UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR QUARTER ENDING SEPTEMBER 30, 2003

COMMISSION FILE NUMBER 0-6247

ARABIAN AMERICAN DEVELOPMENT COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	75-1256622 (I.R.S. employer identification no.)
10830 NORTH CENTRAL EXPRESSWAY, SUITE 175 DALLAS, TEXAS (Address of principal executive offices)	75231 (Zip code)
Registrant's telephone number, including area code:	(214) 692-7872

Former name, former address and former fiscal year, if changed since last report.
NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
YES ___ NO X

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
YES ___ NO X

Number of shares of the Registrant's Common Stock (par value $0.10 per share), outstanding at September 30, 2003: 22,731,994.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEETS

<Table>
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<S>	SEPTEMBER 30, 2003 (UNAUDITED) <C>	DECEMBER 31, 2002 <C>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 203,024	$ 319,171
Trade Receivables	2,421,123	4,549,369

Inventories	561,244	900,061
Total Current Assets	3,185,391	5,768,601
REFINERY PLANT, PIPELINE AND EQUIPMENT	18,369,052	18,250,302
Less: Accumulated Depreciation	(9,326,441)	(8,294,753)
Refinery Plant, Pipeline and Equipment, net	9,042,611	9,955,549
AL MASANE PROJECT	35,993,644	35,818,157
OTHER INTERESTS IN SAUDI ARABIA	2,431,248	2,431,248
MINERAL PROPERTIES IN THE UNITED STATES	1,211,030	1,211,010
OTHER ASSETS	405,175	436,244
TOTAL ASSETS	$ 52,269,099	$ 55,620,809
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 6,508,470	$ 4,217,014
Accrued Interest	3,295,818	2,558,478
Accrued Liabilities	825,631	759,591
Accrued Liabilities in Saudi Arabia	2,520,448	2,490,005
Notes Payable	11,743,780	11,743,780
Current Portion of Long-Term Debt	3,338,544	7,126,773
Total Current Liabilities	28,232,691	28,895,641
DEFERRED REVENUE	166,057	177,806
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	836,818	844,298
STOCKHOLDERS' EQUITY		
COMMON STOCK-authorized 40,000,000 shares of $.10 par value; issued and outstanding, 22,431,994 shares in 2003 and 2002	2,243,199	2,243,199
ADDITIONAL PAID-IN CAPITAL	36,512,206	36,512,206
ACCUMULATED DEFICIT	(15,721,872)	(13,052,341)
Total Stockholders' Equity	23,033,533	25,703,064
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 52,269,099	$ 55,620,809

</Table>

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<Table>
<Caption>

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2003	2002*	2003	2002*
<S>	<C>	<C>	<C>	<C>
REVENUES				
Refined Product Sales	$ 9,679,757	$ 8,701,738	$ 26,492,207	$ 24,655,518
Processing Fees	1,023,153	1,143,885	3,000,254	3,119,415
	10,702,910	9,845,623	29,492,461	27,774,933
OPERATING COSTS AND EXPENSES				
Cost of Refined Product				

Sales and Processing	9,881,694	8,275,390	27,190,253	21,572,182
General and Administrative	1,015,639	1,210,064	3,058,379	2,904,310
Depreciation	344,380	356,792	1,031,689	1,054,463
	11,241,713	9,842,246	31,280,321	25,530,955
OPERATING INCOME (LOSS)	(538,803)	3,377	(1,787,860)	2,243,978
OTHER INCOME (EXPENSE)				
Interest Income	7,367	8,863	24,520	28,829
Interest Expense	(388,782)	(281,614)	(1,165,359)	(821,188)
Minority Interest	3,988	3,790	7,480	7,354
Foreign Exchange Transaction Gain	150,226	215,212	144,262	570,854
Miscellaneous Income	19,726	33,886	107,426	124,976
	(207,475)	(19,863)	(881,671)	(89,175)
NET INCOME (LOSS)	$ (746,278)	$ (16,486)	$ (2,669,531)	$ 2,154,803
Basic and Diluted Net Income (Loss) per Common Share	$ (0.03)	$ (0.00)	$ (0.12)	$ 0.09
Basic and Diluted Weighted Average Number of Common Shares Outstanding	22,731,994	22,731,994	22,731,994	22,731,994

</Table>

*Restated. See Note 2.

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

<Table>
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	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL
	SHARES	AMOUNT			
<S>	<C>	<C>	<C>	<C>	<C>
JANUARY 1, 2003	22,431,994	$ 2,243,199	$ 36,512,206	$(13,052,341)	$ 25,703,064
Net Loss	--	--	--	(2,669,531)	(2,669,531)
SEPTEMBER 30, 2003	22,431,994	$ 2,243,199	$ 36,512,206	$(15,721,872)	$ 23,033,533

</Table>

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<Table>
<Caption>

<S>	NINE MONTHS ENDED SEPTEMBER 30 2003 <C>	2002* <C>
OPERATING ACTIVITIES		
Net Income (Loss)	$ (2,669,531)	$ 2,154,803
Adjustments to Reconcile Net Income (Loss) to		
Net Cash Provided by Operating Activities:		
Depreciation	1,031,689	1,054,463
(Decrease) Increase in Deferred Revenue	(11,749)	54,395
Unrealized Gain on Feedstock Swaps	--	(939,015)
Changes in Operating Assets and Liabilities		
Decrease (Increase) in Trade Receivables	2,128,246	(462,219)
Decrease (Increase) in Inventories	338,817	(190,234)
Decrease in Other Assets	31,069	62,013
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,357,496	(761,144)
Increase in Accrued Interest	737,340	103,993
Increase in Accrued Liabilities in Saudi Arabia	30,443	48,407
Other	(7,481)	(27,728)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,966,339	1,097,734
INVESTING ACTIVITIES		
Additions to Al Masane Project	(175,487)	(146,775)
Additions to Refinery Plant, Pipeline and Equipment	(118,750)	(431,610)
Additions to Mineral Properties in the United States	(20)	(355)
NET CASH USED IN INVESTING ACTIVITIES	(294,257)	(578,740)
FINANCING ACTIVITIES		
Additions to Notes Payable and Long-Term Obligations	--	206,003
Reduction of Notes Payable and Long-Term Obligations	(3,788,229)	(767,302)
NET CASH USED IN FINANCING ACTIVITIES	(3,788,229)	(561,299)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(116,147)	(42,305)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	319,171	199,529
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 203,024	$ 157,224

</Table>

*Restated. See Note 2.

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated financial statements reflect all adjustments (consisting only of normal and recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of Arabian American Development Company and subsidiaries financial position and operating results for the interim period. Interim period results are not necessarily indicative of the results for the calendar year. Please refer to Management's Discussion and

Analysis of Financial Condition and Results of Operations for additional information in the Company's December 31, 2002 Annual Report on Form 10-K.

These financial statements include the accounts of Arabian American Development Company (the "Company") and its wholly-owned subsidiary, American Shield Refining Company (the "Refining Company"), which owns all of the capital stock of Texas Oil and Chemical Company II, Inc. ("TOCCO"). TOCCO owns all of the capital stock of South Hampton Refining Company ("South Hampton"), and South Hampton owns all of the capital stock of Gulf State Pipe Line Company, Inc. ("Gulf State"). TOCCO also owns 92% of the capital stock of Productos Quimicos Coin, S.A. de. C.V. ("Coin"), a specialty petrochemical products refining company located near Veracruz, Mexico. The Company also directly owns approximately 51% of the capital stock of a Nevada mining company, Pioche-Ely Valley Mines, Inc. ("Pioche"), which does not conduct any substantial business activity. The Refining Company and its subsidiaries constitute the Company's Specialty Petrochemicals or Refining Segment. Pioche and the Company's mineral properties in Saudi Arabia constitute its Mining Segment.

2. RESTATEMENT

During 2002, the Company became aware that the natural gasoline swap agreements (swap agreements) discussed in Note 8, did not qualify for cash flow hedge accounting treatment. The following table highlights the effects of the restatement adjustments on the previously reported consolidated statement of operations for the nine months ended September 30, 2002, accumulated other comprehensive income and accumulated deficit. All notes have been restated as appropriate.

	Net income September 30, 2002	Accumulated other comprehensive income September 30, 2002	Accumulated deficit September 30, 2002
As previously reported	$ 1,215,788	$ 433,125	$ (12,022,726)
Adjustment for fair value of natural gasoline swaps	939,015	(433,125)	433,125
As restated	$ 2,154,803	$ --	$ (11,589,601)
Basic and diluted net income per share:			
As previously reported	$ 0.05		
Adjustment	0.04		
As restated	$ 0.09		

3. INVENTORIES

Inventories include the following:

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
Refined products	$ 561,244	$ 900,061

Inventories are recorded at the lower of cost, determined on the last-in, first-out method (LIFO), or market, for inventory in the United States and on the average cost method, or market, for inventories held in Mexico. At September 30, 2003, current cost exceeded LIFO value by approximately $139,000. At December 31, 2002, current cost exceeded the LIFO value by approximately $203,000.

4. NET INCOME (LOSS) PER COMMON SHARE

The following table (in thousands, except per share amounts) sets forth the computation of basic and diluted net income (loss) per share for the three and nine months ended September 30, 2003 and 2002, respectively.

<Table>
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	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002*	2003	2002*
<S>	<C>	<C>	<C>	<C>
Net Income (Loss)	$ (746)	$ (16)	$ (2,670)	$ 2,155
Weighted Average Shares Outstanding:				
Basic and Diluted	22,732	22,732	22,732	22,732
Net Income (Loss) Per Share:				
Basic and Diluted	$ (.03)	$ (.00)	$ (.12)	$ .09

</Table>

*Restated. See Note 2.

In the three and nine months ended September 30, 2003 and 2002, options for 445,000 shares and 810,000 shares, respectively, were excluded from diluted shares outstanding because their effect was antidilutive.

5. SEGMENT INFORMATION

As discussed in Note 1, the Company has two business segments. The Company measures segment profit or loss as operating income (loss), which represents income (loss) before interest, minority interest, miscellaneous income and foreign exchange transaction gain or loss. Information on the segments is as follows:

<Table>
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THREE MONTHS ENDED SEPTEMBER 30, 2003	REFINING	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$ 10,702,910	$ --	$ 10,702,910
Depreciation	343,906	474	344,380
Operating loss	(437,617)	(101,186)	(538,803)
Total assets	$ 12,576,481	$ 39,692,618	$ 52,269,099

</Table>

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THREE MONTHS ENDED SEPTEMBER 30, 2002*	REFINING	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$ 9,845,623	$ --	$ 9,845,623
Depreciation	356,225	567	356,792
Operating income (loss)	231,244	(227,867)	3,377
Total assets	$ 16,950,730	$ 39,440,198	$ 56,390,928

</Table>

<Table>
<Caption>

NINE MONTHS ENDED SEPTEMBER 30, 2003	REFINING	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$ 29,492,461	$ --	$ 29,492,461
Depreciation	1,030,267	1,422	1,031,689
Operating loss	(1,459,761)	(328,099)	(1,787,860)

</Table>

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<Caption>

NINE MONTHS ENDED SEPTEMBER 30, 2002*	REFINING	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$ 27,774,933	$ --	$ 27,774,933

Depreciation	1,052,762	1,701	1,054,463
Operating income (loss)	2,573,448	(329,470)	2,243,978

*Restated. See Note 2.

Information regarding foreign operations for the three and nine months ended September 30, 2003 and 2002 follows (in thousands). Revenues are attributed to countries based upon the origination of the transaction.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002*	2003	2002*
REVENUES				
United States	$ 9,806	$ 9,054	$ 28,355	$ 25,699
Mexico	897	792	1,137	2,076
Saudi Arabia	--	--	--	--
	$ 10,703	$ 9,846	$ 29,492	$ 27,775
LONG-LIVED ASSETS				
United States	$ 5,600	$ 6,398		
Mexico	4,654	4,919		
Saudi Arabia	38,425	38,194		
	$ 48,679	$ 49,561		

*Restated. See Note 2.

6. LEGAL PROCEEDINGS

At September 30, 2003, South Hampton, together with several other companies, was a defendant in four pending lawsuits filed by former employees of South Hampton and other refineries. The suits primarily claim illness and disease resulting from alleged exposure to chemicals, including benzene, butadiene and/or isoprene, during their employment. The plaintiffs claim the defendant companies engaged in the business of manufacturing, selling and/or distributing these chemicals in a manner which subjected them to liability for unspecified actual and punitive damages. A motion for a summary judgment was granted in October 2003 for one lawsuit. South Hampton intends to vigorously defend itself against these lawsuits and believes it has adequate insurance coverage to protect it financially from any damage awards that might be incurred.

South Hampton also is a defendant in a lawsuit filed in September 2001, which alleges that the plaintiff became ill from exposure to asbestos while employed by South Hampton from 1961 through 1975. The plaintiff is seeking unspecified amounts and a previously scheduled trial date for January 2004 has not been rescheduled. South Hampton is vigorously defending itself against the claim. If this matter is resolved in an adverse manner, it could have a material adverse effect on South Hampton's operating results and cash flows in a future reporting period.

In August 1997, the Texas Commission on Environmental Quality ("TCEQ") notified South Hampton that it had violated various rules and procedures. It proposed administrative penalties totaling $709,408 and recommended that South Hampton undertake certain actions necessary to bring its refinery operations into compliance. The violations generally relate to various air and water quality issues. Appropriate modifications have been made by South Hampton where it appeared there were legitimate concerns.

On February 2, 2000, the TCEQ amended its pending administrative enforcement action against South Hampton to add allegations dating through May 21, 1998 of 35 regulatory violations relating to air quality control and industrial solid waste requirements. The TCEQ proposed that administrative penalties be increased to approximately $765,000 and that certain corrective actions be taken. On December 13, 2001, the TCEQ notified South Hampton that it found several violations of its rules during a record review in October 2001 and proposed a settlement for $59,375. South Hampton settled this particular claim in April 2002 for approximately $5,900.

On April 11, 2003, the TCEQ reduced the penalties to approximately $690,000. On May 25, 2003, a settlement hearing with the TCEQ was held and additional information was submitted to the TCEQ on June 2, 2003. South Hampton believes the original penalty and the additional allegations are incorrect and intends to continue to vigorously defend itself against these allegations, the proposed penalties and proposed corrective actions. Management has accrued an estimate for a proposed settlement. There are no assurances that the amounts settled will not be different than the amounts accrued. Negotiations between South Hampton and the TCEQ are expected to continue in order to reach a final settlement.

By letter dated March 11, 2003, the Company was advised that the Division of Enforcement of the Securities and Exchange Commission ("SEC") was conducting an informal, non-public inquiry concerning disclosure matters relating to the Al Masane project and the Ministry's threatened termination of the Al Masane mining lease. The Company fully cooperated with the SEC in the conduct of the investigation, which became a formal investigation.

On October 16, 2003, without admitting or denying any findings of fact or conclusions of law, the Company agreed to a cease-and-desist order with the SEC settling alleged violations of the federal securities laws asserted by the SEC relating to developments not previously disclosed concerning the Company's mining lease for the Al Masane area of Saudi Arabia. In connection with the settlement, the Company agreed to (i) cease and desist from violating certain provisions of the Securities Exchange Act of 1934 and (ii) comply with certain undertakings designed to improve its reporting and record keeping practices and enhance its internal accounting controls.

On the same date, without admitting or denying any findings of fact or conclusions of law, the Company's President and Chief Executive Officer, Hatem El-Khalidi, agreed to a cease-and-desist order with the SEC settling alleged violations of the federal securities laws relating to the same matter and agreeing to pay a $25,000 penalty. In connection with the settlement, Mr. El-Khalidi agreed to cease and desist from violating certain provisions of the Securities Exchange Act of 1934.

7. LONG-TERM DEBT

South Hampton entered into a $2.25 million revolving credit agreement with a bank in September 1999 that is collateralized by a first security interest in certain of its assets. An amended agreement was entered into on June 30, 2000, which increased the total amount to $3.25 million. Amendments two through ten extended the due dates from May 31, 2001 to June 15, 2003. The agreement contained various restrictive covenants including the maintenance of various financial ratios, net worth and parent company distribution limitations.

On July 29, 2003, South Hampton entered into a Purchase and Sale Agreement (the "Agreement) with a bank, whereby the bank will purchase the accounts receivable of South Hampton at a 15% discount. The discounted amount is returned to South Hampton, less fees, when the invoice is collected. Under this factoring agreement, the bank has agreed to purchase up to $4.5 million of invoices. The initial proceeds of the Agreement were used to retire the $3.25 million revolving credit agreement with the bank. Management expects the fees and interest charged by the bank in this arrangement will equate to an effective interest rate of approximately 9.0%. The Agreement imposes limitations on distributions to the Company. At September 30, 2003, South Hampton was in compliance with these limitations.

In connection with the acquisition of the common stock of Coin, South Hampton and Gulf State entered into the $3.5 million loan agreement with a commercial lending company in December 1999 that is collateralized by a first security interest on all of South Hampton's and Gulf State's assets, except those dedicated to the bank mentioned in the preceding paragraph. Interest is at 10.55% per annum. A new agreement dated April 1, 2001 provides for principal and interest payments in the amount of $58,340 on a monthly basis beginning July 1, 2001 and continuing until January 2004. At September 30, 2003, South Hampton and Gulf State were not in compliance with a covenant relating to distributions to the Company, and therefore, the debt is classified as current in the financial statements.

Coin has two loans payable to Mexican banks, which are collateralized by all of the assets of Coin. The first loan is payable in monthly payments through 2004, while the second loan is payable in quarterly payments through 2007.

The first loan bears interest at 5% per annum and the second loan bears interest at the LIBOR rate plus seven points (LIBOR was 1.12% at September 30, 2003). At September 30, 2003, Coin was in default of the loan covenants as a result of not having made its monthly and quarterly payments and therefore the loans are classified as current in the financial statements. Unpaid interest and penalty interest of $2,968,719 has been accrued at September 30, 2003.

By not being in compliance with the loan agreement covenants, the creditors have the right to declare the debt to be immediately due and payable. If this were to occur, the Company would currently be unable to pay the entire amounts due.

8. NATURAL GASOLINE SWAP AGREEMENTS

Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. Statement No. 133, as amended, was adopted by the Company on January 1, 2001. The Company periodically enters into commodity swap derivative agreements to decrease the price volatility of its natural gasoline feedstock requirements. These derivative agreements were not designated as hedges by the Company.

South Hampton's primary source of feedstock is natural gasoline. In 2001 and 2002 South Hampton entered into three swap agreements to limit the effect of significant fluctuations in natural gasoline prices. The last of these agreements expired in January 2003. In March and April 2003 two new agreements were entered into with the last agreement expiring on July 31, 2003. The effect of these agreements is to limit the company's exposure by fixing the natural gasoline price of a portion of its feedstock purchases over the term of the agreements. The agreements cover approximately 20% to 40% of the average monthly feedstock requirements. For the nine months ended September 30, 2003 and 2002, the net realized gain (loss) from the agreements was $(71,492) and $392,700, respectively. There was no unrealized gain or loss on the derivative contracts for the nine months ended September 30, 2003. The unrealized gain for the nine months ended September 30, 2002 was approximately $939,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

GENERAL

Statements in Part 1, Item 2 as well as elsewhere in, or incorporated by reference in, this Quarterly Report on Form 10-Q regarding the Company's financial position, business strategy and plans and objectives of the Company's management for future operations and other statements that are not historical facts, are "forward-looking statements" as that term is defined under applicable Federal securities laws. In some cases, "forward-looking statements" can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "contemplates," "proposes," believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms and other comparable terminology. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such statements. Such risks, uncertainties and factors include, but are not limited to, general economic conditions domestically and internationally; insufficient cash flows from operating activities; difficulties in obtaining financing; outstanding debt and other financial and legal obligations; competition; industry cycles; feedstock, specialty petrochemical product and mineral prices; feedstock availability; technological developments; regulatory changes; environmental matters; foreign government instability; foreign legal and political concepts; and foreign currency fluctuations, as well as other risks detailed in the Company's filings with the U.S. Securities and Exchange Commission, including this Quarterly Report on Form 10-Q, all of which are difficult to predict and many of which are beyond the Company's control.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in two business segments, specialty petrochemicals (which is composed of the entities owned by the Refining Company) and mining. Its corporate overhead needs are minimal. A discussion of each segment's liquidity and capital resources follows.

SPECIALTY PETROCHEMICALS SEGMENT. Historically, this segment has contributed substantially all of the Company's internally generated cash flows from operating activities and its primary sources of revenue are the specialty products refineries owned and operated by South Hampton near Silsbee, Texas and by Coin in Mexico. Management took steps, beginning in July 2001, to protect the operations from extreme fluctuations in the price of its feedstock purchases by entering into swap agreements covering approximately 20% to 40% of its needs through December 2002. In addition, the purchase price of natural gas, which is used as fuel gas, has been fixed by agreement for the period from July 2001 through February 2003.

As mentioned in Note 7, South Hampton and Coin were not in compliance with certain covenants contained in their loan agreements at September 30, 2003, and therefore, the creditors have the right to declare the debt to be immediately due and payable. If this were to occur, the Company would currently be unable to pay the entire amounts due.

MINING SEGMENT. This segment is in the development stage. Its most significant asset is the Al Masane mining project in Saudi Arabia, which is a net user of the Company's available cash and capital resources. Implementation of the project has been delayed until the open market prices for the minerals to be produced by the mine improve.

By letter dated May 11, 1999, the Company informed the Ministry of Petroleum and Mineral Resources that implementation of the Al Masane project would be delayed until open market prices for the minerals improved. One year later in May 2000, a reply was received from the Ministry to the Company's letter of May 11, 1999 notifying the Company that it must immediately implement the Al Masane project. In September 2000 the Company was further notified that the project should be immediately implemented or the mining lease would be terminated. A second notice from the Ministry several weeks later stated that the Committee of the Supreme Council of Petroleum and Minerals in Saudi Arabia had recommended giving the Company six months to take positive steps to implement the project. Another notice from the Ministry in August 2001 stated that the Council of Ministers of Saudi Arabia had issued a resolution in which it refused the Company's request to postpone implementation of the project, that the Company must start implementation of the project within six months of the date of the resolution and that, if the project was not then started, the Ministry was authorized to begin procedures to terminate the mining lease. Subsequent correspondence from the Ministry in the fall of 2001 reiterated the threat to terminate the mining lease if the project was not immediately implemented. A letter from the Ministry in March

2002 stated that the six-month period to implement the project had expired without the Company taking positive steps towards that end.

The Company has vigorously contested the legality of the threats of the Ministry to terminate the Company's mining lease. The Company has written numerous letters to the Ministry and the Company and its Saudi Arabian legal advisors also have had meetings with officials of the Ministry. In September 2002, the Company sent a letter to Saudi Arabian Crown Prince Abdullah Ben Abdul Aziz, in his capacity as Deputy Chairman of the Saudi Supreme Council of Petroleum and Minerals (the King of Saudi Arabia is the chairman), in which the Company contested the legality of the threats of the Ministry to terminate the mining lease and requested his advice. As stated in these letters, the Company believes that the Ministry's letters to the Company asking for the implementation of the project, without any regard to metal market conditions, is contrary to the Saudi Mining Code and the mining lease agreement. In addition, the Company has had correspondence and a meeting with the United States Ambassador to Saudi Arabia where the Company presented its opinion regarding the legality of the Ministry's actions. This opinion also was conveyed in a recent letter to the United States Secretary of Commerce, who replied that the United States Embassy is working to set up meetings with Saudi Arabian government officials in an effort to resolve the matter. The Secretary of Commerce assured the Company that the Department of Commerce has a strong commitment in helping United States companies whenever possible. In a further letter from the Department of Commerce dated March 6, 2003, the Assistant Secretary for Market Access and Compliance stated the following: "After investigating the matter, the U.S. Embassy in Riyadh has been informed by the Ministry of Petroleum that it did not cancel your mining lease. According to the Ministry, it is waiting development of the site by Arabian American Development Company." To date, the Company has not received a written notice of termination of the lease. An order of termination of the mining lease by the Minister can be appealed to the Board of Lease Appeals in accordance with Article (55) of the Saudi Mining Code, which is an independent Board, chosen regardless of nationality, from eminent and highly reputable jurists and judges experienced in international law and problems relating to leases.

When the market prices for the minerals rise to acceptable levels, plans to implement the project will be resumed. At that time, the Company will attempt to locate a joint venture partner, form a joint venture and, together with the joint venture partner, attempt to obtain acceptable financing to commercially develop the project. There are no assurances that a joint venture partner can be located, a joint venture formed or, if it is formed, that the joint venture would be able to obtain acceptable financing for the project. Financing plans for the above are currently being studied. In the meantime, the Company intends to maintain the Al Masane mining lease through the payment of the annual advance surface rental, the implementation of a drilling program to attempt to increase proven and probable reserves and to attempt to improve the metallurgical recovery rates beyond those stated in the feasibility study, which may improve the commercial viability of the project. At September 30, 2003, unpaid annual rental payments total approximately $543,000.

On June 22, 1999, the Company submitted a formal application for a five-year exclusive mineral exploration license for the Greater Al Masane Area of approximately 2,850 square kilometers, which surrounds the Al Masane mining lease area and includes the Wadi Qatan and Jebel Harr areas. The Company previously worked in the Greater Al Masane Area after obtaining written authorization from the Saudi Ministry of Petroleum and Mineral Resources, and has expended over $3 million in exploration work. Geophysical, geochemical and geological work and diamond core drilling on the Greater Al Masane area has revealed mineralization similar to that discovered at Al Masane. The application for the new exploration license is still pending and is expected to be acted upon after the proposed new Saudi Arabian Mining Code is issued. If the Saudi Arabian government does not issue the exploration license, the Company believes that it will be entitled to a refund of the monies expended, since the Company was authorized by the Saudi Arabian government to carry out exploration work in this area while waiting for the exploration license to be issued.

The Company's mineral interests in the United States are its ownership interest in Pioche, which has been inactive for many years. Its properties include 48 patented and 5 unpatented claims totaling approximately 1,500 acres in Lincoln County, Nevada. There are prospects and mines on these claims that previously produced silver, gold, lead, zinc and copper. There is also a 300-ton-a-day processing mill on property owned by Pioche. The mill is not currently in use and a significant expenditure would be required in order to put the mill into continuous operation, if commercial mining is to be conducted on the property.

Management also is addressing two other significant financing issues within this segment. These issues are the $11.0 million note payable due the Saudi Arabian government and accrued salaries and termination benefits of approximately $943,000 due employees working in Saudi Arabia (this amount does not include any amounts due the Company's President and Chief Executive Officer who also primarily works in Saudi Arabia and is owed approximately $1,143,000). Regarding the note payable, this loan was originally due in ten annual installments beginning in 1984. The Company has not made any repayments nor has it received any payment demands or other communications regarding the note payable from the Saudi government. By memorandum to the

King of Saudi Arabia in 1986, the Saudi Ministers of Finance and Petroleum recommended that the $11.0 million note be incorporated into a loan from SIDF to finance 50% of the cost of the Al Masane project, repayment of the total amount of which would be made through a mutually agreed upon repayment schedule from the Company's share of the operating cash flows generated by the project. The Company remains active in Saudi Arabia and received the Al Masane mining lease at a time when it had not made any of the agreed upon repayment installments. Based on its experience to date, management believes that as long as the Company diligently attempts to explore and develop the Al Masane project no repayment demand will be made. The Company has communicated to the Saudi government that its delay in repaying the note is a direct result of the government's lengthy delay in granting the Al Masane lease and has requested formal negotiations to restructure this obligation. Based on its interpretation of the Al Masane mining lease and other documents, management believes the government is likely to agree to link repayment of this note to the Company's share of the operating cash flows generated by the commercial development of the Al Masane project and to a long-term installment repayment schedule. In the event the Saudi government was to demand immediate repayment of this obligation, which management considers unlikely, the Company would be unable to pay the entire amount due.

With respect to the accrued salaries and termination benefits due employees working in Saudi Arabia, the Company plans to continue employing these individuals until it is able to generate sufficient excess funds to begin payment of this liability. Management will then begin the process of gradually releasing certain employees and paying its obligations as they are released from the Company's employment. The salary and social security benefits for these employees currently total approximately $108,000 per year.

At this time, the Company has no definitive plans for the development of its domestic mining assets. It periodically receives proposals from outside parties who are interested in possibly developing or using certain assets. Management will continue to review these proposals as they are received, but at this time does not anticipate making any significant domestic mining capital expenditures or receiving any significant proceeds from the sale or use of these assets.

If the Company seeks additional outside financing, there is no assurance that sufficient funds could be obtained. It is also possible that the terms of any additional financing that the Company would be able to obtain would be unfavorable to the Company and its existing shareholders.

RESULTS OF OPERATIONS

SPECIALTY PETROCHEMICALS SEGMENT. In the quarter ended September 30, 2003, total refined product sales increased approximately $978,000 or 11%, while the cost of sales (excluding depreciation) increased approximately $1,606,000 or 19% from the same period in 2002. Coin's sales decreased approximately $105,000 or 10%, while its cost of sales increased approximately $384,000 or 64%. Consequently, the total gross profit margin on product sales in the third quarter of 2003 decreased approximately $628,000 or 147% compared to the same period in 2002. Coin had a negative gross profit margin in this quarter of approximately $89,000, compared to a positive gross profit margin of approximately $400,000 in the same quarter in 2002.

In the nine months ended September 30, 2003, total refined product sales increased approximately $1,837,000 or 7%, while the cost of sales (excluding depreciation) increased approximately $5,618,000 or 26% from the same period in 2002. Coin's sales decreased approximately $939,000 or 45%, while its cost of sales decreased approximately $395,000 or 24%. Consequently, the total gross profit margin on product sales in the first nine months of 2003 decreased approximately $3,781,000 compared to the same period in 2002. Coin had a negative gross profit margin in the nine months of approximately $122,000, compared to a positive gross profit margin of approximately $422,000 in the same period in 2002.

The third quarter of 2003 continued the pattern of low margins and high fuel costs that plagued the Company and the industry in general during most of 2003. After the conflict in Iraq was defined and speculation regarding the situation ended, feedstock prices continued into the third quarter near the levels seen in the previous quarter. These price levels on feedstock would normally indicate that the Company could make a reasonable margin on its products and achieve acceptable operating income, although not necessarily at record levels. However, during the third quarter petroleum prices began to increase which resulted in higher prices culminating in the record highs seen in early 2004. By the end of the third quarter of 2003, feedstock prices had increased almost 8% to $.84 per gallon and natural gas prices, already high by historical standards, had increased another 7% to $6.27 per MMBTU. Most of the strength in pricing, early in the year, was related to speculation about how fast U.S. gas storage would recover from the winter usage and whether enough gas could be put back into storage to provide for the 2003-2004 winter period. The Company had planned its hedging program around protecting its fuel cost during the winter months and then riding the spot market during the warm months when gas prices historically are moderate to soft. The plan worked well in the winter as the

Company enjoyed fuel prices some 60% to 70% below market prices, but when the warm weather came and gas prices stayed at the $5.50 to $6.50 MMBTU levels through the third quarter, the Company's operating expenses were too high and could not be totally passed through to its customers. The Company has consistently and diligently raised prices where possible to maintain its sales margins but the instability of the petroleum market, and pressure from market competition, combined to generate extreme pressure on product sales margins.

The Company uses natural gasoline for the base feedstock of most of its products. Natural gasoline is classified as an LPG and is the heavier liquid produced when the field gas from wells is separated from the propane, butane, and natural gasoline contained therein. Natural gasoline does not follow the price of crude oil directly but studies over recent years have shown an 88% correlation with the price of crude oil. During the buildup prior to the conflict in Iraq, the price of natural gasoline went from an average of $.65 per gallon during 2002 to an average price of over $.93 per gallon during the first quarter of 2003, back down to an average price per gallon of $.75 and $.84 during the second and third quarters, respectively. While the Company attempts to raise sales prices to offset as much of the feedstock cost as possible, the ability to raise prices is constrained by a lack of price movement from the major oil company which competes in the same market. The Company has a loyal customer base and has been able to adjust sales prices to some extent, but economic conditions have forced customers to be more price conscious than might ordinarily be the case, when service and product quality are the driving factors.

The toll processing business has been steady and continued to contribute to the Company's performance throughout the third quarter of 2003. The toll processing customers continued to operate strongly and processing fee revenue increased by 14% from the second quarter to approximately $1,023,000. This revenue for the third quarter of 2003 decreased by approximately $121,000 from the same period in 2002. Total processing fee revenue for the first nine months of 2003 of approximately $3,000,000 was a slight decrease over the fees for the same period in 2002. While there were some fluctuations in the tolling volumes handled, toll processing has developed into a very steady business over the last five years.

The Mexico refinery continues to struggle with economic conditions in Mexico. High oil prices have affected their economy, as it has for much of the world. While Mexico is a major oil producer, and hence the recipient of increased oil revenue, much of the benefit gets tied up in Pemex, the state owned oil company, and does not have the effect on the general population that it possibly could. The Coin operation was shut down late in the fourth quarter of 2002 due to market conditions and began in late March 2003 to re-establish its feedstock supply from Pemex. The plant resumed operations late in the second quarter and early in the third quarter of 2003. An alliance with a major wholesale distributor of solvents has provided marketing expertise and working capital for the Coin operation. Management continues to work toward making the operation provide a suitable return on its investment.

MINING SEGMENT AND GENERAL CORPORATE EXPENSES. None of the Company's other operations generate significant operating or other revenues. The minority interest amount represents the Pioche and Coin minority stockholders' share of the losses from the Pioche and Coin operations. Pioche losses are primarily attributable to the costs of maintaining the Nevada mining properties.

The Company assesses the carrying values of its assets on an ongoing basis. Factors which may affect the carrying values of the mining properties include, but are not limited to, mineral prices, capital cost estimates, the estimated operating costs of any mines and related processing, ore grade and related metallurgical characteristics, the design of any mines and the timing of any mineral production. Prices currently used to assess the recoverability of the Al Masane project costs, based on production to begin no sooner that 2004, are $1.04 per pound for copper, $.60 per pound for zinc. Copper and zinc comprise in excess of 80% of the expected value of production. Using these price assumptions, there were no asset impairments at September 30, 2003. There are no assurances that, particularly in the event of a prolonged period of depressed mineral prices, the Company will not be required to take a material write-down of its mineral properties in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Other than as disclosed, there have been no material changes in the Company's exposure to market risk from the disclosure included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

ITEM 4. CONTROLS AND PROCEDURES.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer and Treasurer, of the effectiveness of the Company's disclosure controls and procedures, as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and Treasurer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective such that information relating to the Company (including its consolidated subsidiaries) required to be disclosed in the Company's Securities and Exchange Commission reports (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) is accumulated and communicated to the Company's management, including the President and Chief Executive Officer and Treasurer, as appropriate to allow timely decisions regarding required disclosure.

During the period covered by this report, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Reference is made to Note 6 to the consolidated financial statements contained in this report for a discussion of material pending legal proceedings.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

NONE

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Reference is made to Note 7 of the consolidated financial statements and Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this report for a discussion of the $11.0 million note payable due the Saudi Arabian government and the loans payable by Coin to Mexican banks.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

NONE

ITEM 5. OTHER INFORMATION.

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

The following documents are filed or incorporated by reference as exhibits to this report. Exhibits marked with an asterisk (*) are management contracts or a compensatory plan, contract or arrangement.

<Table>
<Caption>

EXHIBIT NUMBER		DESCRIPTION
<S>		<C>
3(a)	-	Certificate of Incorporation of the Company as amended through the Certificate of Amendment filed with the Delaware Secretary of State on July 19, 2000 (incorporated by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 0-6247)).

</Table>

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EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
3(b)	- Bylaws of the Company, as amended through March 4, 1998 (incorporated by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(a)	- Contract dated July 29, 1971 between the Company, National Mining Company and Petromin (incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(b)	- Loan Agreement dated January 24, 1979 between the Company, National Mining Company and the Government of Saudi Arabia (incorporated by reference to Exhibit 10(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(c)	- Mining Lease Agreement effective May 22, 1993 by and between the Ministry of Petroleum and Mineral Resources and the Company (incorporated by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(d)	- Stock Option Plan of the Company, as amended (incorporated by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).*
10(e)	- 1987 Non-Employee Director Stock Plan (incorporated by reference to Exhibit 10(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).*
10(f)	- Phantom Stock Plan of Texas Oil & Chemical Co. II, Inc. (incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).*
10(g)	- Agreement dated March 10, 1988 between Chevron Research Company and South Hampton Refining Company, together with related form of proposed Contract of Sale by and between Chevron Company and South Hampton Refining Company (incorporated by reference to Exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(h)	- Addendum to the Agreement Relating to AROMAX(R) Process - Second Commercial Demonstration dated June 13, 1989 by and between Chevron Research Company and South Hampton Refining Company (incorporated by reference to Exhibit 10(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(i)	- Vehicle Lease Service Agreement dated September 28, 1989 by and between Silsbee Trading and Transportation Corp. and South Hampton Refining Company (incorporated by reference to Exhibit 10(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(j)	- Letter Agreement dated May 3, 1991 between Sheikh Kamal Adham and the Company (incorporated by reference to Exhibit 10(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(k)	- Promissory Note dated February 17, 1994 from Hatem El-Khalidi to the Company (incorporated by reference to Exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).

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EXHIBIT NUMBER	DESCRIPTION
10(l)	- Letter Agreement dated August 15, 1995 between Hatem El-Khalidi and the Company (incorporated by reference to Exhibit 10(l) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(m)	- Letter Agreement dated August 24, 1995 between Sheikh Kamal Adham and the Company (incorporated by reference to Exhibit 10(m) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(n)	- Letter Agreement dated October 23, 1995 between Sheikh Fahad Al-Athel and the Company (incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(o)	- Letter Agreement dated November 30, 1996 between Sheikh Fahad Al-Athel and the Company (incorporated by reference to Exhibit 10(o) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 0-6247)).
10(p)	- Stock Purchase Agreement dated as of January 25, 2000 between Spechem, S.A. de. C.V. and Texas Oil and Chemical Co. II, Inc. (incorporated by reference to Exhibit 10(p) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(q)	- Loan and Security Agreement dated as of December 30, 1999 by and among Heller Financial Leasing, Inc., South Hampton Refining Company and the Gulf State Pipe Line Company, Inc., together with related Promissory Note, Guaranty made by the Company, Guaranty made by American Shield Refining Company, Guaranty made by Texas Oil and Chemical Co. II, Inc., Pledge Agreement made by Texas Oil and Chemical Co. II, Inc., Pledge Agreement made by South Hampton Refining Company, Ground Lease, Sub-Ground Lease and Hazardous Materials Indemnity Agreement (incorporated by reference to Exhibit 10(q) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
	- (a) Agreement dated as of April 1, 2001 among South Hampton Refining Company, Gulf State Pipe Line Company and Heller Financial Leasing, Inc., together with Amended and Restated Promissory Note (incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (File No. 0-6247)).
10(r)	- Loan Agreement dated as of September 30, 1999 between South Hampton Refining Company and Southwest Bank of Texas, N.A., together with related Promissory Note, Security Agreement, Arbitration Agreement and Guaranty Agreement made by Texas Oil and Chemical Co. II, Inc. (incorporated by reference to Exhibit 10(r) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
	- (a) First Amendment to Loan Agreement dated June 20, 2000 between South Hampton Refining Company and Southwest Bank of Texas, N.A., together with related Promissory Note, Security Agreement, Arbitration Agreement and Guaranty Agreement made by Texas Oil and Chemical Co. II, Inc. (incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (File No. 0-6247)).

EXHIBIT NUMBER	DESCRIPTION
	- (b) Second Amendment to Loan Agreement dated as of May 31, 2001 between South Hampton Refining Company and Southwest

Bank of Texas, N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (File No. 0-6247)).

- (c) Third Amendment to Loan Agreement dated as of July 31, 2001 between South Hampton Refining Company and Southwest Bank of Texas, N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 (File No. 0-6247)).

- (d) Fourth Amendment to Loan Agreement dated as of October 31, 2001 between South Hampton Refining Company and Southwest Bank of Texas, N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(r)(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 0-6247)).

- (e) Fifth Amendment to Loan Agreement dated as of December 31, 2001 between South Hampton Refining Company and Southwest Bank of Texas, N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(r)(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 0-6247)).

- (f) Sixth Amendment to Loan Agreement dated as of April 30, 2002 between South Hampton Refining Company and Southwest Bank of Texas, N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (File No. 0-6247)).

- (g) Seventh Amendment to Loan Agreement dated as of August 31, 2002 between South Hampton Refining Company and Southwest Bank of Texas, N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002 (File No. 0-6247)).

- (h) Eighth Amendment to Loan Agreement dated as of December 31, 2002 between South Hampton Refining Company and Southwest Bank of Texas. N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(r)(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 0-6247)).

- (i) Ninth Amendment to Loan Agreement dated as of February 28, 2003 between South Hampton Refining Company and Southwest Bank of Texas. N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(r)(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 0-6247)).

- (j) Tenth Amendment to Loan Agreement dated as of April 30, 2003 between South Hampton Refining Company and Southwest Bank of Texas. N.A., together with related Promissory Note (incorporated by reference to Exhibit 10(r)(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 0-6247)).

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EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
10(s)	- Purchase and Sale Agreement/Security Agreement dated July 29, 2003 between Southwest Bank of Texas, N.A. and South Hampton Refining Company, together with related Restricted Payments Letter Agreement and Guaranty of Texas Oil & Chemical Co. II, Inc. (incorporated by reference to Exhibit 10(s) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 0-6247)).
31.1	- Certification of Chief Executive Officer pursuant to

Section 302 of the Sarbanes-Oxley Act of 2002.

31.2	-	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	-	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	-	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

</Table>

(b) REPORTS ON FORM 8-K

No Reports on Form 8-K were filed during the quarter ended September 30, 2003.

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 thereunto duly authorized.

DATE: February 12, 2004

ARABIAN AMERICAN DEVELOPMENT COMPANY

(Registrant)

/s/ DREW WILSON, JR.

Drew Wilson, Jr. Secretary/Treasurer
(Authorized Officer and Principal
Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, Hatem El-Khalidi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arabian American Development Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: February 12, 2004

/s/ HATEM EL-KHALIDI

Hatem El-Khalidi
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Drew Wilson, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arabian American Development Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: February 12, 2004

/s/ DREW WILSON, JR.

Drew Wilson, Jr.
Treasurer

EXHIBIT 32.1

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 Quarterly Report of Arabian American Development Company (the "Company") on Form 10-Q for the quarter ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Hatem El-Khalidi, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ HATEM EL-KHALIDI
- -------------------------------------
Hatem El-Khalidi
President and Chief Executive Officer

February 12, 2004

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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 Quarterly Report of Arabian American Development Company (the "Company") on Form 10-Q for the quarter ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Drew Wilson, Jr., Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DREW WILSON, JR.
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Drew Wilson, Jr.
Treasurer

February 12, 2004

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.