to El Paso Energy Partners, L.P. for total consideration of approximately \$782 million, subject to adjustment primarily for working capital and capital expenditures. The parties' obligations under the letter of intent are subject to the satisfaction of specified conditions, including negotiating and executing definitive agreements, obtaining Hart-Scott-Rodino and other third-party approvals and consents, obtaining satisfactory results from ongoing due diligence and El Paso Energy Partners obtaining satisfactory financing terms.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Owners of
El Paso Field Services San Juan Gathering and Processing Businesses
Typhoon Gas Pipeline
Typhoon Oil Pipeline
Coastal Liquids Partners NGL business:

In our opinion, the accompanying combined balance sheets and the related combined statements of income, cash flows, owners' net investment and comprehensive income and changes in accumulated other comprehensive income present fairly, in all material respects, the financial position of El Paso Field Services San Juan Gathering and Processing Businesses, the Typhoon Gas Pipeline, the Typhoon Oil Pipeline, and the Coastal Liquids Partners NGL business (collectively, the "Businesses") at December 31, 2001 and 2000, and the results of their operations and their cash flows for the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Businesses' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the combined financial statements, the Businesses adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, on January 1, 2001.

As described in Note 7 to the combined financial statements, the Businesses have significant transactions and relationships with affiliated entities. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties. Furthermore, as discussed in Note 2, the combined financial statements include various cost allocations and management estimates based on assumptions that management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted had the Businesses been operated as a separate entity.

/s/ PRICEWATERHOUSECOOPERS LLP

Houston, Texas
August 10, 2002

(b) Pro forma financial statements

We are providing the accompanying unaudited pro forma condensed consolidated and combined financial statements to (i) reflect the expected issuance of long-term debt and equity to generate cash proceeds and (ii) reflect the use of such proceeds for the acquisition of the San Juan assets from El Paso Corporation. We have assumed that our financing will be comprised of 50% debt and 50% equity since it is our expressed intent to finance our growth in this manner and we believe such outcome to be probable.

The unaudited pro forma condensed consolidated and combined financial statements are not necessarily indicative of the consolidated financial position or results of operations that we might have realized 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, such adjustments have not been included in these statements.

The unaudited pro forma financial information gives effect to the following transactions as if they had occurred as of the beginning of the period presented or as of the balance sheet date:

(1) The expected issuance of long-term debt and equity totaling approximately \$782 million.

(2) The expected acquisition of the San Juan assets for a purchase price of \$782 million, adjusted for capital expenditures and actual working capital acquired. The San Juan assets include gathering, compression and treating assets located in the San Juan Basin of New Mexico, offshore oil and natural gas pipelines located in the Gulf of Mexico and NGL assets located in Texas.

(3) The issuance in May 2002 of 8 1/2% Senior Subordinated Notes for net proceeds of approximately \$230 million, the issuance in April 2002 of common units for net proceeds of approximately \$150 million, the use of \$375 million of these proceeds to repay a portion of the EPN Holding term loan and the capital contribution from our general partner to maintain its 1% capital account balance.

(4) The repayment in April 2002 of the limited recourse debt of approximately \$95 million related to our Prince tension leg platform (TLP).

(5) The acquisition in April 2002 of the EPGT Texas intrastate pipeline system and the El Paso Field Services gathering and processing businesses, including 1,300 miles of gathering systems in the Permian Basin and a 42.3 percent non-operating interest in the Indian Basin natural gas processing and treating facility. Total consideration for this transaction was approximately \$735 million consisting of a cash payment of approximately \$420 million, the sale of our Prince TLP and our approximate 9 percent overriding royalty interest in the Prince Field with a fair value of approximately \$190 million, the issuance of approximately \$6 million of common units and the assumption of approximately \$119 million of indebtedness.

(6) The acquisition in October 2001 of the remaining 50% equity interest that we did not already own in Deepwater Holdings. The 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 \$81 million, consisting of \$26 million cash and \$55 million of assumed indebtedness. Our historical consolidated financial statements include the accounts and results of operations of these assets from the purchase date.

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

- A payment of \$77.0 million to acquire the Chaco plant from the bank group that provided the financing for the facility; and

- 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.

Our historical consolidated financial statements include the accounts and results of operations of this asset from the purchase date.

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

(9) The exclusion of the (i) results of operations 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 interests in two offshore platforms; and (iii) income of \$25.4 million we recognized from the related payments from El Paso Corporation.

EL PASO ENERGY PARTNERS, L.P.
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED BALANCE SHEET
 AS OF MARCH 31, 2002

(IN THOUSANDS)

SUBTOTAL AFTER PRO FORMA PRO
 FORMA PRO FORMA PRO FORMA
 SAN JUAN EL PASO EPN HOLDING
 EPN EPN HOLDING ASSET ENERGY
 ASSET HOLDING CREDIT
 ACQUISITION PARTNERS, L.P.
 EPN HOLDING ACQUISITION
 ASSET FACILITY FINANCING
 HISTORICAL ASSETS(A)
 ADJUSTMENTS ACQUISITION
 ADJUSTMENTS ADJUSTMENTS ----

 -- ----- ASSETS
 Current Assets Cash and cash
 equivalents.... \$ 133,432 \$
 -- \$ 95,000 (B) \$ 133,432 \$
 230,000 (F) \$ 391,000 (H)
 (95,000)(B) (230,000)(F)
 391,000 (I) 416,000 (C)
 150,000 (G) 3,949 (H) 4,000
 (C) (150,000)(G) (3,949)(H)
 (420,000)(D) 119,000 (E)
 (119,000)(E) Accounts
 receivable, net
 Trade.....
 32,391 24,114 (24,114)(D)
 32,391 -- --
 Affiliates.....
 17,977 19,434 (19,434)(D)
 17,977 -- -- Other current
 assets..... 3,314 15,700
 (7,183)(D) 11,831 -- --

 Total current assets...
 187,114 59,248 (50,731)
 195,631 -- 782,000 Property,
 plant and equipment,
 net.....
 936,801 785,469 (30,000)(D)
 1,703,032 -- -- 10,762 (D)
 Assets held for
 sale..... 188,183 --
 (188,183)(D) -- --
 Investment in processing
 agreement.....
 118,462 -- -- 118,462 -- --
 Investment in transportation
 agreements.....
 -- -- -- -- Investment
 in unconsolidated
 affiliate.....
 33,438 -- -- 33,438 -- --
 Other noncurrent
 assets..... 28,192 --
 (1,041)(D) 27,151 -- --

 Total assets.....
 \$1,492,190 \$844,717
 \$(259,193) \$2,077,714 \$ -- \$
 782,000 =====
 =====
 =====
 =====
 LIABILITIES AND PARTNERS'
 CAPITAL Current liabilities
 Accounts payable
 Trade.....
 \$ 8,796 \$ 10,872 \$ (10,872)
 (D) \$ 9,649 \$ -- \$ -- 853
 (D)
 Affiliates.....

11,152 -- -- 11,152 -- --
 Accrued
 interest..... 14,658
 -- -- 14,658 -- -- Note
 payable to affiliate.... --
 -- 119,000 (D) -- -- --
 (119,000)(E) Current
 maturities of limited
 recourse term loan.....
 19,000 -- (19,000)(B) -- --
 -- Other current
 liabilities.... 5,171 18,115
 (2,349)(D) 20,937 -- -- ----

Total current
 liabilities.....
 58,777 28,987 (31,368)
 56,396 -- -- Revolving
 credit facility.... 444,000
 -- 95,000 (B) 543,000
 (5,000)(F) (3,949)(H) 4,000
 (C) EPN Holding credit
 facility... -- -- 416,000
 (C) 535,000 (225,000)(F) --
 119,000 (E) (150,000)(G)
 Long-term
 debt..... 425,000
 -- -- 425,000 230,000 (F)
 391,000 (I) Limited recourse
 term loan, less current
 maturities..... 76,000 --
 (76,000)(B) -- -- --
 Deferred revenue from
 processing
 agreement..... -- -- --
 -- -- -- Other noncurrent
 liabilities.....
 1,146 70,816 (47,023)(D)
 24,939 -- -- ----

----- Total
 liabilities..... 1,004,923
 99,803 479,609 1,584,335
 (150,000) 387,051
 Commitments and
 contingencies Minority
 interest..... -- 189
 -- 189 -- -- Partners'
 capital..... 487,267
 -- 6,000 (D) 493,190 150,000
 (G) 391,000 (H) (77)(D)
 3,949 (H) Owners' net
 investment..... --
 744,725 (744,725)(D) -- -- --

 ----- Total liabilities and
 partners' capital.....
 \$1,492,190 \$844,717
 \$(259,193) \$2,077,714 \$ -- \$
 782,000 =====
 =====
 =====

PRO FORMA PRO FORMA SAN JUAN
 EL PASO ASSET ENERGY SAN
 JUAN ACQUISITION PARTNERS,
 ASSETS(J) ADJUSTMENTS L.P. -

 ----- ASSETS Current
 Assets Cash and cash
 equivalents.... \$ --
 \$(782,000)(K) \$ 133,432
 Accounts receivable, net
 Trade.....
 55,458 (55,458)(K) 32,391
 Affiliates.....
 6,387 (6,387)(K) 17,977
 Other current
 assets..... 2,967 (878)
 (K) 13,920 -----

```

- ----- Total current
assets... 64,812 (844,723)
197,720 Property, plant and
equipment,
net.....
413,024 477,871 (K)
2,593,927 Assets held for
sale..... - - - -
Investment in processing
agreement.....
-- (118,462)(L) --
Investment in transportation
agreements.....
16,825 16,825 Investment in
unconsolidated
affiliate.....
2,947 -- 36,385 Other
noncurrent assets..... --
-- 27,151 -----
----- Total
assets..... $497,608
$(485,314) $2,872,008
=====
===== LIABILITIES AND
PARTNERS' CAPITAL Current
liabilities Accounts payable
Trade.....
$ 22,584 $ (22,584)(K) $
9,649
Affiliates.....
7,832 (7,832)(K) 11,152
Accrued
interest..... -- --
14,658 Note payable to
affiliate.... -- -- --
Current maturities of
limited recourse term
loan..... -- -- -- Other
current liabilities....
13,994 (9,936)(K) 24,995 ---
-----
Total current
liabilities.....
44,410 (40,352) 60,454
Revolving credit
facility..... -- -- 534,051
EPN Holding credit
facility... -- -- 160,000
Long-term
debt..... -- --
1,046,000 Limited recourse
term loan, less current
maturities..... -- -- --
Deferred revenue from
processing
agreement..... 118,910
(118,910)(L) -- Other
noncurrent
liabilities.....
7,788 -- 32,727 -----
----- Total
liabilities..... 171,108
(159,262) 1,833,232
Commitments and
contingencies Minority
interest..... -- --
189 Partners'
capital..... -- 448
(L) 1,038,587 Owners' net
investment..... 326,500
(326,500)(K) -- -----
----- Total
liabilities and partners'
capital..... $497,608
$(485,314) $2,872,008
=====
=====

```

EL PASO ENERGY PARTNERS, L.P.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED STATEMENT OF OPERATIONS
 FOR THE THREE MONTHS ENDED MARCH 31, 2002
 (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)
 (UNAUDITED)

SUBTOTAL PRO FORMA AFTER PRO FORMA EL PASO EPN HOLDING PRO FORMA EPN HOLDING ENERGY ASSET EPN HOLDING CREDIT PARTNERS, L.P. PRINCE EPN HOLDING ACQUISITION ASSET FACILITY HISTORICAL SALE(X) ASSETS(A) ADJUSTMENTS ACQUISITION ADJUSTMENTS -- ----- ----- -----			
Operating			
revenues.....	\$61,544		
\$ -- \$72,236 \$ -- \$133,780			
\$ -- Operating expenses			
Cost of natural gas and			
oil.....			
12,158 -- 21,466 -- 33,624			
-- Operation and			
maintenance,			
net.....			
14,440 -- 15,647 -- 30,087			
-- Depreciation, depletion			
and			
amortization.....			
12,549 -- 6,700 (340)(Y)			
18,978 -- 69 (Z) -----			

----- 39,147 --			
43,813 (271) 82,689 -- ---			

Operating			
income.....	22,397		
-- 28,423 271 51,091 -- --			

----- Other			
income (loss) Earnings			
(loss) from unconsolidated			
affiliates.....			
3,361 -- -- -- 3,361 --			
Net gain on sale of			
assets.....			
315 -- -- -- 315 -- Other			
income (expense).....	426		
-- (29) -- 397 -- -----			

----- 4,102 --			
(29) -- 4,073 -- -----			

----- Income			
before interest, income			
taxes and other			
charges.....			
26,499 -- 28,394 271			
55,164 -- -----			

----- Interest and debt			
expense... 11,758 -- --			
5,844 (AA) 18,458 (2,458)			
(CC) 856 (BB) (1,638)(CC)			
4,650 (DD) Income tax			
expense.....			
-- -- --			

----- 11,758 -- -- 6,700			
18,458 554 -----			

----- Net income (loss)			
from continuing			

operations..... 14,741 --
 28,394 (6,429) 36,706
 (554) Net income (loss)
 from discontinued
 operations.... 4,385
 (4,385) -- -- -- --

 ----- Net
 income (loss).....
 \$19,126 \$(4,385) \$28,394
 \$(6,429) \$ 36,706 \$ (554)
 =====
 =====
 Income allocation Series B
 unitholders..... \$ 3,552
 \$ 3,552 =====
 General partner Continuing
 operations..... \$ 8,691 \$
 9,070 Discontinued
 operations.... 44 -- -----
 -- ----- \$ 8,735 \$
 9,070 =====
 Limited partners
 Continuing
 operations..... \$ 2,498 \$
 24,084 Discontinued
 operations.... 4,341 -- --
 ----- ----- \$ 6,839 \$
 24,084 =====
 Basic and diluted net
 income per unit Continuing
 operations..... \$ 0.06 \$
 0.60 Discontinued
 operations.... 0.11 -- --
 ----- ----- \$ 0.17 \$
 0.60 =====
 Weighted average basic and
 diluted units
 outstanding.....
 39,941 40,100 =====
 =====
 PRO FORMA SAN JUAN PRO
 FORMA PRO FORMA ASSET SAN
 JUAN EL PASO ACQUISITION
 ASSET ENERGY FINANCING SAN
 JUAN ACQUISITION PARTNERS,
 ADJUSTMENTS ASSETS(GG)
 ADJUSTMENTS L.P. -----

 ----- Operating
 revenues..... \$ --
 \$96,942 \$ (7,583)(HH)
 \$222,541 (598)(HH)
 Operating expenses Cost of
 natural gas and
 oil.....
 -- 68,039 (7,583)(HH)
 95,599 1,519 (HH)
 Operation and maintenance,
 net.....
 -- 14,065 (115)(HH) 42,518
 (1,519)(HH) Depreciation,
 depletion and
 amortization.....
 -- 6,035 3,979 (II) 28,992

 ----- -- 88,139 (3,719)
 167,109 -----
 ----- Operating
 income..... --
 8,803 (4,462) 55,432 -----

 --- Other income (loss)
 Earnings (loss) from
 unconsolidated
 affiliates.....
 -- (70) -- 3,291 Net gain
 on sale of
 assets.....
 -- -- -- 315 Other income
 (expense)..... -- --

397 -----
--- (70) --
4,003 -----
----- Income
before interest, income
taxes and other
charges.....
-- 8,733 (4,462) 59,435 --

----- Interest and debt
expense... 7,906 (EE) -- -
- 26,884 (34)(FF) Income
tax expense..... --
92 -- 92 -----
----- 7,872 92
-- 26,976 -----
----- Net
income (loss) from
continuing
operations..... (7,872)
8,641 (4,462) 32,459 Net
income (loss) from
discontinued
operations.... -- -- -- --

----- Net income
(loss)..... \$
(7,872) \$ 8,641 \$ (4,462)
\$ 32,459 =====
===== Income
allocation Series B
unitholders..... \$ 3,552
===== General partner
Continuing
operations..... \$ 13,042
Discontinued
operations.... -- -----
\$ 13,042 ===== Limited
partners Continuing
operations..... \$ 15,865
Discontinued
operations.... -- -----
\$ 15,865 ===== Basic
and diluted net income per
unit Continuing
operations..... \$ 0.28
Discontinued
operations.... -- -----
\$ 0.28 ===== Weighted
average basic and diluted
units
outstanding.....
56,087 =====

EL PASO ENERGY PARTNERS, L.P.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2001
 (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

PRO FORMA	PRO FORMA	PRO FORMA	PRO FORMA
DEEPWATER	DEEPWATER		
TRANSPORTATION	EL PASO		
DEEPWATER HOLDINGS,	HOLDINGS,		
PRO FORMA AND ENERGY HOLDINGS,			
L.L.C.	L.L.C.	CHACO	
FRACTIONATION PARTNERS,	L.P.		
L.L.C. DIVESTITURES ACQUISITION			
PLANT ASSET HISTORICAL			
HISTORICAL(M) ADJUSTMENTS			
ADJUSTMENTS	ADJUSTMENTS		
ADJUSTMENTS	-----		

	Operating		
	revenues.....		
\$193,406	\$ 40,933	\$(2,726)(N)	\$
--	\$20,299 (S)	\$5,042 (U)	
	Operating expenses	Cost of	
	natural gas and oil.....	51,542	
	Operation and maintenance,		
	net.....		
33,279	16,740 (658)(N)	--	5,215
	(S) 1,368 (U)	Depreciation,	
	depletion and		
	amortization.....		
34,778	8,899 (323)(N)	422 (0)	
	6,512 (S)	750 (U)	Asset
	impairment charge.....		
3,921	-----		
	-----	123,520	
25,639	(981) 422	11,727	2,118 -

	-----	Operating	
	income.....	69,886	
	15,294 (1,745)	(422) 8,572	
2,924	-----		
	-----	Other	
	income (loss)	Earnings from	
	unconsolidated		
	affiliates.....		
8,449	-- --	9,925 (P)	-- --
	(loss) gain on sale of		Net
	assets.....		
(11,367)	(21,453)	21,453 (N)	--
	-- --	Other income	
	(expense).....	28,726	68 -

25,808	(21,385)	21,453	9,925 --

	-----	Income	
	(loss) before interest,	income	
	taxes and other		
	charges.....		
	95,694 (6,091)	19,708	9,503
8,572	2,924	-----	

	-----	Interest and debt	
	expense.....	41,542	5,936 --
	(5,936)(Q)	7,072 (T)	1,702 (V)
	4,988 (R)	Minority	
	interest.....	100	--
	-- --	Income tax	
	benefit.....	--	--

41,642	5,936 --	(948)	7,072
1,702	-----		
	-----	Net	
	income (loss) from continuing		
	operations.....		
54,052	(12,027)	19,708	10,451

1,500 1,222 Net income (loss)
from discontinued
operations..... 1,097 -- --

----- Net
income (loss).....
\$ 55,149 \$(12,027) \$19,708
\$10,451 \$ 1,500 \$1,222 =====
=====

===== Income
allocation Series B
unitholders..... \$
17,228 ===== General Partner
Continuing operations.....
\$ 24,650 Discontinued
operations..... 11 ----- \$
24,661 ===== Limited
Partners Continuing
operations..... \$ 12,174
Discontinued operations.....
1,086 ----- \$ 13,260
===== Basic and diluted net
income per unit Continuing
operations..... \$ 0.35
Discontinued
operations..... 0.03 -----
-- \$ 0.38 ===== Weighted
average basic and diluted units
outstanding..... 34,376
=====

PRO FORMA OTHER GULF OF MEXICO
PRO FORMA DIVESTITURE AFTER
2001 ADJUSTMENTS TRANSACTIONS -

Operating
revenues..... \$ --
\$256,954 Operating expenses
Cost of natural gas and
oil..... 51,542 Operation and
maintenance,
net.....
-- 55,944 Depreciation,
depletion and
amortization.....
-- 51,038 Asset impairment
charge..... 3,921 -----
----- 162,445 -----
----- Operating
income..... --
94,509 ----- Other
income (loss) Earnings from
unconsolidated
affiliates.....
-- 18,374 Net (loss) gain on
sale of
assets.....
11,367 (W) -- Other income
(expense)..... (25,504)(W)
3,290 -----
(14,137) 21,664 -----
-- Income (loss) before
interest, income taxes and
other
charges.....
(14,137) 116,173 -----
--- Interest and debt
expense..... -- 55,304
Minority
interest..... -- 100
Income tax
benefit..... -- -- --
----- 55,404 -----
-- ----- Net income (loss)
from continuing
operations.....
(14,137) 60,769 Net income
(loss) from discontinued
operations..... -- 1,097 --
----- Net income
(loss).....
\$(14,137) \$ 61,866 =====

```

===== Income allocation
          Series B
unitholders..... $
17,228 ===== General Partner
Continuing operations.....
          $ 24,717 Discontinued
operations..... 11 ----- $
          24,728 ===== Limited
          Partners Continuing
operations..... $ 18,824
Discontinued operations.....
          1,086 ----- $ 19,910
===== Basic and diluted net
          income per unit Continuing
operations..... $ 0.55
          Discontinued
operations..... 0.03 -----
-- $ 0.58 ===== Weighted
average basic and diluted units
outstanding..... 34,376
=====

```

EL PASO ENERGY PARTNERS, L.P.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2001
 (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

SUBTOTAL PRO FORMA AFTER PRO FORMA PRO FORMA EPN PRO FORMA EPN SAN JUAN EPN HOLDING EPN HOLDING ASSET PRO FORMA PRINCE HOLDING ASSET HOLDING CREDIT ACQUISITION AFTER 2001 SALE ASSETS ACQUISITION ASSET FACILITY FINANCING TRANSACTIONS (X) (A) ADJUSTMENTS ACQUISITION ADJUSTMENTS ADJUSTMENTS ----- ----- -----	Operating revenues..... \$256,954 \$ -- \$344,689 \$ -- \$601,643 \$ -- \$ -- Operating expenses Cost of natural gas and oil... 51,542 -- 188,582 -- 240,124 -- -- Operation and maintenance, net..... 55,944 -- 66,615 -- 122,559 - - -- Depreciation, depletion and amortization..... 51,038 -- 32,305 (2,236)(Y) 81,383 -- -- 276 (Z) Asset impairment charge..... 3,921 -- -- -- 3,921 -- -- -- ----- ----- 162,445 -- 287,502 (1,960) 447,987 -- -- ----- ----- -----
-----	Operating income..... 94,509 -- 57,187 1,960 153,656 -- -- ----- -----
-----	-- Other income (loss) Earnings from unconsolidated affiliates..... 18,374 -- -- -- 18,374 -- -- Net (loss) gain on sale of assets..... -- -- -- -- -- Other income (expense)..... 3,290 -- (5,026) -- (1,736) - ----- ----- ----- 21,664 -- (5,026) -- 16,638 -- -- ----- -----
-----	Income (loss) before interest, income taxes and other charges..... 116,173 -- 52,161 1,960 170,294 -- -- ----- -----
-----	Interest and debt expense..... 55,304 -- -- - 23,701 (AA) 82,479 18,860 (DD) 32,062 (EE) 3,474 (BB) (9,968)(CC) (139)(FF) (6,645) (CC) Minority interest..... 100 -- -- -- 100 -- -- Income tax (benefit) expense..... -- -- (24) -- (24) -- -- -----

55,404	--	(24) 27,175 82,555
2,247	31,923	-----

----- Net income		
(loss) from continuing		
operations.....	60,769	--
52,185	(25,215)	87,739
(2,247)	(31,923)	Net income
(loss) from discontinued		
operations.....	1,097	
(1,097)	--	-----

----- Net		
income (loss).....	\$	
61,866	\$(1,097)	\$ 52,185
\$(25,215)	\$ 87,739	\$(2,247)
\$(31,923)	=====	=====
=====	=====	=====
===== Income		
allocation Series B		
unitholders.....		
\$		
17,228	\$ 17,228	=====
===== General Partner		
Continuing operations.....		
\$ 24,717	\$ 25,628	
Discontinued operations.....		
11	--	----- \$
24,728	\$ 25,628	=====
===== Limited Partners		
Continuing operations.....		
\$ 18,824	\$ 44,883	
Discontinued operations.....		
1,086	--	----- \$
19,910	\$ 44,883	=====
===== Basic and diluted		
net income per unit		
Continuing		
operations.....	\$ 0.55	\$
1.30	Discontinued	
operations.....	0.03	--
-----	\$ 0.58	\$ 1.30
===== Weighted		
average basic and diluted		
units outstanding... 34,376		
34,535	=====	=====
PRO FORMA SAN JUAN PRO FORMA		
SAN JUAN ASSET EL PASO ASSETS		
ACQUISITION ENERGY (GG)		
ADJUSTMENTS PARTNERS, L.P. --		

----- Operating		
revenues.....		
\$324,996	\$ (6,469)(HH)	
\$899,273	(598)(HH)	(20,299)
(HH) Operating expenses Cost		
of natural gas and oil...		
140,924	(6,469)(HH)	376,098
1,519	(HH) Operation and	
maintenance,		
net.....		
61,172	(4,311)(HH)	172,686
(5,215)(HH)	(1,519)(HH)	
Depreciation, depletion and		
amortization.....		
22,651	15,914 (II)	119,948
Asset impairment		
charge.....	--	3,921 ---
-----	-----	-----
224,747	(81)	672,653
----- Operating		
income.....	100,249	
(27,285)	226,620	-----
----- Other income		
(loss) Earnings from		
unconsolidated		
affiliates.....		
2,177	--	20,551 Net (loss)
gain on sale of		
assets.....		
--	--	Other income

```

(expense)..... -- --
(1,736) -----
----- 2,177 -- 18,815 -----
- ----- Income
( (loss) before interest,
income taxes and other
charges.....
102,426 (27,285) 245,435 ----
-----
Interest and debt
expense..... -- -- 116,649
Minority
interest..... -- --
100 Income tax (benefit)
expense.....
23 -- (1) -----
----- 23 -- 116,748 -----
- ----- Net
income (loss) from continuing
operations..... 102,403
(27,285) 128,687 Net income
( (loss) from discontinued
operations..... -- -- --
----- Net
income (loss).....
$102,403 $(27,285) $128,687
=====
Income allocation Series B
unitholders..... $
17,228 ===== General
Partner Continuing
operations..... $ 40,850
Discontinued operations.....
-- ----- $ 40,850 =====
Limited Partners Continuing
operations..... $ 70,609
Discontinued operations.....
-- ----- $ 70,609 =====
Basic and diluted net income
per unit Continuing
operations..... $ 1.40
Discontinued
operations..... -- -----
$ 1.40 ===== Weighted
average basic and diluted
units outstanding... 50,523
=====

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

BALANCE SHEET ADJUSTMENTS

EPN HOLDING ASSET ACQUISITION AND PRINCE SALE

A This column represents the unaudited historical combined balance sheet and statement of operations as of and for the three months ended March 31, 2002 and the audited statement of operations for the year ended December 31, 2001 for the EPN Holding asset acquisition, which includes EPGT Texas, L.P., El Paso Gas Storage Company, El Paso Hub Services Company, and the El Paso Field Services gathering and processing businesses.

B To record borrowings of \$95 million under our revolving credit facility for use in repaying our limited recourse term loan associated with our Prince TLP.

C To record borrowings of \$416 million under the EPN Holding limited recourse credit facility and \$4 million under our revolving credit facility related to the EPN Holding asset acquisition.

D To record the EPN Holding asset acquisition. Our purchase price was \$735 million consisting of: 1) a cash payment of \$420 million, 2) a sale of our Prince TLP and 9 percent overriding royalty interest with a fair value of \$190 million, 3) the issuance of 159,000 common units for \$6 million and 4) the assumption of \$119 million of short-term indebtedness payable to El Paso Corporation. We acquired all of the historical property, plant and equipment (with the exception of approximately \$30 million of communications equipment), the natural gas imbalance receivables and payables and the environmental liabilities on the combined balance sheet. We recorded an excess purchase price of \$11 million related to the acquisition of these assets. In addition, we recognized a loss of \$0.1 million on the Prince sale.

E To record borrowings of \$119 million under EPN Holding's limited recourse credit facility related to the repayment of our assumed short-term debt with El Paso Corporation described in footnote D above.

EPN HOLDING CREDIT FACILITY TRANSACTIONS

F To record the May 2002 issuance of \$230 million of 8 1/2% Senior Subordinated Notes due 2011 and the use of the proceeds to repay \$225 million of the EPN Holding limited recourse credit facility and \$5 million of our revolving credit facility.

G To record the issuance in April 2002 of 4,083,938 common units for \$37.86 per unit, including 1,083,938 common units purchased by our general partner resulting in net cash proceeds of \$149.3 million. In addition, our general partner contributed approximately \$0.7 million in cash to us in order to maintain its one percent capital account balance. We used these net cash proceeds to repay \$150 million of the EPN Holding limited recourse credit facility.

SAN JUAN ASSET ACQUISITION FINANCING

H To record our expected issuance of 11,903,984 common units for \$34.23 per unit, the closing price on August 9, 2002, including 3,154,556 common units expected to be purchased by our general partner resulting in net cash proceeds of \$391 million. In addition, our general partner is expected to contribute \$3.9 million in cash to us in order to maintain its one percent capital account balance. We expect to use our general partner's contribution to pay down our revolving credit facility.

I To record our expected issuance of long-term debt resulting in net cash proceeds of \$391 million.

SAN JUAN ASSET ACQUISITION

J This column represents the unaudited historical combined balance sheet for the expected San Juan asset acquisition, which includes the El Paso Field Services San Juan Gathering and Processing Businesses, Typhoon Gas Pipeline, Typhoon Oil Pipeline and the Coastal Liquids Partners NGL Business.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

K To record our expected \$782 million San Juan asset acquisition. Net cash proceeds from our expected issuances of common units and long-term debt will be used to fund our acquisition. We expect to acquire all the historical property, plant and equipment, the natural gas imbalance receivables and payables, the investments in transportation agreements and unconsolidated affiliate, and the environmental liabilities on the combined balance sheet. We expect to record an excess purchase price of \$478 million related to the expected acquisition of these assets.

L To eliminate the intercompany accounts and transactions as a result of our expected acquisition of the San Juan assets with the net difference of approximately \$0.4 million recorded as an adjustment to partners' capital.

STATEMENT OF OPERATIONS ADJUSTMENTS

DEEPWATER HOLDINGS TRANSACTION

M This column represents the audited historical Deepwater Holdings, L.L.C. consolidated statement of operations.

N To eliminate the results of operations of Stingray, UTOS and the 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.

O 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 approximate 30 years.

P To eliminate our equity losses from our investment in Deepwater Holdings prior to our acquisition of the remaining 50 percent interest in Deepwater Holdings.

Q To record the elimination of the historical interest expense related to Deepwater Holdings' credit facility which was repaid and terminated.

R To record the increase in interest expense due to additional borrowings of \$140 million under our revolving credit facility to fund the acquisition of El Paso Corporation's 50% interest in Deepwater Holdings and to repay Deepwater Holdings' credit facility. The amount was calculated based on the interest rate on our revolving credit facility at September 30, 2001, which was approximately 4.5%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.2 million.

CHACO PLANT TRANSACTION

S 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 historical daily volumes for the respective period. Also, we expect to incur annual operating expenses related to the Chaco plant of approximately \$7 million per year. Our depreciation and amortization estimate is based on the total cost of the plant of \$77 million assuming a remaining life of 30 years and the processing agreement of \$121.5 million assuming a remaining 20 year life. These processing revenues, operating expenses, and amortization costs will be eliminated upon the expected acquisition of the San Juan assets.

T 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

NOTES TO THE UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

interest rate on our revolving credit facility at September 30, 2001, which was approximately 4.5%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.3 million.

TRANSPORTATION AND FRACTIONATION ASSET TRANSACTION

U To record the results of operations of the NGL transportation and fractionation assets acquired in February 2001.

V 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.

OTHER GULF OF MEXICO ASSET DIVESTITURE TRANSACTIONS

W 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 in January 2001 pursuant to a Federal Trade Commission order related to El Paso Corporation.

EPN HOLDING ASSET ACQUISITION AND PRINCE SALE

X To eliminate the results of operations of our Prince TLP and our approximate 9 percent overriding royalty interest in the Prince Field. These assets were sold as part of our consideration paid to El Paso Corporation for our EPN Holding asset acquisition.

Y To record the reduction in depreciation expense related to the communications assets not included in our EPN Holding asset acquisition.

Z To record additional depreciation expense resulting from increased basis of \$10.8 million to property, plant and equipment relating to our EPN Holding asset acquisition. Such property, plant and equipment will be depreciated on a straight line basis over the remaining useful lives of the assets which approximates 40 years.

AA To record the increase in interest expense related to our additional borrowings of \$535 million under the EPN Holding limited recourse credit facility to fund the EPN Holding asset acquisition. This amount was calculated based on the interest rate on the EPN Holding limited recourse credit facility at March 31, 2002, which was approximately 4.43%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.7 million.

BB To record the increase in interest expense related to our additional borrowings of \$99 million under our revolving credit facility for use in repaying our limited recourse term loan of \$95 million and our EPN Holding asset acquisition of \$4 million. This amount was calculated based on the interest rate on our revolving credit facility at March 31, 2002, which was approximately 3.50%. A change in the rate of 0.125% would impact our annual results of operations by approximately \$0.1 million.

EPN HOLDING CREDIT FACILITY TRANSACTIONS

CC To record the decrease in interest expense related to our use of proceeds from our May 2002 issuance of 8 1/2% Senior Subordinated Notes and our April 2002 common unit issuance to repay a portion of EPN Holding's limited recourse credit facility. We calculated this amount based on the interest rate on the EPN Holding's limited recourse credit facility at March 31, 2002, which was approximately 4.43%.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

DD To record the increase in interest expense related to our May 2002 issuance of \$230 million of 8 1/2% Senior Subordinated Notes used to repay a portion of EPN Holding's limited recourse credit facility and a portion of our revolving credit facility.

SAN JUAN ASSET ACQUISITION FINANCING

EE To record the increase in interest expense related to our expected issuance of \$391 million of long-term debt for the expected purchase of the San Juan assets. The interest was computed based on an effective interest rate of 8.2%, which was the effective rate on our May 2002 issuance of Senior Subordinated Notes.

FF To record the decrease in interest expense related to repayment of our revolving credit facility from the contribution we expect to receive from our general partner of \$3.9 million. We calculated this amount based on the interest rate on our revolving credit facility at March 31, 2002, which was approximately 3.50%.

SAN JUAN ASSET ACQUISITION

GG To record the unaudited combined statement of operations for the three months ended March 31, 2002 and the audited combined statement of operations for the year ended December 31, 2001 of our expected San Juan asset acquisition.

HH To eliminate intercompany accounts and transactions as a result of our expected acquisition of the San Juan assets.

II To record additional depreciation expense resulting from increased basis of \$478 million to property, plant and equipment relating to our expected San Juan asset acquisition. 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.

EL PASO ENERGY PARTNERS, L.P.
EXHIBIT LIST

Each exhibit identified below is filed as part of this report.

EXHIBIT NUMBER	DESCRIPTION
-----	-----
99.1	Certification of Robert G. Phillips, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Keith B. Forman, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Current Report on Form 8-K of El Paso Energy Partners, L.P. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Phillips, Chief Executive Officer of El Paso Energy Partners Company, general partner of El Paso Energy Partners, L.P., certify (i) that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT G. PHILLIPS

Robert G. Phillips
Chief Executive Officer
El Paso Energy Partners Company, general
partner of El Paso Energy Partners, L.P.

August 12, 2002

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Current Report on Form 8-K of El Paso Energy Partners, L.P. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith B. Forman, Chief Financial Officer of El Paso Energy Partners Company, general partner of El Paso Energy Partners, L.P., certify (i) that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KEITH B. FORMAN

Keith B. Forman
Chief Financial Officer
El Paso Energy Partners Company, general
partner of El Paso Energy Partners, L.P.

August 12, 2002